AXA BELGIUM FINANCE (NL) B.V.

(Incorporated with limited liability under the laws of the Netherlands)

Issuer

AXA BANK EUROPE SA

(Incorporated with limited liability under the laws of Belgium)

Issuer and Guarantor

NOTES ISSUANCE PROGRAMME

EUR 1,000,000,000

Under the Notes Issuance Programme (the "Programme") described in this Base Prospectus, AXA BANK EUROPE SA (also named AXA BANK SA/AXA BANK NV, or "AXA BANK") and AXA BELGIUM FINANCE (NL) B.V. ("ABF(NL)"), together with AXA BANK the "Issuers" and each, individually, an "Issuer") may from time to time issue notes (in the case of notes issued by AXA BANK referred to as the "AXA BANK Notes", in the case of notes issued by ABF(NL) as the "ABF(NL) Notes", together referred to as the "Notes" and individually as a "Note"), which may be linked to various underlyings (the "Underlying"), that rank as senior obligations of the Issuer (the "Senior Notes") or that rank as senior subordinated obligations to the Issuer (the "Senior Subordinated Notes"). Senior Notes issued by ABF(NL) will be guaranteed by AXA BANK (the "Guarantor") pursuant to a senior guarantee (the "Senior Guarantee"). Senior Subordinated Notes issued by ABF(NL) will be guaranteed by AXA BANK pursuant to a senior subordinated guarantee (the "Senior Subordinated Guarantee").

Each Tranche of Notes will be documented by final terms (the "Final Terms").

The Base Prospectus should be read and construed in conjunction with each relevant Final Terms. The relevant Final Terms and this Base Prospectus together constitute the Prospectus for each Tranche.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in the Base Prospectus, including in particular the risk factors as described below in *Section 5. Risk Factors.*

This Base Prospectus is dated 6 September 2011 and is valid for one year from that date, provided that the Base Prospectus may be updated by any supplements in accordance with articles 34 and 35 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market. This Base Prospectus replaces and supersedes the Base Prospectus of ABF(NL) and AXA BANK dated 21 September 2010.
The Base Prospectus, including the summary, and the Final Terms of each Tranche are available on the internet site www.axa.be (under the heading *Epargne et Placements*) and a copy can be obtained free of charge in the offices of AXA BANK.

The Programme provides that Notes may be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "Market"). If Issuer decides to seek such listing, this will be specified in the relevant Final Terms and the relevant Issuer will then make an application to the Luxembourg Stock Exchange for such listing. References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed and admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instalments.

This Base Prospectus was approved by the Financial Services and Markets Authority (FSMA) on 6 September 2011 in accordance with article 23 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the programme nor of the situation of the Issuers or the Guarantor.

The Issuers may elect to offer the Notes to the public in Belgium as well as in any other jurisdiction, provided they have fulfilled all relevant formalities in that respect. To date, the Issuers have requested the FSMA to notify this Base Prospectus to the relevant competent authorities of the Grand Duchy of Luxembourg, France, Spain, Portugal, Greece and Germany where the Notes may be offered to the public if the Issuers elect so in respect of a specific Tranche.

DEXIA BANQUE INTERNATIONALE, LUXEMBOURG
Fiscal Agent and Principal Paying Agent

AXA BANK EUROPE SA
Paying Agent and Calculation Agent

1. TABLE OF CONTENTS

2. CHOICES MADE BY THE ISSUER

The Issuers have chosen according to article 5(4) of Directive 2003/71/EC to issue notes under a base prospectus. The specific terms of each Tranche will be set forth in the applicable Final Terms. In addition, the Issuers choose as their home Member State the Kingdom of Belgium.

The Issuers have freely defined the order in the presentation of the required items included in the schedules and building blocks of the Commission Regulation (EC) n°809/2004 of 29 April 2004 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (herein referred to as "Regulation (EC) 809/2004") according to which this Base Prospectus is drawn up. The chosen presentation is a consequence of the combination of Annex IV, Annex V, Annex VI and Annex XI of Regulation (EC) 809/2004. In order to enable the Noteholders to identify in the presentation below the corresponding provisions of Regulation (EC) 809/2004, cross-references will be made to the relevant annexes of Regulation (EC) 809/2004 and their subsections. Finally, any items which do not require, in their absence, an appropriate negative statement according to Regulation (EC) 809/2004, are not included in the presentation when the Issuers so determine.

3. RESPONSIBILITY STATEMENT

(Annex IV.1, V.1, and XI.1 of Regulation (EC) 809/2004)

ABF(NL) as Issuer and AXA BANK as Issuer and Guarantor accept responsibility for the information given in the Base Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

4. SUMMARY

The following summary is established in accordance with Articles 24 and 28 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market and conveys, in a brief manner and in a non-technical language, the essential characteristics and risks associated with the Issuers, the Guarantor and the Notes.

WARNING: This summary should only be read as an introduction to the Base Prospectus. Any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole and of the relevant Final Terms by the Noteholders. Where a claim relating to the information contained in the Prospectus is brought before a court in an EEA State, the plaintiff Noteholder may, under the national legislation of the EEA State, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Nobody bears civil liability on the mere basis of this summary or its translation, except if its contents are misleading, incorrect or inconsistent when read together with other parts of the Prospectus.

Summary of the

AXA BELGIUM FINANCE (NL) B.V.
AND
AXA BANK EUROPE SA
NOTES ISSUANCE PROGRAMME

(the "Programme")
EUR 1,000,000,000

The Base Prospectus, including this summary, and the Final Terms of each Tranche are available on the internet site www.axa.be (under the heading *Epargne et Placements*) and a copy can be obtained free of charge in the offices of AXA Bank Europe SA.

The Base Prospectus was approved by the Financial Services and Markets Authority of Belgium on 6 September 2011 in accordance with article 23 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the programme nor of the situation of the Issuers or the Guarantor.

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined or used in "Terms and Conditions of the Notes" shall have the same meaning in this summary.

Issuers:	**AXA BELGIUM FINANCE (NL) B.V.** **AXA BANK EUROPE SA**
Information relating to AXA BELGIUM FINANCE (NL) B.V.:	**ABF(NL) was incorporated as a *"besloten vennootschap"* for an unlimited duration under the laws of the Netherlands on 30 October 1990 under the name of Ippa Finance Company B.V. On 21 March 2000 the name was changed to AXA Belgium Finance (NL) B.V. Its registered office is in Amsterdam and its business address is at 4835 NA Breda, Ginnikenweg 213.** **According to Article 2 of its Articles of Association, the Issuer's objects are *inter alia*:** • **to finance other enterprises and companies;** • **to lend, loan and raise funds, including the issue of bonds, IOU's (debt acknowledgements) or other securities, and conclude the connected agreements.** **ABF(NL) is registered in the Commercial Register of the Chamber of Commerce in Amsterdam under file number 33.224.298.** **The issued share capital of ABF(NL) amounts to EUR 1,768,458.60 divided into 3,897 ordinary shares of EUR 453.80 each** **ABF(NL) is a wholly owned subsidiary of AXA BANK and is part of the international group AXA ("AXA").**
Information relating to AXA BANK EUROPE SA:	**AXA BANK is a *"naamloze vennootschap/société anonyme"* of unlimited duration incorporated under Belgian law and registered with the Crossroads Bank for Enterprises under business identification number 0404.476.835. Its registered office is at 1170 Brussels, boulevard du Souverain 25, Belgium, telephone +32 2 678 61 11.** **AXA BANK was established on August 27th 1881 under the name of Antwerpsche Hypotheekkas (ANHYP). Following the closing of a voluntary public offer on January 22nd 1999, Royale Belge, currently AXA Holdings Belgium, owns all shares in AXA BANK.** **According to its Articles of Association AXA BANK's object is to carry out all transactions that are consistent and in accordance with the laws and regulations applicable to credit institutions. It can carry out all financial transactions, inter alia the collection of capital, in whichever way these are repayable, granting credits and credit loans backed by a mortgage or the deposit of values, for its own account and for the account of third parties. It can finance transactions on account, grant loans and credits, inter alia backed by a floating charge, and carry out transactions at discount and re-discount. It can exercise all activities; carry out or incorporate all businesses and execute all transactions that are, directly or indirectly connected with its object and nature of which is to promote its realisation, as all businesses or transactions that can be carried out or organized by way of service to its clients, inter alia in the area of insurance. It can carry out all**

	investments in view of the best use of its funds or those that have been entrusted to it. It can, subject to approval by the general meeting of shareholders, merge with other companies with a similar object, according to such terms considered to be most suitable. **The share capital of AXA BANK amounts to EUR 546.318.241,47 divided into 395.911.750 shares.**
Guarantor:	**AXA BANK (for ABF(NL) issues)**
Calculation Agent:	**AXA BANK. All calculations shall be made in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or intentional misconduct of the Calculation Agent.**
Size of the Programme	**EUR** 1**,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.**
Fiscal Agent (in respect of Notes issued by ABF(NL)):	**Dexia Banque Internationale à Luxembourg, société anonyme ("Dexia BIL"), a company incorporated under the laws of Luxembourg.**
Principal Paying Agent (in respect of Notes issued by ABF(NL)):	**Dexia BIL, unless it is specified in the Final Terms relating to any Tranche that another principal paying agent is appointed in respect of that Tranche.**
Paying Agent:	**AXA BANK, unless it is specified in the Final Terms relating to any Tranche that another paying agent is appointed in respect of that Tranche.**
Domiciliary agent (in respect of Notes issued by AXA BANK	**AXA BANK, unless it is specified in the Final Terms relating to any Tranche that another domiciliary agent is appointed in respect of that Tranche.**
Listing Agent	**Dexia BIL, unless it is specified in the Final Terms relating to any Tranche that an alternative listing agent is appointed in respect of that Tranche.**
Risk Factors:	**There are risk factors that can affect the Issuers' or Guarantor's ability to fulfil their respective obligations under the Notes. These include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Risk Management, Regulatory Risk, uncertain economic conditions, competition and current market volatility and recent market developments (see 5 "Risk factors" in the Base Prospectus).** **There are risk factors which are material for the purpose of assessing the market risks associated with the Notes. These include the risk that the Notes are not a suitable investment for all investors.** **There are also risk factors that relate to the structure of a particular issue of Notes. These include specific risk factors for Notes subject to optional redemption by the Issuer, Variable Notes with a multiplier or**

	other coverage factor, Fixed/Floating Rate Notes, Subordinated Notes, foreign currency Notes exposing investors to foreign exchange risk as well as to issuer risk and subordination in respect of Senior Subordinated Notes.
Method of Issue:	**The Notes will be issued in tranches (each a "Tranche"). A "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (from the date on which such consolidation is expressed to take effect), except for their respective Issue Date, Interest Commencement Dates and/or Issue Prices. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche will be identical to the terms of other Tranches of the same Series) will be set out in the Final Terms.**
Offering Period:	**The Notes will be offered for subscription during the Offering Period (specified in the relevant Final Terms) at the relevant Issue Price. Any applicable fees or commissions will be specified in the relevant Final Terms. The issue of Notes under the Programme may be cancelled until the Issue Date, either (i) when the relevant Issuer reasonably believes that investors will not subscribe to the offer for an amount of at least the Minimum Amount specified in the relevant Final Terms or (ii) in circumstances agreed with the dealers appointed for the placement of the relevant Notes. Investors that have subscribed to these Notes will be notified of such cancellation. The relevant Issuer has the right to anticipatively close the Offering Period if the Maximum Amount specified in the Final Terms of the relevant Notes issue has been reached or if the market conditions adversely affect the interest or the redemption amounts to be paid by the relevant Issuer.**
Form and Denomination of the Notes:	**The AXA BANK Notes are issued in dematerialized form ("Dematerialised Notes") in the Denominations specified in the relevant Final Terms.** **The ABF (NL) Notes are issued in bearer form ("Bearer Notes") in the Denominations specified in the relevant Final Terms, which shall not be less than EUR 1,000.**
Issue Price:	**Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.**
Maturity:	**Any maturity from one month from the date of original issue.**
Currency:	**Subject to compliance with all relevant laws, regulation and directives, Notes may be issued in U.S. dollar, Australian dollar, Canadian dollar, Danish krone, euro, Hong Kong dollar, New Zealand dollar, Norwegian krone, Uk Pound , Swedish krone, Swiss franc, Turkish lira or Japanese yen or in other currencies; as will be specified in the relevant Final Terms.**
Interest:	**The interest to be paid on the Notes (the "Interest") can be based on a**

fixed rate ("Fixed Rate", such Notes to be referred to as "Fixed Rate Notes"), a floating rate ("Floating Rate", such Notes referred to as "Floating Rate Notes") or linked to any other variable, formula or Underlying ("Variable Linked Rate", such Notes to be referred to as "Variable Linked Rate Notes") (Fixed Rate, Floating Rate and Variable Linked Rate are together referred to as "Interest Rate"). The Interest Rate is expressed as a percentage per annum, unless an Interest Amount is specified in the relevant Final Terms, in which case the Interest payable in respect of such Note shall equal such Interest Amount.

Redemption:	**The Redemption of the Notes can be at par or applying a certain percentage, as specified in the relevant Final Terms. A Redemption Amount can also be linked to any other variable, formula or Underlying ("Variable Linked Redemption Amount").**
Optional Redemption:	**The Final Terms in respect of each issue of Notes may state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.**
Underlying:	**In case of Variable Linked Rate Notes or Notes with a Variable Linked Redemption Amount, the Underlying for any Tranche of Notes issued under the Programme will be specified in the relevant Final Terms. The Underlying can be, but is not limited to, any of the following: (i) a Market Rate, (ii) a Share or a Basket of Shares, (iii) a Share Index or a Basket of Share Indices, (iv) a Fund or a Basket of Funds, (v) a Commodity or a Basket of Commodities, (vi) a Commodity Index or a Basket of Commodity Indices, or (vii) an Inflation Index or a Basket of Inflation Indices**,
Status of the Notes:	**If the Notes are specified in the relevant Final Terms to be Senior Notes, they will be direct, unconditional and unsecured obligations of the relevant Issuer and rank at all times *pari passu* without any preference among themselves and equally, with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, present and future only to the extent permitted by laws relating to creditor's rights.** **If the Notes are specified in the relevant Final Terms to be Senior Subordinated Notes, they will be direct, unsecured and senior subordinated obligations of the relevant Issuer and rank at all times *pari passu* without any preference among themselves and at least equally and rateably with all other present and future unsecured, unconditional or conditional senior subordinated obligations of the relevant Issuer from time to time outstanding.**
Status of the Guarantee:	**Senior Guarantee: The obligations of the Guarantor under the Senior Guarantee in respect of Senior Notes issued by ABF(NL) will be direct, unsecured, unconditional and unsubordinated obligations of the Guarantor ranking *pari passu* and without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Guarantor from time to time outstanding.** **Senior Subordinated Guarantee: The obligations of the Guarantor under the Senior Subordinated Guarantee in respect of Senior**

Subordinated Notes issued by ABF(NL) will be direct, unsecured, unconditional (unless otherwise provided for in the relevant Final Terms) and senior subordinated obligations of the Guarantor ranking *pari passu* and without any preference among themselves and at least equally and rateably with all other present and future unsecured, unconditional or conditional and senior subordinated obligations of the Guarantor from time to time outstanding.

Secondary Market: **If "Secondary Market" is provided to be "Applicable" in the relevant Final Terms for any Notes, the price of the Notes is available on demand on each Business Day during the term of such Notes in every office of AXA BANK until 30 Business Days preceding their Maturity Date (3 months for Zero Coupon Notes) or, if applicable, 10 Business Days before the Optional Redemption Date, unless in AXA BANK's determination, market conditions preclude it from quoting a price. In such case, AXA BANK can be considered market maker for the Notes and will organise the secondary market, thereby providing liquidity through bid and offer rates. The main terms of the commitment of AXA BANK will be specified in the relevant Final Terms and (i) "Maximum Spread" means the maximum spread between the then applicable bid and offer rates; (ii) "Maximum Commission" means the maximum commission on the bid and offer rates; and (iii) "Maximum Exit Penalty" means the maximum exit penalty applicable to the bid and offer rates.**

The bid and offer rates of the Notes are subject to the then applicable market conditions, interest rates, forward rates, credit spreads of the relevant Issuer or the Guarantor as applicable, etc.
In case of sale of the Notes before maturity, the sale proceeds can be lower than the Redemption Amount.

Use of Proceeds: **The net proceeds of the sale of the Notes will be used for the general funding purposes of AXA BANK. In the case of ABF(NL) Notes, ABF(NL) will grant a loan to AXA BANK. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.**

Clearing Systems: **In respect of ABF(NL) Notes, the clearing systems operated by Euroclear Bank SA/N.V. ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and such other clearing system as may be agreed between the relevant Issuer and the Fiscal Agent and as specified in the relevant Final Terms.**

In respect of AXA BANK Notes, the clearing system operated by the National Bank of Belgium or any successor thereto (the "BNB System") and such other clearing system as may be specified in the relevant Final Terms.

Governing Law: **The Notes and the Guarantee are governed by Belgian law.**

All disputes arising out of or in connection with the Notes and the Guarantee shall be submitted to the jurisdiction of the competent courts in Belgium.
The Agency Agreement is governed by the laws of Luxembourg.

Listing **Application can be made, where specified in the relevant Final Terms, for a Series of Notes to be listed on the official list of the Luxembourg**

	Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange or such other stock exchange as shall be specified in the relevant Final Terms or the Series of Notes may remain unlisted.
Documents on Display:	**Copies of the annual report dated December 31st, 2010 of the Issuers and of all subsequent annual reports to be published of the Issuers and copies of the articles of association of the Issuers are available free of charge at the office of the Fiscal Agent and at the offices of the Luxembourg and Belgian Paying Agents and will be available during the entire lifetime of the Notes. Additionally, the annual reports of AXA BANK are available on its internet site: www.axabankeurope.com.**

5. RISK FACTORS

(Annex V.2, IV.' And XI.3 of Regulation (EC) 809/2004)

The following sets out certain aspects of the offering of the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in the Base Prospectus, including in particular the following risk factors detailed below. All of these factors are contingencies which may or may not occur and neither AXA BANK nor ABF(NL) is in a position to express a view on the likelihood of all or any of such contingencies occurring. Prospective investors should also read the detailed information set out elsewhere in the Base Prospectus and reach their own views prior to making any investment decision.

In case of doubt in respect of the risks associated with the Notes and in order to assess their adequacy with the personal risk profile, investors should consult their own financial, legal, accounting and tax experts about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of that investment in each investor's particular circumstances. No investor should purchase the Notes described in the Base Prospectus unless that investor understands and has sufficient financial resources to bear the price, market, liquidity, structure redemption and other risks associated with an investment in these Notes. The market value can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Notes.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Factors that may affect AXA BANK's ability to fulfil its obligations under the Notes

Like other banks, AXA BANK faces financial risk in the conduct of its business, such as credit risk, operational risk and market risk (including liquidity risk). Furthermore, AXA BANK faces regulatory risk, the uncertain economic conditions and the competition across all the markets.

Credit risk

As a credit institution, AXA BANK is exposed to the creditworthiness of its customers and counterparties. AXA BANK may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations. AXA BANK cannot assume that its level of provisions will be adequate or that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods. AXA BANK's Risk Management oversees its risk policy and is responsible for, *inter alia*, setting and managing the risk surveillance function and decision processes and implementing bank-wide risk assessment methods for each of the bank's activities and operational entities.

Market risk

Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, and, to a lesser extent, foreign exchange rates and equity prices, stemming from AXA BANK's activities. Market risks generated by the capital markets activities stems mainly from short-term cash management and a portfolio of derivative products with customers that is managed on a market value basis. Market risks generated by the commercial businesses are generally hedged and residual risks are handled by the Asset and Liability Management function.

Operational risk

Within AXA BANK, operational risk comprises the exposure to loss from inadequate or failed internal processes, people and systems or from external events (such as, but not limited to natural disasters and fires), risk relating to the security of information systems, litigation risk and reputation risk. Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties. AXA BANK's operational risk management framework, is responsible for, *inter alia*, coordinating the collection of risk event data and risk and control self-assessment within its different entities and activities, defining methodological principles, selecting adequate tools and ensuring global consistency. Unforeseen events like severe natural catastrophes, terrorist attacks or other states of emergency can lead to an abrupt interruption of AXA BANK's operations, which can cause substantial losses. Such losses can relate to property, financial assets, trading positions and to key employees. Such unforeseen events can also lead to additional costs (such as relocation of employees affected) and increase AXA BANK's costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase AXA BANK's risk.

As with most other banks, AXA BANK relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. AXA BANK cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on AXA BANK's financial condition and results of operations.

Liquidity risk

The objective of liquidity management is to ensure that, at all times, AXA BANK holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties, at an economic price. All the main issues regarding liquidity risk are managed by AXA BANK's Asset and Liability Management teams, which carefully manage resources of the different entities and their use, in particular, the adequacy of expected new lending production with the available resources and AXA BANK's liquidity needs.

Regulatory risk

AXA BANK's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates. Current and future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, could have an adverse effect on AXA BANK conducting business and on the results of its operations. In particular, governmental and regulatory authorities in France, the UK, the United States, Belgium, Luxembourg and elsewhere have provided additional capital and funding and already or may in the future be introducing a significantly more restrictive regulatory environment including new accounting and capital adequacy rules, restriction on termination payments for key personnel in addition to new regulation of derivative instruments. AXA BANK's business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies. The nature and impact of future changes in such policies are not predictable and are beyond AXA BANK's control.

Uncertain economic conditions

AXA BANK's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, market interest rates and other factors that affect the economy. The profitability of AXA BANK's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of AXA BANK's customers would default on their loans or other obligations to AXA BANK, or would refrain from seeking additional borrowing. A sovereign debt crisis - as experienced in recent months - could have similar consequences and, hence, affect AXA BANK.

Competition

AXA BANK faces strong competition across all its markets from local and international financial institutions including banks, life insurance companies and mutual insurance organisations. While AXA BANK believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect AXA BANK in one or more of the markets in which it operates.

Risk Management

Monitoring of the risks relating to AXA BANK and its operations and the banking industry is performed jointly by the appropriate committees and the Risk Management department, with the help of tools that it develops, in compliance with the guidelines established by AXA BANK and all legal constraints and rules of prudence.

Factors that may affect ABF(NL)'s ability to fulfil its obligations under the Notes

Considering the close relationship with, and the guarantee of the obligations of ABF(NL) by, AXA BANK, the risk factors as set out above in respect of AXA BANK may also apply, directly and/or indirectly, to ABF(NL).

Factors which are material for the purpose of assessing the market risks associated with the Notes

Business Conditions and the General Economy

The Issuer's profitability could be adversely affected by a worsening of general economic conditions domestically, globally or in certain individual markets. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the activity level of customers. For example:

- An economic downturn or significantly higher interest rates could adversely affect the credit quality of the Issuer's on-balance sheet and off-balance sheet assets by increasing the risk that a greater number of the Issuer's customers would be unable to meet their obligations;
- A continued market downturn or further worsening of the economy could cause the Issuer to incur mark-to-market losses in its investment portfolios; and
- A continued market downturn would be likely to lead to a decline in the volume of transactions that the Issuer executes for its customers and, therefore, lead to a decline in the income it receives from fees and commissions and interest.

All of the above could in turn affect the Issuer's ability to meet its payments under the Notes.

Current Market Volatility and Recent Market Developments

The capital and credit markets have been experiencing unprecedented levels of volatility and disruption in recent months

The resulting lack of credit availability, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect AXA BANK's, financial condition and results of operations, which could in turn affect AXA BANK's ability to meet its payments under the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. Investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable Linked Rate Notes

The relevant Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). An investment in Variable Linked Rate Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuers believe that Variable Linked Rate Notes should only be purchased by investors who are in a position to understand the special risks that an investment in these instruments involves. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) an index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;

(iii) the resulting interest rate may be less (or may be more) than that payable on a conventional debt security issued by each Issuer at the same time;

(iv) payment of principal or interest may occur at a different time or in a different currency than expected;

(v) the holder of a non capital guaranteed Variable Linked Rate Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Variable Linked Rate Note;

(vi) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vii) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified;

(viii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield;

(ix) the risks of investing in an Variable Linked Rate Note encompass both risks relating to the underlying indexed securities and risks that are unique to the Note itself;

(x) any Variable Linked Rate Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;

(xi) it may not be possible for investors to hedge their exposure to these various risks relating to Variable Linked Rate Notes;

(xii) a significant market disruption could mean that a Relevant Factor on which the Variable Linked Rate Notes are based ceases to exist and that the Notes are redeemed at a value below par; and

(xiii) and index may cease to be published, in which case it may be replaced by an index which does not reflect the exact Relevant Factor, or, in the case where no replacement index exists, the cessation of publication of the index may lead to the early redemption of the Notes.

In addition, the value of Variable Linked Rate Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Variable Linked Rate Notes will be affected by a number of factors, independent of the creditworthiness of each Issuer and the value of the applicable currency, stock, interest rate, commodity or other variable, including the volatility of the applicable currency, stock, interest rate, commodity or other variable, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, stock, interest rate, commodity or other variable depends on a number of interrelated factors, including economic, financial and political events, over which the relevant Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Variable Linked Rate Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, stock, interest rate, commodity or other variable will be increased.

The historical experience of the relevant currencies, stocks, interest rates, commodities or other variables should not be taken as an indication of future performance of such currencies, stocks, interest rates, commodities or other variables during the term of any Variable Linked Rate Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Variable Linked Rate Notes.

Various transactions by the Issuers could impact the performance of any Variable Linked Rate Notes, which could lead to conflicts of interest between each of the Issuers and holders of Variable Linked Rate Notes.

The Issuers or affiliates thereof are currently active or may be active in the future in the international securities and currency markets on a daily basis. They may thus, for their own account or for the account of customers, engage in transactions directly or indirectly involving assets that are “reference assets” under Variable Linked Rate Notes and may make decisions regarding these transactions in the same manner as it would if the Variable Linked Rate Notes had not been issued. The Issuers and their affiliates may on the issue date of the Variable Linked Rate Notes or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Variable Linked Rate Notes and that may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuers to disclose any such business or information to the Noteholders.

Notes with a multiplier or other leverage factor

Notes with Variable Interest Rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes, since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Foreign currency Notes expose investors to foreign-exchange risk as well as to Issuer risk

As purchasers of foreign currency Notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to each Issuer or the type of Note being issued.

Issuer's obligations under Senior Subordinated Notes

The Issuer's obligations under Senior Subordinated Notes will be unsecured and senior subordinated and will rank junior to the claims of creditors in respect of unsubordinated obligations (as described in "Terms and Conditions of the Notes").

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally is described below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuers advise all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Market conditions

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income (the "Savings Directive"), Member States are required, from 1st July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate instead a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, the Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Effective 1st January 2010, a Belgian paying agent within the meaning of the Savings Directive will no longer apply the Source Tax but will exchanges information with the country of tax residence of the beneficial owner regarding interest payments as defined by the Directive. It concerns payments made to an individual, beneficial owner of the interest payments and resident in another EU Member State or resident in one of the associated and dependant territories. Residual entities are subject to a specific regime.

The communicated information will include the identity and residence of the beneficial owner, the name and address of the paying agent, the account number of the beneficial owner and information concerning the interest payment.

The exchange of information cannot be avoided by the submission of a certificate.

A proposal for a Council Directive amending the Savings Directive has been published and will, once agreed upon and implemented, amend the currently applicable rules.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The secondary market may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. In case of sale of the Notes before maturity, the proceeds can be lower than the redemption amount.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the equivalent yield on the Notes in the Investor's Currency, (2) the equivalent value of the principal payable on the Notes in the Investor's Currency and (3) the equivalent market value of the Notes in the Investor's Currency.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent Notes are legal investments for it.

6. DOCUMENTS REGARDING ANNUAL ACCOUNTS IN ANNEX

This Base Prospectus should be read and construed in conjunction with the audited annual accounts of ABF(NL) for the years ended 31 December 2009 and 31 December 2010, and the consolidated audited accounts of AXA BANK for the years ended 31 December 2009 and 31 December 2010, including the reports of the statutory auditors in respect thereof, which are in annex to this Base Prospectus. Copies of all documents regarding the annual accounts in annex will be available free of charge at the offices of AXA BANK. Additionally, the annual reports of AXA BANK are available on the internet site of AXA BANK (www.axabankeurope.com)

The balance sheet, income statements, accounting policies, notes and auditors' reports of ABF(NL) and AXA BANK are set out on the following pages of the annual reports of these companies respectively:

	AXA BELGIUM FINANCE (NL) B.V.	
	Annual Report 2009	***Annual Report 2010***
Non-consolidated Balance Sheet	5	5
Non-consolidated Profit and Loss Account	7	7
Audit Report	17	17
Notes to the Accounts	12	12

	AXA BANK EUROPE SA	
	Annual Report 2009	***Annual Report 2010***
Consolidated Balance Sheet	5	5
Consolidated Statement of Income	2	2
Audit Report	127	136
Notes to the Consolidated Financial Statements	12	12

Information contained in the annual accounts in annex other than information listed in the table above is for information purposes only.

7. AXA BELGIUM FINANCE (NL) B.V.

(Annex IV of Regulation (EC) 809/2004)

7.1 GENERAL INFORMATION

AXA BELGIUM FINANCE (NL) B.V. was incorporated as a "*besloten vennootschap*" for an unlimited duration under the laws of the Netherlands on 30 October 1990 and under the name of Ippa Finance Company B.V.On 21 March 2000, the name was changed to AXA Belgium Finance (NL) B.V. Its registered office is in Amsterdam and its business address is at 4835 NA Breda, Ginnikenweg 213.

According to Article 2 of its Articles of Association, its objects are:

- to finance other enterprises and companies;
- to found, to participate in any way in, to manage and to supervise enterprises and companies;
- to provide guarantees and to engage the company or its assets for the benefit of connected enterprises and companies;
- to grant services to enterprises and companies;
- to lend, loan and raise funds, including the issue of bonds, IOU's (debt acknowledgements) or other securities, and conclude the connected agreements;
- obtaining, alienating, managing and exploiting of real estate and value properties in general;
- carrying out all sorts of industrial, financial and commercial activities.

ABF(NL) is registered in the Commercial Register of the Chamber of Commerce in Amsterdam under file number 33.224.298.

The issued share capital of ABF(NL) amounts to EUR 1,768,458.60 divided into 3,897 ordinary shares of EUR 453.80 each.

ABF(NL) is a wholly owned subsidiary of AXA BANK and is part of the international group AXA ("AXA"). There is no arrangement that may result in a change of control of ABF(NL).

ABF(NL) acts as a finance company. ABF(NL) issues notes in the market, whereby proceeds of the issued notes are fully lent on to AXA BANK.

There have been no material contracts that are not entered into in the ordinary course of ABF(NL)'s business which could result in any member of the AXA group being under an entitlement that is material to ABF(NL)'s ability to meet its obligations to Noteholders.

ABF(NL) has made no investments since the date of the last published financial statements, and no principal future investments are planned. In addition, there has been no material adverse change in the prospects of ABF (NL) since 31 December 2010.

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABF (NL) is aware, during the last 12 months, which may have, or have had in the recent past, significant effects on ABF (NL)'s and/or the group's financial position or profitability.

The auditors of ABF(NL) are PricewaterhouseCoopers Accountants N.V. , Thomas R. Malthusstraat 5, 1066 JR Amsterdam, The Netherlands.

The relevant auditor's report with respect to the audited annual accounts of ABF(NL) for the years ended 31 December 2009 and 31 December 2010, as in annex to this Base Prospectus (See *Section 6. Documents regarding annual accounts in annex*), were delivered without any reservations.

7.2 Management and Supervision

ABF (NL) is managed by a Management Board consisting of two managing directors. It has no staff and its Management Board members work on a part-time basis for ABF (NL). There are no potential conflicts of interests between any duties to the Company of any of the Management Board members and their private interests and/or other duties.

The managing directors of ABF (NL) are Mr. Cees de Jong, Chairman, and Mr. Geert Van de Walle, Deputy Head of AXA BANK EUROPE Financial Services. The main external positions of Mr. Cees de Jong are : Director VINCI B.V., Breda; President Stichting Provisierekening TINK, Maassluis; Legal representative AXA Belgium SA; Vice-president raad commissarissen Parel Leven N.V., Amsterdam; Vice-president raad commissarissen Kölnische Verwaltungs-AG Versicherungswerte, Köln; Board member Stichting Pensioenfonds AXA Verzekeringen, Utrecht

To ABF (NL)’s knowledge, there are no conflicts of interests between the duties of the managing directors to ABF (NL) and their private interests and/or other duties.

The tasks of the Audit Committee of ABF(NL) have been delegated to the AXA Group’s Audit Committee (including AXA Holdings Belgium, AXA Belgium and AXA BANK).

7.3 FINANCIAL INFORMATION

7.3.1. ANNUAL AUDITED FINANCIAL STATEMENTS OF AXA BELGIUM FINANCE (NL) B.V.

This financial information has been extracted without material adjustment from the annual audited financial statements of ABF(NL) for the years ended 31 December 2009 and 31 December 2010 and is prepared according to Dutch accounting standards. ABF(NL) is not required to apply international financial reporting standards ("IFRS") when drawing up its financial statements. The most recent year's historical financial information is prepared in a form consistent with that which will be adopted in ABF(NL)'s next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

The notes to the annual audited financial statements, including a description of the accounting policies, are set out on pages 9 to 16 of ABF(NL)'s 2010 annual report, which is in annex to this Base Prospectus.

<u>Audited Balance Sheet of ABF(NL) as at 31 December 2010 and 31 December 2009</u>

A s s e t s

	2010		2009	
	EUR	EUR	EUR	EUR
Fixed assets				
Financial fixed assets (1)				
Amounts receivable from group companies		49,266,000		78,035,000
Current assets				
Receivables (2)				
Amounts receivable from group companies	23,027,000		24,961,198	
Taxes and social security charges	6,217		2,195	
Other amounts receivable, prepayments and accrued income	245,685		367,638	
		23,278,902		25,331,031
Cash at bank and in hand (3)		2,672,886		2,628,719
Total assets		75,217,788		105,994,750

Shareholder's equity and liabilities

	2010		2009	
	EUR	EUR	EUR	EUR
Shareholder's equity (4)				
Issued share capital	1,768,459		1,768,459	
Other reserves	872,277		885,021	
		2,640,736		2,653,480
Long-term liabilities (5)		49,309,639		78,003,647
Current liabilities (6)				
Other bond loans and private loans	23,027,000		25,054,836	
Trade creditors/suppliers	–		27,676	
Taxes and social security charges	1,610		1,680	
Other liabilities, accruals and deferred income	238,803		253,431	
		23,267,413		25,337,623
Total shareholder's equity and liabilities		75,217,788		105,994,750

<u>Audited Profit and Loss Account of ABF(NL) as of 31 December 2010 and 31 December 2009</u>

	2010		2009	
	EUR	EUR	EUR	EUR
Other operating expenses		178,622		217,645
Operating income		(178,622)		(217,645)
Income from amounts receivable forming part of the fixed assets (7)	2,139,288		2,170,348	
Interest income and similar income (8)	12,711		17,901	
Interest expense and similar charges (9)	(1,989,293)		(1,906,619)	
Financial income and expense		162,706		281,630
Profit/(loss) before taxation		(15,916)		63,985
Income taxes (10)		3,172		(12,762)
(Loss)/profit after taxation		(12,744)		51,223

7.3.2. Unaudited Cash Flow Statement of AXA BELGIUM FINANCE (NL) B.V.

Unaudited Cash Flow Statement of ABF(NL) as at 31 December 2010 and 31 December 2009

The cash flow statements below have been drawn up solely and exclusively for the purpose of the compliance of this Base Prospectus with the requirements of Directive 2003/71/EC. As a consequence, these cash flow statements have been established after the date on which the audited financial statements for the financial years 2010 and 2009 have been published. The cash flow statements for the financial years 2010 and 2009 are based on the audited financial statements of the said years and have been drawn up in accordance with Dutch accounting standards.

The cash flow statement has been drawn up using the indirect method.

	2010		2009	
	EUR	EUR	EUR	EUR
Cash flow from operating activities				
Operating loss	(178,622)		(217,645)	
Changes in working capital:				
– Movements in amounts receivable	11,785		46,024	
– Movements in current liabilities (excluding amounts payable to credit institutions)	(42,375)		44,527	
	(209,212)		(127,094)	
Income from amounts receivable forming part of the fixed assets	2,100,486		2,141,042	
Interest income	12,711		17,900	
Interest expense	(1,862,990)		(1,894,143)	
Income taxes	3,172		(12,762)	
Cash flow from operating activities		44,167		124,943
Cash flow from financing activities				
Decrease/(increase) in amounts receivable from group companies	30,495,505		1,986,104	
Repayment of other bond loans and private loans	(30,495,505)		(1,986,102)	
Cash flow from financing activities		–		2
Movements in cash at bank and in hand		44,167		124,945

8. AXA BANK EUROPE SA

(Annex XI of Regulation (EC) 809/2004)

8.1 GENERAL INFORMATION

8.1.1. AXA Group

AXA BANK EUROPE SA is a member of the AXA Group. AXA Group is an important global player whose ambition is to attain leadership in its core Financial Protection business. Financial Protection involves offering our customers - individuals as well as small, mid-size and large businesses - a wide range of products and services that meet their insurance, protection, savings, retirement and financial planning needs throughout their lives. AXA's strategy is to combine organic and external growth to meet the challenge of operational excellence in all of the following areas:

Product innovation
Core business expertise
Distribution
Quality of service
Productivity

Leveraging the resources of AXA Group, and in accordance with AXA's values and commitments, about 214,000 people are working daily to execute this strategy and to serve 95 million clients.

In order to fully meet all the financial protection customer needs of European clients, AXA has a retail banking activity as part of the AXA Bank Europe structure. This activity is fully integrated within the group as it is a key element for the life & savings business.

8.1.2. AXA Bank Europe

AXA BANK EUROPE SA ("AXA BANK") is a *"naamloze vennootschap/société anonyme"* of unlimited duration incorporated under Belgian law and registered with the Crossroads Bank for Enterprises under business identification number 0404.476.835. Its registered office is at 1170 Brussels, boulevard du Souverain 25, Belgium, telephone +32 2 678 61 11.

AXA BANK was established on August 27th 1881 under the name of Antwerpsche Hypotheekkas (ANHYP).
Following the closing of a voluntary public offer on January 22nd 1999, Royale Belge, currently AXA Holdings Belgium, owns all shares in AXA BANK.

According to its Articles of Association AXA BANK's object is to carry out all transactions that are consistent and in accordance with the laws and regulations applicable to credit institutions. It can carry out all financial transactions, inter alia the collection of capital, in whichever way these are repayable, granting credits and credit loans backed by a mortgage or the deposit of values, for its own account and for the account of third parties. It can finance transactions on account, grant loans and credits, inter alia backed by a floating charge, and carry out transactions at discount and re-discount. It can exercise all activities; carry out or incorporated all businesses and execute all transactions that are, directly or indirectly connected with its object and nature of which is to promote its realisation, as all businesses or transactions that can be carried out or organized by way of service to its clients, inter alia in the area of insurance. It can carry out all investments in view of the best use of its funds or those that have been entrusted to it. It can, subject to approval by the general meeting of shareholders, merge with other companies with a similar object, according to such terms considered to be most suitable.

The share capital of AXA BANK amounts to EUR 546,318,241.47 divided into 395,911,750 shares.

In June 2007, AXA's Management Board has defined a common European banking strategy. AXA's objective is to progressively complement its Financial Protection offering with a range of simple and attractive banking products, mainly offered through the existing insurance networks and over the internet, in the European countries where the association of banking and insurance services is highly valued by the customers. The ultimate aim is that local AXA Management in each relevant country has a range of insurance as well as retail banking services at their disposal to better serve their customers.

AXA Group's current banking activities cover five countries: Belgium, France, Germany, Hungary and Switzerland. Its strategy is to pursue its development across Europe.

The European retail banking activities are coordinated by AXA BANK, formerly known as AXA Bank Belgium, in Brussels. Banking expertise has been pooled there to provide existing and future banks with the necessary support. Other European AXA banks operate or will operate as branches or subsidiaries of AXA Bank Europe.

A little history of AXA Bank Europe

2010 Launch of commercial activity of AXA Bank in Czech Republic
2009 Launch of commercial activity of AXA Bank in Switzerland
2009 Ella Bank in Hungary, acquired in 2007, becomes a branch of AXA Bank Europe
2008 AXA Life Europe Hedging Services joined AXA Bank Europe to provide financial engineering competencies to insurance companies of the Group and AXA Bank Europe
2007 Creation of the European bank platform AXA Bank Europe on December 3rd.
2002 AXA Royale Belge becomes AXA Belgium on 1March. The bank side remains AXA Bank Belgium, abbreviated AXA Bank.
2000 Creation of AXA Bank Belgium (resulting from the merger between Ippa and Anhyp) on 1 January.
1999 AXA takes over Anhyp.
1999 Merger between Royale Belge and AXA Belgium.
1990 AXA Belgium is created.
1986 Royale Belge takes over Ippa.
1903 Foundation of "Société hypothécaire belge et Caisse d'épargne" (later renamed « Ippa »).
1881 Foundation of "Caisse Hypothécaire Anversoise" (becoming "Anhyp" later on).

Key financial information

- Solvency position : Tier 1 ratio of 21,8 % (consolidated) and 15,6% (unconsolidated) (December 31st 2010)
- S&P rating : 'A+/A-1' with 'Stable' outlook (29 April 2011)

General Risk Profile

AXA Bank Europe's core business is retail banking based on simple product offers. It is not involved in Investment banking, corporate banking, structured finance or trade finance.

Its treasury and financial market activities are limited as AXA Bank Europe maintains a very conservative approach to market risks, Asset & liability management and interest rate risk management.

As such, being a retail bank, AXA Bank Europe's risk management policy is based on following key principles:

A qualitative retail credit risk portfolio
A high quality sovereign, local authorities, international institutions and bank counterparties portfolio
Standard operational risks

Prudent market, asset & liability and interest rate risk.

Governance and control

AXA Bank Europe has a governance structure consisting of a Board of Directors, with mainly a supervisory function and defining the company's strategy, and an Executive Committee with exclusive responsibility of effective management. This structure illustrates and clearly organizes the split between supervisory and management accountabilities.

The auditor of AXA BANK is PricewaterhouseCoopers Bedrijfsrevisoren CVBA, Woluwedal 18, 1932 Sint-Stevens-Woluwe (Belgium).

The relevant auditor's report with respect to the audited accounts of AXA BANK for the years ended 31 December 2009 and 31 December 2010, as in annex to this Base Prospectus (See *Condition 6. Documents regarding annual accounts in annex*), were issued without any reservations.

8.2 BUSINESS OVERVIEW

8.2.1 Key events in 2010

A new branch in the Czech Republic

AXA Bank Europe successfully launched a new branch in the Czech Republic in February. AXA Bank launched the new banking activity via a high-yield savings account distributed both by internal and external distribution networks and by a completely updated internet site at www.axa.cz. Net collections[1] reached €438 million at year end which was above expectations. Over 10 months, more than 34,000 customers chose to trust AXA Bank with their savings. The launch of this new branch was an important step in the development of AXA Bank Europe.

Affirmation of our banking model

At the request of AXA Group, a complete strategic assessment was carried out in the second quarter to evaluate the commercial and organizational model of AXA Bank Europe. Following this exercise, the AXA Group Management Board re-affirmed the value of the existing model and re-affirmed the added value of banking activities as support activities for insurance. Our approach is based on the OneAXA model, that is, retail banking supports Life & Invest activities and Property-Casualty insurance.

Many challenges in Hungary

Exchange rate volatility was a major challenge for Hungary in 2010. A crisis management plan was implemented to reduce customer risk and to limit the sensitivity of the portfolio and of credit production to significant swings in exchange rates.

A covered bond program to back growth

AXA Bank Europe successfully launched its first covered bond program in October. The goal of this program was to diversify AXA Bank Europe financing sources and to take advantage of the favorable market conditions at the time to secure long-term sources of financing. This first covered bond program is a major step in supporting the growth of AXA Bank Europe and, more particularly, for the development of the mortgage loan market in Belgium.

---

[1] Includes changes in outstanding amounts on balance sheet products and the production of off-balance sheet products (mutual funds, third-party products) included in the branch's product range.

The economic and financial context

General context

Led by emerging markets, the United States and Germany, GDP growth in 2010 was likely far more robust than had been forecast at the beginning of the year.

Growth in emerging countries was expected to be about 8.5% in 2010 with sustained domestic demand associated with increases in raw materials prices.

Industrialized countries and in particular the United States, experienced acceleration in business activity following GDP growth induced by the rebuilding of inventories at the beginning of the year. While the housing and labor markets remained listless, higher-than-expected consumption came as a surprise in the United States.

Central banks in industrialized countries also maintained their accommodating monetary policies.

Investment climate

The most significant fund collections were in bonds and in stock products invested in emerging and international markets, in high-yield corporate bonds and absolute return products. In addition, investors left the currency markets and the growing fear of inflation, on top of worries created by lasting public debt in Europe, reduced the demand for government bonds.

New regulations have already begun to create opportunities and challenges for the sector after the crisis. Insurance companies and banks have continued the trend toward a more cautious approach consisting in allocating assets in line with Solvency II and Basel III provisions.

Comments on results

Production volumes

– ***Net collections***

In million EUR	2009[2]	2010[3]	Variation[4] (comparable FX)
Belgium	1,201	194	-84%
Hungary	181	76	-59%
Switzerland	185	142	-30%
Czech Republic		438	
TOTAL	**1,567**	**850**	**-48%**

Total AXA Bank Europe net collections were €850 million compared to €1,567 million in 2009. 2010 was marked by a drop in net collections in a climate of very low interest rates and a highly competitive market. The most significant drops were seen in Belgium and in Hungary. However, this was offset by the commercial start-up in the Czech Republic in February 2010.

– ***Gross credit production***

In million EUR	2009	2010	Variation
Belgium	2,553	2,749	+8%
Hungary	277	285	+1%
TOTAL	**2,830**	**3,034**	**+7%**

Gross credit production reached €3,034 million, an increase of 7% compared to 2009, mainly as a result of high volumes in Belgium.

Comments

– ***Consolidated accounts (IFRS)***

AXA Bank Europe consolidated accounts as of 31 December 2010 were drawn up in accordance with IFRS standards (International Financial Reporting Standards).

As of 31 December 2010, the consolidation scope of AXA Bank Europe included the following companies: AXA Bank Europe S.A., including the branches, AXA Hedging Services, Royal Street S.A., AXA Belgium Finance BV and SCF AXA Bank Europe, created in 2010.

AXA Bank Europe Group's net consolidated result, excluding branches, was €72.9 million, compared to €4.7 million the previous year. This increase was primarily due to higher net banking income from better commercial margins on loans, commissions earned by AXA Hedging Services, fewer commissions allocated to distribution due to lower net collections and to a non-recurring tax benefit in 2010. The increase was partially offset by higher costs resulting from the new deposit protection program.

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

[2] Converted using the average annual exchange rate

[3] Converted using the average annual exchange rate

[4] The 2010 figures were converted using the 2009 exchange rate for the comparison calculation

- The Swiss branch: € -14.5 million compared to € -10.9 million the previous year, due primarily to continued development of Swiss activities.

- The Hungarian branch: € -29.49 million compared to € -0.2 million the previous year. This decrease was essentially due to the increase in provisions for credit losses resulting from a slowing real estate market, an unfavorable macro-economic environment and new taxes on the financial industry. In order to reduce the impact of the forint's depreciation, AXA Bank Europe eliminated the granting of loans in Swiss francs starting in July. A crisis management team was set up in mid-2010 to limit the effects of the crisis on our clients and to protect our portfolio.

- The Czech branch: € -14.0 million compared to € -3.0 million the previous year as a result of the commercial launch of the banking activity in 2010.

- The Slovak branch: € -2.3 million compared to € -0.3 million the previous year due to the set-up of banking activities.

- The Execution Desk Paris branch: € -0.3 million.

In the final analysis, AXA Bank Europe's consolidated net result amounted to a profit of €12.3 million and the consolidated balance sheet totalled €31,377 million. These figures are to be compared with a loss of €9.8 million in 2009 and a consolidated balance sheet total of €26,296 million.

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

- ***Statutory accounts***

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

The accounts include the branch accounts. As of 31 December 2010, the balance sheet total stood at €30,373 million and we recorded a net loss of €20.5 million.

This result consists of the following (Belgian accounting standards):
Belgian banking activity: €33.84 million in profit
Correction of the result of internal sales between headquarters and the branches: € - 6.8 million
Hungarian banking activity: € -14.0 million.
Swiss banking activity: € -16.6 million.
Czech banking activity: € -14.2 million.
Slovak result (still in start-up mode): € -2.3 million.
Execution Desk Paris: € -0.3 million

- ***Appropriation of profit***

The loss for the period was €20,475,456.37.
The profit carried forward from 2009 was €132,542,076.13.

Therefore, the profit for appropriation was €112,066,619.75.

The Board of Directors has proposed carrying the profit forward again.

Governance

Management Bodies: changes implemented in 2010 and since 1 January 2011.

Board of Directors:

- Appointment of Jacques de Vaucleroy as Chairman, effective 20 April 2010
- Appointment of Emmanuel de Talhouët, already a board member, as Vice-Chairman, effective 1 January 2010
- Appointment of Irina Buchmann, effective 20 April 2010
- Appointment of Marc Raisière, effective 20 April 2010
- Appointment of Patrick Lemoine, effective 20 April 2010
- Appointment of Jef Van In, effective 14 February 2011
- Appointment of Frédéric Clément, effective 4 July 2011
- Resignation of Hervé Hatt, effective 31 December 2010
- Resignation of Alfred Bouckaert (retired), effective 15 April 2010
- Resignation of Noel Richardson, effective 31 December 2010

Executive Committee

- Appointment of Irina Buchmann, effective 20 April 2010
- Renunciation by Noel Richardson, effective 20 April 2010
- Appointment of Jef Van In, effective 14 February 2011
- Appointment of Frédéric Clément, effective 4 July 2011
- Resignation of Hervé Hatt, effective 31 December 2010

Audit Committee:

- Renunciation by Emmanuel de Talhouët, effective 4 February 2010
- Appointment of Patrick Lemoine, effective 20 April 2010

Remuneration Committee:

- Renunciation by Alfred Bouckaert, effective 15 April 2010
- Renunciation by Emmanuel de Talhouët, effective 4 February 2010
- Appointment of Jacques de Vaucleroy, effective 20 April 2010
- Appointment of Patrick Lemoine, effective 20 April 2010
- Appointment of Jacques Espinasse, effective 8 February 2011

Competence and independence of the Audit Committee

The AXA Bank Europe audit committee consists of Jacques Espinasse, Chairman and Patrick Lemoine. Emmanuel de Talhouët was a member until 4 February 2010.

Jacques Espinasse was appointed an independent Director of AXA Bank Europe on 17 April 2008. He has a degree from the University of Michigan and a Master's in Business Administration. He has acquired considerable experience as an analyst and financial officer in several major corporations. He has served as a director for several companies.

Emmanuel de Talhouët was appointed a Director of AXA Bank Europe on 17/04/2008. He has a degree from the French polytechnic institute and studied management at INSEAD. He has extensive experience in financial and general management, including in the insurance industry.

Patrick Lemoine was appointed a Director of AXA Belgium on 01/01/2010. He is a graduate of the *Ecole des Mines* (EMSE). He received an *Etude Comptable Supérieur* (Higher Accounting Studies) diploma and an MBA from INSEAD. He is also an actuary. He began his career in 1981 with Credit Lyonnais and has since acquired significant experience as a technical director in property-casualty insurance and as a financial director in the insurance industry in France and Canada.

The Board of Directors is consequently in a position to demonstrate the <u>individual and collective competence</u> of the members of the audit committee, as required by the law of 17 December 2008 which requires an audit committee in financial institutions.

Since 2007, and until the law requiring an audit committee in listed companies and financial institutions took effect on 8 January 2009, AXA Group companies in Belgium used the independence criteria found in the AXA Group Corporate Governance Standards.

According to this document, in order to be considered independent, a director:

- Must not be, or have been during the past five years, an employee of the company or of a company with ties to the company
- Must not be a partner or employee of the company’s external auditor
- Must have no family ties with any of the company’s current directors
- Must not have any significant direct or indirect business relations with the company or its affiliates.

These independence criteria were published in the 2009 Annual Reports of AXA Belgium and AXA Bank to enable directors appointed prior to the entry into effect of the law, and meeting these criteria, to sit as independent directors until 1 July 2011.

Since fiscal year 2009, all new appointments of independent directors meet the nine independence criteria described in Article 526c of the Company Code.

In addition, the Board pays special attention to the representative character of independent directors.

Remuneration of Directors

General

The remuneration policy for directors used by AXA Bank Europe is based on AXA Group’s remuneration policy while conforming to local rules and market practices.

The primary goal is to reconcile its principles and structure with healthy and effective management of company risk.

Remuneration policy structure

AXA Bank Europe executive remuneration consists of a fixed component and a variable component. The balance between the two varies depending on the level of responsibility, it being understood that the fixed component is always adequate in order to allow for a flexible remuneration policy on the variable component.

The variable component consists of two parts:

- A non-deferred variable component defined by an annual cash target
- A deferred variable component

Performance measurement for non-deferred variable remuneration

The variable non-deferred component is determined based on:

- Individual performance measured by the achievement of short and longer-term objectives
- The performance of the person's home entity
- The performance of AXA Group as a whole.

Performance measurement for deferred variable remuneration

AXA has a long-term remuneration plan (AXA Equity plan). Its principles may be adjusted on a regular basis, notably based on changes in the international legal framework.

The remuneration method, which is based on long-term motivation of employees, enables deferral of a significant portion of variable remuneration and concurrent compliance with the requirements of national and international regulators. On average, this remuneration amounts to over 50% of total variable remuneration.

The goal is to reward employees and gain their loyalty by binding them both to the intrinsic performance of AXA Group, to that of their home entity and to the performance of AXA stock over the medium/long term. Beneficiary selection criteria are: the importance of the position held, how critical the holder is to the position, how critical the person is to the future and the quality of their individual contribution.

The deferred variable component consists of two main vehicles:

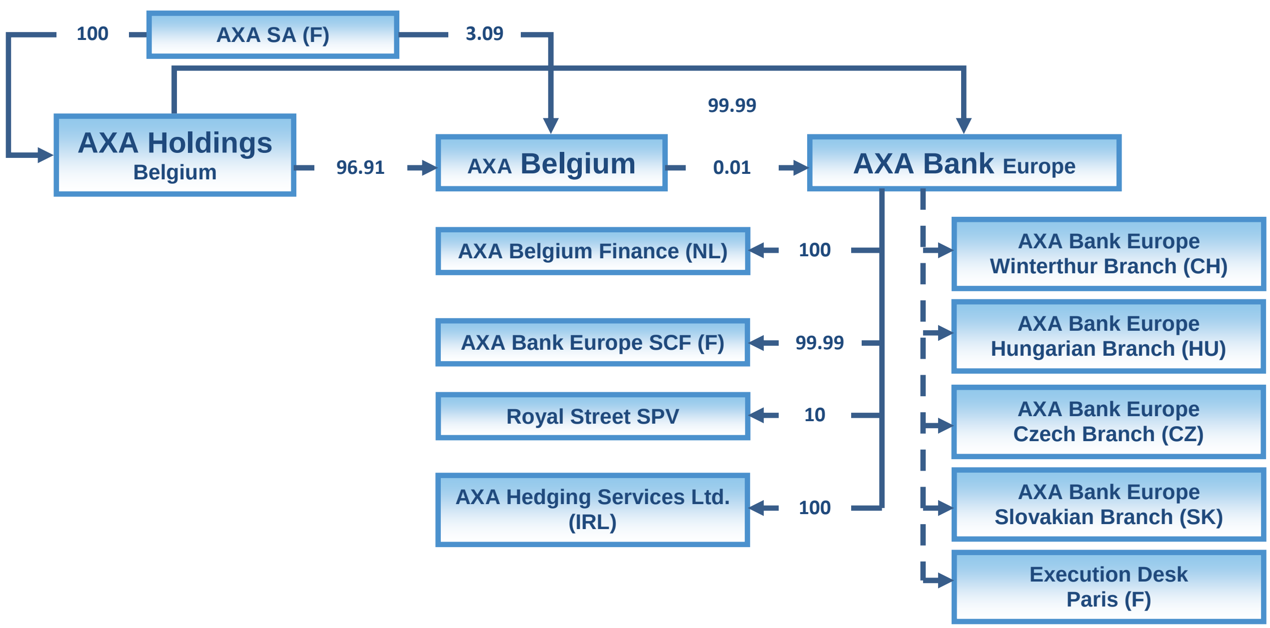
- Stock options based on performance criteria with a total vesting period of four years and exercise within 10 years
- Performance Units based on performance criteria and paid in cash (or in shares, as selected by the beneficiary) after a vesting period of three years.

The principles listed above are also applicable to independent audit positions.

Governance

The remuneration policy is defined by a Remuneration Committee consisting of non-executive directors, at least one of which is independent as meant in the Company Code.
The committee prepares the decisions to be taken by the Board of Directors taking into account the repercussions on risk and the company's risk management, on one hand, and the long-term interests of the organization's stakeholders, on the other.

Simplified AXA Bank Europe shareholding structure



8.2.2 Retail activity indicators by entity

AXA Bank in Belgium

Market conditions

The improvement of the international economic situation which began in mid-2009 continued and strengthened throughout 2010.

In Belgium, this positive change was apparent in a 2.1% annual GDP recovery. The trend was favorable for job creation and enabled a return to pre-crisis levels. This created conditions favorable for the recovery of consumption during the last months of 2010, while maintaining substantial savings. On average, Belgians saved 17.1% of their income over the past year.

The Belgian real estate market came through the crisis practically unscathed. However, the recovery seems to be slowing despite the continuation of very favorable financing conditions. What's more, the main factors that contributed to growth over past few years will gradually disappear over the longer term.
2010 was uneven in terms of rate fluctuations. Long-term rates experienced an uninterrupted period of decline though the end of August (with the lowest historical OLO10 at 2.85%) then increased to about 4%

after November. This abrupt increase was tied to the sovereign debt crisis. Credit spreads tended to be on sovereign debt rather than on corporate debt.

The rate curve experienced moderately positive change that, nevertheless, generated a positive transformation margin.

The OLO/IRS spread widened at the end of the year generating additional revenue when housing loans were re-priced.

Short-term rates reached particularly low levels. Competition in savings products was fierce in a very competitive market.

Savings activities

Given the low market rates, it was essential to maintain our margins. Consequently, rates on all savings accounts were revised downwards a first time on February 1st. Rates on l+ and l+Welcome were decreased a second time on October 15th.

Net collections were in line with projections (+ €13 million, but significantly lower than in 2008 and 2009). Three-year "certirente" shares were very positive (+ €600 million) and I+Welcome shares (+ €175 million) and Spaar + (+ €442 million) were very favorable.

The change in outflows was in line with 2009 until mid-October (drop in l+ and l+Welcome rates). Inflows, on the other hand, were clearly below the 2009 level because of a lack of pricing power.

Credit activities

- **Personal lending**

There was a clear recovery in installment loans following a very marked slowdown in 2009. Production grew by €47 million to reach €398 million. AXA Bank was well-positioned in the market thanks to its attractive product offering. In addition to car financing, we also granted many green credits intended for the financing of energy saving investments.

The housing credit market also continued the recovery begun in 2009. Mortgage loan production increased by 10% to reach €1,993 million. These favorable market conditions were the result of, among other things, a persistent trend for investment in real estate rather than in securities investments with less attractive yields or greater risk. In addition, historically low interest rates also certainly favored this trend.

- **Business lending**

Business lending production fell slightly to €358 million. This trend still reflects the direct impact of the economic crisis by, among other things, limiting the volume of investments agreed to by SMEs and the self-employed. This phenomenon was particularly evident in the long-term investment credit sector. The number of loans granted for the purchase of equipment and vehicles for professional use nevertheless held steady at the 2009 level.

- **Quality of the credit portfolio**

Despite macroeconomic conditions that continue to be less favorable, and the persistent international phenomenon of higher credit risk, the global loan portfolio, consisting primarily of retail loans, remained fundamentally sound. In 2010, AXA Bank recorded a net loss ratio of +0.07%, that is, a decrease of two basis points compared to 2009.

Daily Banking

In an extremely competitive market, AXA Bank persevered in growing its classic current accounts and its new internet-based current account, the Click Bonus. We should also point out that the debit card tied to this account is now organic since it can be entirely recycled. This was a first in the Belgian market and was also an accomplishment for our corporate responsibility. By mobilizing our agent networks and commercial campaigns, the portfolio grew by 12,533 active accounts and reached a total of 300,302 accounts. The total current account portfolio is now about 475,000 accounts. Account assets have reached €1.44 billion.

The debit card portfolio (Bancontact/MisterCash – Maestro) increased by 5% to reach 395,364 cards. Card designs were revised and implemented in November.

Thanks to the many actions initiated in 2009, and continued in 2010, the downward trend in the credit cards portfolio was reversed. The result of these activities was an increase of 6% in our portfolio, that is, of 75,135 credit cards. Our market share is holding at 2.45%.

The number of active users increased (+22,736). This brought the total number of active users to 156,825, that is, growth of 17%. And since March, customers can check the status of their credit card spending via home banking.

AXA has become a MasterCard Principal Member and successfully migrated its Europay Affiliated Membership portfolio to its new Principal Membership status.

3D-Secure was implemented. This is a security protocol supported by Visa & MasterCard which increases the security of payments made by bank card (credit and debit) over the internet.

There are 483 cash machines in the network. Of these, 372 are accessible to holders of cards from other banks. We recorded 7.4 million withdrawals on an annual basis.

Preparations, studies and tests required for the implementation of a brand new web-based SelfService architecture were carried out with Diebold. This architecture is a first for the market. It includes dynamic web technologies, tools and a methodology created for the long-term, increased security, better integration (multi-access) and personalization of cash machines as well as lower costs for future developments (multiple banknotes, money recycling) and a full Open Multi-vendor architecture.

Several modifications were made in a special release at the end of November to adapt the consumer credit law to European directives, notably for the budgetplus account, installment loans and lines of credit on current accounts within the framework of issuing AXA Bank debit and credit cards.

The following projects were carried out as part of SEPA:

- Availability of Sepa Direct Debit B2B for the self-employed and companies
- Implementation of the changes required by the rulebook for Sepa Credit Transfer

AXA Bank in Hungary

Market conditions

The economy continued to grow in Hungary during the fourth quarter following a good third quarter, reaching 2% over the same period in 2009. Net exports continued to be the main engine of growth while household consumption rebounded during the third quarter to become the second engine. Despite the severe recession of 2009, which led to a decrease in GDP to 6.7%, Hungary saw a rate of growth of 1.2% last year. GDP growth could reach 2.7% in 2011. Following a long period with "no inflationary pressure", consumer prices shot up from October to December as a result of the shock in food and petroleum products. In addition to this, the upcoming implementation of crisis taxes led to rate increases in November and December. The unemployment rate receded by 100 bp starting in December, compared to a high of 11.8%

recorded in April. The labor market recovery will continue to alternate between extreme moderation and months of stagnation.

While all credit agencies dropped their ratings of Hungarian credit to a minimum over the short-term, they did not go so far as to relegate it to junk category thanks to the announcement of a short-term fiscal adjustment program.

While the CHF/HUF fluctuation was contained between 175 and 190 until May 2010, it increased rapidly to reach a double peak above 220 in September and December. Aside from this high country risk, the dominant factor of this weakness was the strengthening of the Swiss franc. By comparison, EUR/HUF movement and volatility was far more restrained.

Saving activities

AXA continued its strategy of increasing deposits in a volatile savings climate. The Hungarian market exclusively maintained its interest rate for current accounts therefore making deposit offerings uniquely competitive in terms of the interest rate offered. AXA entered this market with an on-line services offer for daily banking while high rates rewarded short-term deposits and long-term savings offers in the savings area. For daily banking, AXA offers an account with VISA cards that is managed via a call centre and over the internet. AXA increased its internet banking offer in 2010 thanks to a new version of its iBanq software which enables customers to manage their accounts, scheduled payments and bank card limits. During the last quarter of 2010, AXA launched a long-term savings account for three to five years with a tax incentive thanks to which customers can save on taxes due on interest if they keep their savings on the long-term savings account for five years or reduce their payment to 10% if they choose the three-year option.

AXA wants to intensify its savings activities in the Hungarian market in 2011 to increase its deposit volumes by applying the injection strategy created by AXA Bank Europe: offer excellent short-term rates while maintaining competitiveness over the long term. We would also like to more distinctly emphasize our card activity which is an important engine for our daily banking offer - we increased payment security in 2011 by converting all cards available from AXA to chip cards.

Credit activities

The Hungarian loan market became more perilous because client mortgage loans are primarily in foreign currencies (mainly CHF) and because the HUF depreciated significantly compared to the CHF. AXA was the first market player in Hungary to redirect its activities to HUF mortgage loans (end of 2009). Our credit portfolio continued to be at the heart of our activity over the 2010 period. We launched a portfolio protection program (credit crisis program) intended to actively assist our customers in managing the situation in which the crisis had put them. Through this program, we focus on helping our customers to avoid an increase in litigation and on the restructuring of loans in litigation to stabilize the level of provisions. What's more, we initiated new product development to provide long-term structural solutions to our customers and to ensure risk control for our future production. We offer short-term assistance by helping customers obtain favorable CHF exchange rates that will enable them to maintain their monthly installments. We created a team of dedicated advisers for customers experiencing difficulties. They are tasked with personally meeting with customers, reviewing their contracts, helping them set up a monthly installment plan they can handle and making up past due amounts. Concurrently with this customer assistance, AXA has also withdrawn from markets with increased risk, such as credit refinancing, to minimize its exposure to the Hungarian market.

We will continue to focus on the portfolio in 2011. Relief will be provided through March. A second wave of face-to-face meetings will be held by the same team of advisers with another group of target customers. The new products, which redefine our credit palette in order to achieve the goal of better balance between local market needs and AXA Bank Europe's risk appetite, will be brought to market. The new products, based on the expertise gained by AXA Bank Europe in Eastern European markets are intended to stabilize our clients' monthly HUF payments. With this credit offering, we are attempting to become part of both the ongoing evolution of the legislative framework and our customers' personal situation: the combination of due date flexibility and the opportunity to adjust monthly payments will settle the mortgage relationship between customers and AXA. As part of our product offer renewal, we will be launching a new prevention program intended, first of all, for our most vulnerable customers. We will help them convert their foreign currency mortgage into a long-term loan, preferably in local currency. For new production, we are maintaining our presence in the market by targeting responsible loans based on long-term interest rate offers in HUF intended for the purchase of a home.

AXA Bank in the Czech Republic

Market conditions

The economy began to accelerate during the third quarter of 2009, in step with the stabilization of the economies of primary commercial partners and the effects of government measures to support growth. The third quarter of 2010 recorded growth of 3% over the third quarter of 2009. The improvement in external conditions should translate into continued economic growth which, according to estimates, will reach 2.2% in 2010. In August 2010, the new centre-right government issued policy statements setting the following primary tasks: public finance (max. 3% deficit in 2013 and a balanced budget in 2016), pension system, health care and tertiary education system reform and an increase in the transparency of public tenders. The austerity policy implemented by the government should translate into a moderate slowdown in economic growth to 2.0% in 2011.

As for the evolution of prices in the economy, the average rate of inflation reached 1.5% in 2010, with a high of 2.2% in December. The impact of administrative measures was the primary reason for price increases. This impact still reflected the effects of government measures intended to consolidate general government and the growth of regulated prices.

Savings activities

AXA Bank was created in February 2010. Its launch was backed by a large scale media campaign and public relations activities.

AXA Bank offers a savings account that is both simple and appealing with a loyalty premium, an e-banking system and a debit card tied to the account.

Interest per tranche:
For clients with a balance up to 1 million CZK, 2% interest + 0.5% loyalty premium
For clients with a balance in excess of 1 million CZK, 0.5% interest + 0.5% loyalty premium

The new bank was launched successfully in 2010: AXA Bank gained 17,000 customers during the campaign. AXA Bank acquired 34,000 new customers (of which 17,000 on-line) in just 10 months on the market and net collections of €438 million.

AXA Bank in Switzerland

Market conditions

2010 was once again dominated by a low and even decreasing interest environment. The monetary policy of the Swiss National Bank decreased the 3 months CHF LIBOR from 0.25 % at the beginning of the year to 0.17 % at the end of 2010 with a low at 0.11% in the middle of the year. As a result of that Swiss customers were faced with up to two interest reductions on their savings accounts in the past year with most of the banks offering rates around 0.375 % by the end of the year. AXA Bank maintained its claim "attractive interests and more" offering 1.4 % till September 2010 and 1.1 % afterwards on its flagship product "Sparkonto Plus".

Savings activities

AXA Bank in Switzerland continued to grow during its second year of business activity (+ 14,000 customers) increasing its client base by a greater proportion than in the previous year (nearly 13,000 customers) for a total of close to 27,000 customers. The growth in customer numbers is even more impressive when the high number of AXA employees who became customers of the bank in 2009 (about 2,500) is included. Nearly €142 million in net collections was collected in 2010 compared to €185 million the previous year. This reflects a slide in the product mix from term deposit products to savings accounts and the arrival at maturity date of high-rate term deposits in 2009. Given the economic and competitive situation (e.g., the rate climate, government guarantees) and reductions in marketing expenditures in 2010, the net collections growth recorded was as remarkable as it was encouraging.

Compared to 2009, the Sparkonto Plus (savings) account and the Vorsorgekonto 3a (savings-pension account) saw a net increase in new capital of €163.3 million for the Sparkonto Plus and of €18.7 million for the Vorsorgekonto 3a. Net inputs were €41 million for term deposits (one-year term deposits). This was the result of consumer confidence and of interest rates substantially lower than in the first year and than the rate offered on the Sparkonto Plus account.

It is also clear that the various operational improvements implemented in 2010 contributed to the result. Since April 2010, customers and AXA Winterthur customer advisers can print their requests (i.e. at home) after filling out a form on the internet site. Over 3/4 of all requests received are printed this way, speeding up document circulation.

The two distribution channels (AXA Winterthur customer advisers and direct) were able to draw a greater number of customers than in the previous year. Slightly over 2/3 of AXA Bank customers became customers after contact with an AXA Winterthur adviser. In addition, the latter had greater leverage in terms of opportunities to reinvest life insurance policies reaching maturity in banking products than in 2009. There was an improvement over the previous year in attractive conversions of short-term savings accounts into long-term insurance savings.

Over the year AXA Bank increased the number of FTEs (full time equivalent) from 29 to 42 mirroring the increased customer base, our recognized high service delivery and also additional investments in the area of Sales Support, Product Management, Marketing and Projects.

8.2.3 Investments Division Indicators

ALM and Treasury

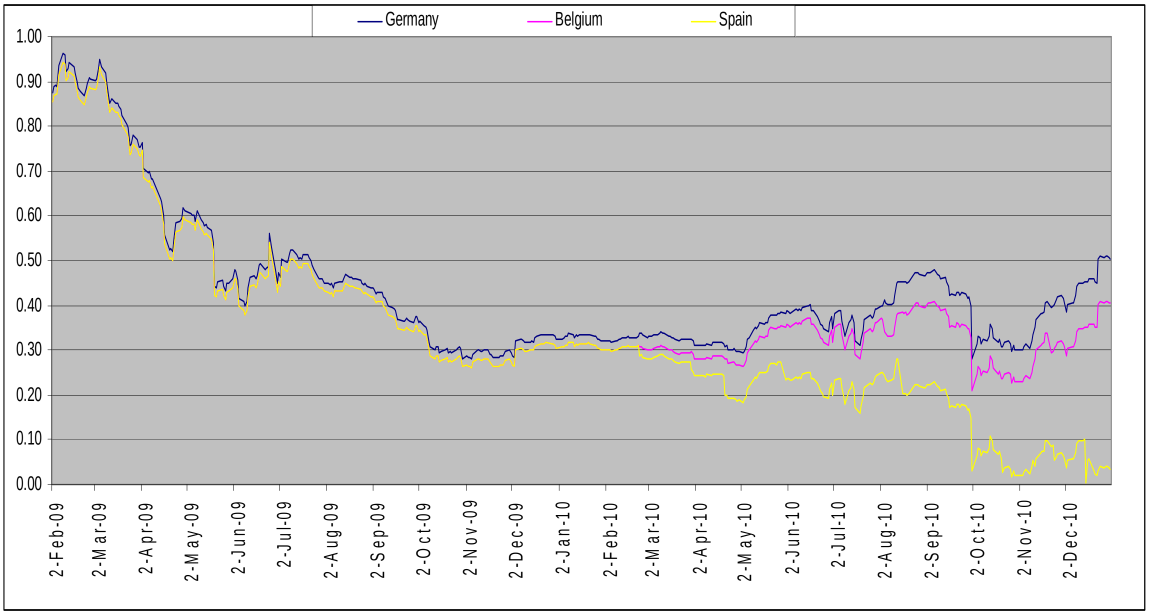
AXA Bank Europe's Asset Liability Management (ALM) provided a balance sheet management approach which has proved to be prudent especially during and after the recent liquidity & credit crisis. This was and is still being achieved through active balance sheet management & analytics, liquidity analysis, solvency, value & earnings analysis, future earnings forecast, mark to market valuation as well as scenario based methodologies. This ALM approach provided in depth understanding of AXA Bank Europe's risk positions and helped ALCO process to build effective hedging strategies and to manage value creation as well as complying with internal and regulatory limits.

With respect to balance sheet management, AXA Bank Europe demonstrated its prudential vision in a real-life stress scenario which revealed that there were no short-term liquidity problems. More precisely:

- AXA Bank Europe has extensive experience in monitoring stressed liquidity indicators and uses them to take strategic decisions
- AXA Bank Europe has always ensured that it maintained high-quality liquidity buffers
- In addition to access to personal savings thanks to its agent network, AXA Bank Europe also has direct access to liquidity thanks to institutional client funding.

Since the beginning of the credit and liquidity crisis, the principal indicator enabling evaluation of its seriousness has been the gap between guaranteed and non-guaranteed credit. Before 2010, sovereign debt with a rating above AA was sufficient to guarantee financing. There were few differences between the various European issuers. The gap between guaranteed and non-guaranteed credit now depends to a large extend on the issuer.

Graph: change in the gap between German, Belgian and Spanish non-guaranteed and guaranteed credit.



2010 saw an extension of the European Central Bank's policy on total liquidity allocation via weekly, monthly and quarterly auctions. In order to guarantee the liquidity of the government bond market, the ECB intervened in the government bond market as a buyer while freezing the liquidity injected.

In this context and in the context of increased external industry-wide regulatory requirements and ratios such as CBFA LI and Basel 3 LCR, AXA Bank Europe undertook a series of actions intended to improve its liquidity buffer and to reduce its structural liquidity gap.

As a first step, retail product strategies were reviewed to integrate balance sheet needs. Given this, ALM works very closely with Product Management to develop products to align balance sheet management and product strategies. It also took an active part in the product approval process.
The above-mentioned liquidity gap was then covered with a covered bond issue of €750 million. This inaugural €750 million, 10-year maturity, covered bond issue made under French law by the newly created ABE Société de Crédit Foncier (SCF) was carried out using an EMTN issue program that enables AXA Bank Europe to use the secured funding on a regular basis. The issue was rated AAA by S&P and Fitch. The initiative enabled AXA Bank Europe to further diversify its sources of funding and to take advantage of favorable market funding opportunities. For this issue in particular, the collateral pool consisted initially of senior RMBS notes issued by Royal Street SA/NV, Compartment RS-2. The bonds are backed by first rate Belgian mortgage loans originated by AXA Bank Europe.

The issuer (the French SCF) and the mother company (AXA Bank Europe) are not located in the same country which is a first for the French OF market. Since the guaranteed bond platform must still be created in Belgium, since the AXA brand is well-known in France, and since the French market is one of top markets in Europe, the decision to issue via the intermediary of a SCF was self-evident.

Thirdly, and as an example of its prudential liquidity management, AXA Bank Europe Treasury had and managed a bond buffer issued by European governments, on one hand, and securitization of residential mortgage loans issued by AXA Bank Europe, on the other. Thanks to the management of this cushion and the expertise gained in the repo market, the Treasury department was able to obtain cheap ongoing financing without having to resort to the facilities set up by the ECB.
Within the framework of the centralized funding configuration, this liquidity management gave way to management intended to ensure constant growth in retail banking customer numbers and volumes in Belgium, Switzerland, the Czech Republic and Hungary. In fact, AXA Bank Europe's Treasury department was able to maintain a sufficient liquidity margin to avoid any negative impact on the development of its commercial balance sheet.

While remaining liquid at all times, AXA Bank Europe was also able to take advantage of historically low interest rates and generate substantial transformation income of €64.4 million in 2010.

AXA Group also translated its "re-use" recipe into the AXA Bank Europe environment by deciding to entrust the latter with an exchange and interest rate execution activity for part of its European and Asian life insurance activity. This Group activity was launched on the advice of AXA Hedging Services and it significantly increased rate swap and swaption volumes enabling AXA Bank Europe to mutualize the cost of its operations in the financial markets.

Integration of AXA Hedging Services (AHS) and the creation of the Execution Desk Paris (EDP)

Background

AXA Group decided to implement an innovative bank strategy which consists in developing banks in countries in which AXA insurance companies are already present. These banks focus primarily on a few new products, mainly via a direct banking model.

The Bank's European strategy will require in-depth reorganization of its activities in the capital markets:

- Given that the management of assets-liabilities and financing activities will be centralized in Brussels
- Given that the Group wants to use the Bank as (among other things) a point of entry into the market.

Within this context, the integration of AXA Hedging Services in AXA Bank Europe in July 2008 was a first step in transforming AXA Bank Europe into an entry point for the coverage activities of AXA Group insurance companies outside of the United States. It consists of two distinct functions: analyses and recommendations for AHS coverage and market access provided by AXA Bank Europe Front Office.

AXA Hedging Services & AXA Bank Europe

AXA Hedging Services, Inc. was created in 2006 to handle the Group's development of variable annuities (VA) (outside of the United States). It has been a 100% subsidiary of AXA Bank Europe since 2008. Its role was, and still is, to design variable annuities on behalf of AXA's operational entities and to implement a daily coverage process for AXA entities via advice and recommendations.

Thanks to the AXA Bank Europe and AXA Hedging Services partnership, the Group has a service offering for the Group's insurance companies. It offers consistent management, professional advice and trading activities as well as the ability to transform financial flows within the Group.

Execution Desk Paris

EDP, which is part of AXA Bank Europe, is part of the latter's coverage activities' strategy for AXA Group insurance companies that negotiate insurance products based on VAs.

The second logical step taken by AXA Bank Europe to complete the integration of VA hedging activities for AXA Group entities was the launch of a reception and execution service for orders issued by AXA Group insurance companies active in the VA field (outside of the United States).

The services provided to AXA insurance companies by AXA Bank Europe Front Office follow the same scheme as the first order coverage services evaluated by the front office of AXA Bank Europe Brussels for futures, swaps and swaptions.

8.2.4 Comments on risk management policies

As are other banking institutions, AXA Bank Europe has to cope with strategic, credit, interest rate risk, liquidity, market, and operational risks that may impact its solvency, liquidity and earning objectives.

These risks are identified, measured, mitigated and continuously monitored through a well implemented internal risk appetite framework. With it, the bank's risk appetite objectives concerning these risks are translated into functional limits and hedging procedures.

During 2010, ABE specifically strengthened its risk appetite framework to further facilitate the bank's wide risk management through a constant monitoring and forecasting of key financial indicators and ratios on solvency, liquidity, earnings and value. All of ABE's material risks are taken into account in this comprehensive approach.

The following paragraphs will further define these risks.

They will highlight the key risk events of 2010 and will also provide an overview of the strategies and mitigation methods used by the bank to maintain these risks at desired levels.

- Strategic risk

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

The management of this risk has been strengthened in 2010, namely by enhancing ABE's risk appetite framework to ensure that risk mitigation objectives are taken into account within ABE's strategic decision making processes.

ABE's risk appetite framework is therefore an integral part (and supports) ABE's strategic reviews, annual strategic planning exercises, financial planning processes, product approval processes and the management of strategic projects.

- Credit risk:

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

  - Retail credit risk

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

AXA Bank Europe further strengthened its European management of retail credit risk in 2010 by setting up a specific retail risk management team at the Head Office level. Other improvements were made to retail risk management in Belgium and in Hungary (see below):

- Retail credit risk in Belgium

The following mitigation measures were put in place in 2010:

- A new acquisition scoring model was implemented for mortgage loans early 2010.
- An improved economic capital model was independently validated by Ernst and Young and subsequently implemented to better measure and mitigate this risk.

- Retail credit risk in Hungary

The credit portfolio of the Hungarian branch of ABE was kept under a very close watch in 2010 due to its vulnerability resulting from exchange rate fluctuations.

A number of new mitigation measures were put in place in 2010[5]:

- Provisions were increased as a precautionary measure to reflect the weakening of the HUF and a deteriorated economic environment in Hungary.
- Foreign currency denominated lending was suspended in June to adapt to the challenging situation faced in the country. On top of that, credit policies were also further tightened and stricter income and loan to value requirements were put in place.
- A new economic capital model was independently validated by Ernst and Young and subsequently implemented to better measure and mitigate this risk.
- A new acquisition scoring model was implemented in July 2010.

- Non-retail counterparty credit risk

The bank's exposure to non retail credit risk is limited to selected investments (mostly well rated sovereigns, financial institutions and asset backed securities) and to high quality counterparties to hedge the derivatives done with AXA insurance companies.

AXA Bank Europe's entire bond portfolio is subject to limits on concentration risk and credit risk, which are monitored by a credit committee that ensures compliance with these limits. Impairments are registered in case of a credit event. However, when the liquidity of certain credit markets is no longer sufficient to ensure that market prices reflect the intrinsic value of securities, certain valuations were based on internal models ("marked-to-model" concept).

In 2010, AXA Bank Europe continued to act for AXA Group as a centralized platform to access financial markets[6]. The bank's exposures to derivatives therefore increased but continued to be mitigated through an extremely strict collateral requirement policy. An authorization to use netting for regulatory purposes was also approved by ABE's regulator.

AXA Bank Europe also launched a review of its investment policy to comply with expected upcoming Basel III requirements. The review is expected to be finalized in the 1Q2011.

- Interest rate risk:

AXA Bank Europe's business focus on retail banking means that the bank concentrates its credit exposures on lower risk prime mortgage loans. The corollary of this business strategy is that AXA Bank Europe is exposed to higher interest rate risk due to the long duration of a part of its mortgage portfolio.

Interest rate risk is itself defined as the risk of potential adverse changes to the fair value of interest sensitive positions after movements in interest rates.

[5] Measures mentioned in ABE's IFRS 2009 were continued: Strengthening of new loan acceptance policies, implementation of exchange rate hedges.

[6] AXA Bank Europe started acting as a hub to provide AXA insurance companies with hedging services for their variable annuities products.

AXA Bank Europe's ALM department reports to the ALCO on AXA Bank Europe's structural interest rate risk exposures. It proposes scenarios for interest rate risk management decisions. AXA Bank Europe's Risk Management department independently monitors risk exposures and compliance with agreed risk appetite limits.

In 2010, efforts were made to strengthen the bank's balance sheet reconciliation processes. A Product Control Unit was setup to optimize data quality and to streamline reporting procedures.

A new economic capital model was also independently validated by Ernst and Young and implemented.

Finally, further investments in AXA Bank Europe's systems and tools (QRM) were made. They will enable to bank to develop even more precise risk indicators in 2011.

- Liquidity risk

The management of structural liquidity risk is a priority for AXA Bank Europe.

This risk is defined as the risk that the structural, long term balance sheet can not be financed at reasonable cost and in a timely manner.

As an ALM risk, it is managed through the same governance that is used to manage interest rate risk (see above).

AXA Bank Europe also maintains (at all times) a buffer of liquid assets that allow it to resist stress scenarios consisting of assumptions of reduced liquidity on financial markets and significant withdrawals by customers.

In 2010, AXA Bank Europe issued with success a covered bond to improve its structural liquidity risk position. As stated previously, it also initiated a review of its investment policy to ensure its ongoing compliance with upcoming liquidity regulatory requirements.

Projects to fine-tune the bank's liquidity indicators are underway. They should be implemented early 2011.

- Market risk:

Market risk is usually composed of the following risks:

Risk	Definition
Interest Rate Risk (non structural, short term)	Risk of loss arising from potential adverse changes in the fair value of interest sensitive position after movements in interest rates.
Exchange Rate Risk	Risk of loss arising from potentially negative changes in fair position values (measured in home currency) due to exchange rate fluctuations.
Credit Spread Risk	Risk of losing money from market price movements of debt instruments that are caused by unexpected changes in credit spread.
Price Risk (Equity)	Adverse movements of exposures in stocks and other types of direct / indirect investments in enterprises that the bank is holding for trading activities.
Market Liquidity Risk	Risk that the firm cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption.

AXA Bank Europe's has a very conservative approach to market risk and does not engage in equity or commodities trading. As such, only the two first risks in the above list were considered material to AXA Bank Europe's activities in 2010.

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

In 2010, AXA Bank Europe's Forex risk increased, mainly because of increasing retail activities in Hungary, in Switzerland, in Slovakia and in the Czech Republic.

Short term interest rate risk also increased because of the increasing use of derivatives to provide AXA insurance companies with hedging services for their variable annuities products.

Exposures to short term interest rate risk and exchange rate risk were nevertheless kept minimal through strict risk appetite limits.

- 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.

Early in 2010, AXA Bank Europe validated a new Operational Risk Management Charter to enhance the governance of this risk.

The outsourcing of this risk's management to AXA Belgium's Risk Management department was also ceased as AXA Bank Europe setup its own dedicated operational risk management team.

AXA's operational risk framework already implemented in Belgium was further deployed within AXA Bank Europe's Hungarian and Switzerland branches. A detailed operational risk cartography was also made for AXA Bank Europe's newly launched Czech Republic branch.

Finally, AXA Bank Europe continued its investments to develop a more advanced economic capital model to measure this risk.

8.2.5 Recent developments

(in Euro million)

	HY 2011	HY 2010	FY 2010
Net banking revenues	169	139	311
Underlying earnings Group share	27	(5)	64
Net capital gains or losses attributable to shareholders net of income tax	(3)	1	(3)
Adjusted earnings Group share	24	(5)	61
Profit or loss on financial assets (under FV option) & derivatives	3	(1)	10
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(7)	-	(6)
Net income Group share	20	(6)	66

BELGIUM

Net banking revenues increased by €30 million (+22%) to €169 million. On a comparable basis, net banking revenues increased by €16 million (+13%) mainly driven by higher revenues on mortgage and consumer loans (€+7 million) and lower interest paid on deposit account (€+8 million).

Underlying earnings increased by €33 million to €27 million. On a comparable basis , underlying earnings increased by €35 million mainly due to higher interest and commission margin (€+36 million), stable administrative expenses considering the reclassification of restructuring costs in net income in 2011 (€+3 million) partly offset by higher distribution commissions (€-4 million) and an increase of provision for loan losses (€-3 million).

Adjusted earnings increased by €29 million to €24 million driven by the underlying earnings increase and higher impairments on fixed income assets (€-4 million).

Net income increased by €26 million to €20 million driven by the increase of adjusted earnings and favorable change in mark- to- market on hedging instruments (€+4 million) partly offset by higher restructuring costs.

HUNGARY

Net banking revenues decreased by €2 million to €27 million. On a comparable basis, net banking revenues increased by €9 million (27%) mainly due to deposits portfolio growth partly offset by lower fees received from lower new credit production.

Underlying and adjusted earnings decreased by €9 million to €-9 million. On a comparable basis, underlying and adjusted earnings decreased by €11 million mainly due to lower fee income (€-5 million) stemming from a lower new credit production, a new tax on financial sector (€-4 million) and a slightly higher provision for loan losses (€-1 million).

Net income decreased by €7 million to €-9 million.

CZECH REPUBLIC

Underlying earnings, adjusted earnings and **net income** increased by €4 million to €-3 million mainly driven by an increase of commercial margin and a decrease in administrative expenses.

SWITZERLAND

Underlying earnings as well as **adjusted earnings** and **net income** were stable at €-5 million mainly driven by an increase of commercial margin offset by higher administrative expenses.

The Board of Directors considers to propose a €200 million reduction in bank capital to the shareholders. The proposal makes sense from an economic standpoint in that it will enable optimization of the structure of the bank's shareholder equity and a reduction in its cost. After completion, the level of available bank capital will be maintained above the required minimums for both Pillar 1 and Pillar 2 while taking into account the outlook for the bank's strategic plan. The bank will also keep a capital surplus to enable it to absorb cyclical shocks. At the date of this Prospectus, this planned project is still pending.

There have been no material contracts that are not entered into in the ordinary course of AXA BANK’s business which could result in any member of the AXA GROUP being under an entitlement that is material to AXA BANK’s ability to meet its obligations to Noteholders.

AXA BANK has made no investments since the date of the last published financial statements, and no principal future investments are planned.

8.3 MANAGEMENT AND SUPERVISION

8.3.1. ADMINISTRATION, MANAGEMENT AND AUDIT

Board of Directors	*Executive Committee*	*Audit Committee*
Jacques de Vaucleroy, Chairman	Jef Van In, Chairman	Jacques Espinasse, Chairman
Emmanuel de Talhouët, Vice-Chairman	Patrick Vaneeckhout, Vice-Chairman	Patrick Lemoine, member
Jacques Espinasse, Independent Director	François Robinet, Vice-Chairman	
Philippe Eyben	Philippe Eyben	
Thomas Gerber	Irina Buchmann	
Jef Van In	Frédéric Clément	
Frédéric Clément		***Remuneration Committee***
François Robinet		Jacques de Vaucleroy, Chairman
Patrick Vaneeckhout		Patrick Lemoine
Patrick Lemoine		Jacques Espinasse
Marc Raisière		
Irina Buchmann		
		Auditor
		PricewaterhouseCoopers Réviseurs d'entreprises, sccrl, represented by Mr Grégory Joos and Mr Tom Meuleman (registered auditors)

Audit Committee

AXA Bank Europe's Audit Committee is made up of Jacques Espinasse and Patrick Lemoine.

Jacques Espinasse was appointed an independent Director of AXA Bank Europe on 17 April 2008. He has a degree from the University of Michigan and a Master's in Business Administration. He has considerable experience as an analyst and financial officer, including in major enterprises. Mr Espinasse has served as a director for several companies.

Patrick Lemoine was appointed director of AXA Bank Europe on 15 December 2009. He is also director and member of the Audit and Remuneration committee of AXA Belgium SA and is the president and member of the Audit Committee of AXA Holdings Belgium SA. M. Lemoine is appointed Chief Financial Officer of AXA's NORCEE region.

The Board of Directors is consequently in a position to demonstrate the individual and collective competence of members of the Audit Committee, as required by the Belgian law of 17 December 2008 on the establishment of an audit committee in financial institutions.

Since 2007 and prior to the entry into force of this law on 8 January 2009, the member companies of AXA Group Belgium used the independence criteria laid down in the AXA Group Corporate Governance Standards.

According to this text, to be considered independent, a director:

- may not be, or have been in the course of the last five years, an employee of the company or of a company with ties to the company;
- may not be a partner or employee of the company's external auditor;
- may have no family ties with any of the company's directors;
- may not have any direct or indirect significant business relations with the company or its affiliates.

Directors appointed prior to the entry into force of the law of 17 December 2008, who met these criteria, were entitled to sit as independent directors until 1 July 2011. All new appointments of independent directors shall meet the nine independence criteria set by the law of 17 December 2008.

Conflicts of interests

To AXA BANK's knowledge, there are no conflicts of interests between any duties to AXA BANK of the members of the Board and of the committees and their private interests and/or other duties.

Remuneration policy for directors

Generalities

The remuneration policy for directors defined by AXA Bank Europe is based on AXA Group's remuneration policy while conforming to practices on the local market. External studies are conducted annually to ensure such conformity.

Structure of the remuneration policy

The remuneration policy for directors of AXA Bank Europe includes a fixed component and a variable component. The balance between the two can vary depending on the level of responsibilities (directors or members of the executive committee), it being understood that the fixed component is always adequate in order to allow for a flexible remuneration policy on the variable component.

The variable component is made up of two parts:

- A non-deferred variable component which is defined by an annual cash target.
- A deferred variable component which is composed of a share option plan, with a vesting period of at least three years.

Performance measurement

Performances are determined on the basis of different criteria that take account of the rate of achievement of individual objectives which are quantitative and qualitative in nature, the performance of AXA Bank Europe and the performance of AXA Group as a whole.

Governance

The remuneration policy and the individual remuneration of directors and members of the executive committee are set annually by the Board of Directors on the basis of proposals from the Remuneration Committee. This committee is made up of the Chairman of the Board of Directors and of non-executive directors. Different experts from AXA Bank Europe and AXA Group are invited to advise the Remuneration Committee. Non-executive directors are only paid fixed emoluments and do not receive any variable remuneration.

8.3.2. EXTERNAL DUTIES OF THE DIRECTORS

Under the Financial Services and Markets Authority (previously CBFA) Regulation, approved by the Royal Decree dated 19th July 2002 and concerning the performance of external duties by executive managers of credit institutions, AXA BANK is required to disclose the principal external duties performed by its directors and executive managers.

Name	External position
de VAUCLEROY Jacques	Directeur Général AXA Région NORCEE
	Président AXA Belgium
	Administrateur délégué at AXA Holdings Belgium
de TALHOUET Emmanuel	Administrateur-Directeur at AXA Holdings Belgium
	Administrateur délégué at AXA Belgium
ESPINASSE Jacques	Administrateur at AXA Holdings Belgium
	Administrateur - Président du Comité d'Audit at AXA Belgium
EYBEN Philippe	Administrateur at AXA Private Management
GERBER Thomas	Mitglied des Vorstands at AXA Konzerns AG
	Vorstand at AXA Lebensversicherung AG
BUCHMANN Irina	
VAN IN Jef	
LEMOINE Patrick	Administrateur - Membre du comité d'Audit et de Rémunération at AXA Belgium
	CFO AXA Région NORCEE
	Président et Membre du comité d'Audit at AXA Holdings Belgium
RAISIERE Marc	Président du conseil de surveillance AXA Banque
	Administrateur at AXA France
CLEMENT Frédéric	AXA Group Head of Reward
ROBINET François	Membre du Conseil de Surveillance AXA Banque
VANEECKHOUT Patrick	Administrateur at AXA Private Management

8.3.3. SUPERVISION

AXA BANK Europe is under the supervision of the National Bank of Belgium (BNB/NBB).

8.4. FINANCIAL INFORMATION

8.4.1 CONSOLIDATED ANNUAL AUDITED FINANCIAL STATEMENTS OF AXA BANK EUROPE SA

Under a Belgian Royal Decree of 5 December 2004, Belgian credit institutions and investment firms are required to apply IFRS when drawing up their financial statements for financial years commencing on or after 1 January 2006. AXA BANK has therefore produced and published financial statements in accordance with IFRS from 1 January 2006 onwards.

The notes to the consolidated annual audited financial statements, including a description of the accounting policies, are set out on pages 12 to 24 of AXA BANK's 2010 annual report, which is in annex to this Base Prospectus.

The consolidated financial information below has been extracted without material adjustment from the consolidated audited financial statements of AXA BANK for the years ended 31 December 2010 and 31 December 2009 which were prepared in accordance with IFRS.

Audited Consolidated Balance Sheet of AXA BANK as of 31 December 2009 and 31 December 2010

Consolidated Balance Sheet Statement - Assets in '000 EUR	***31/12/2010***	***31/12/2009***
Cash and cash balances with central banks	623.347	151.855
Financial assets held for trading	2.862.765	1.685.944
Financial assets designated at fair value through profit or loss	71.663	65.908
Available-for-sale financial assets	4.993.190	3.664.927
Loans and receivables (including finance leases)	22.354.881	20.345.209
Held-to-maturity investments	0	0
Derivatives - hedge accounting	48.521	9.525
Fair value changes of the hedged items in portfolio hedge of interest rate risk	135.225	137.100
Tangible assets	49.554	41.674
Property, Plant and Equipment	49.554	41.674
Investment property	0	0
Intangible assets	18.896	18.558
Goodwill	0	0
Other intangible assets	18.896	18.558
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)	0	0
Tax assets	122.459	86.146
Current tax assets	955	2.034
Deferred tax assets	121.504	84.112
Other assets	96.894	89.365
Non-current assets and disposal groups classified as held for sale	0	0
TOTAL ASSETS	**31.377.395**	**26.296.211**

Consolidated Balance Sheet Statement - Liabilities in '000 EUR	***31/12/2010***	***31/12/2009***
Deposits from central banks	0	0
Financial liabilities held for trading	2.810.610	1.661.497
Financial liabilities designated at fair value through profit or loss	67.534	73.851
Financial liabilities measured at amortised cost	19.842.991	18.905.483
Deposits from Credit institutions	361.374	1.399.829
Deposits from Other than credit institutions	15.749.338	15.465.575
Debt certificates including bonds	1.829.785	971.733
Subordinated liabilities	374.809	401.179
Other financial liabilities	1.527.685	667.167
Financial liabilities associated with transferred assets	7.179.356	4.282.580
Derivatives - hedge accounting	386.297	265.939

Fair value changes of the hedged items in a portfolio hedge of interest rate risk	-30.604	0
Provisions	178.984	170.123
Tax liabilities	30.227	27.655
Current tax liabilities	27.655	27.655
Deferred tax liabilities	2.572	0
Other liabilities	61.382	54.623
Liabilities included in disposal groups classified as held for sale	0	0
Share capital repayable on demand (e.g. cooperative shares)	0	0
TOTAL LIABILITIES	**30.526.777**	**25.441.751**

Consolidated Balance Sheet Statement - Equity in '000 EUR	***31/12/2010***	***31/12/2009***
Issued capital	546.318	546.318
Paid in capital	546.318	546.318
Unpaid capital which has been called up	0	0
Share premium	0	0
Other Equity	0	0
Equity component of compound financial instruments	0	0
Other	0	0
Revaluation reserves and other valuation differences	-172.581	-157.393
Tangible assets	0	0
Intangible assets	0	0
Hedge of net investments in foreign operations (effective portion)	0	0
Foreign currency translation	-1.362	-120
Cash flow hedges (effective portion)	-16.096	-12.116
Available for sale financial assets	-149.337	-144.423
Non-current assets and disposal groups held for sale	0	0
Other items	-5.786	-734
Reserves (including retained earnings)	464.539	475.311
<Treasury shares>	0	0
Income from current year	12.342	-9.775
<Interim dividends>	0	0
Minority interest	0	0
Revaluation reserves and other valuation differences	0	0
Other items	0	0
TOTAL EQUITY	**850.618**	**854.461**
TOTAL LIABILITIES AND EQUITY	**31.377.395**	**26.296.211**

Audited Consolidated Statement of Income of AXA BANK as of 31 December 2010 and 31 December 2009

Consolidated profit or loss in '000 EUR	***31/12/2010***	***31/12/2009***
CONTINUING OPERATIONS		
Financial & operating income and expenses	349.012	270.176
Interest income	1.712.409	1.299.740
Cash & cash balances with central banks	0	0
Financial assets held for trading (if accounted for separately)	962.568	500.812
Financial assets designated at fair value through profit or loss (if accounted for separately)	3.598	7.516
Available-for-sale financial assets	92.911	97.966
Loans and receivables (including finance leases)	613.465	632.553
Held-to-maturity investments	0	0
Derivatives - Hedge accounting, interest rate risk	39.827	60.859
Other assets	40	34
(Interest expenses)	1.477.688	1.075.905
Deposits from central banks	0	0
Financial liabilities held for trading (if accounted for separately)	964.174	508.232
Financial liabilities designated at fair value through profit or loss (if accounted for separately)	565	582
Financial liabilities measured at amortised cost	360.992	439.050
Deposits from credit institutions	21.811	49.684
Deposits from non credit institutions	254.757	336.310
Debt certificates	30.939	32.257
Subordinated liabilities	18.616	19.345
Other financial liabilities	34.869	1.454
Derivatives - Hedge accounting, interest rate risk	151.957	128.041
Other liabilities	0	0
Expenses on share capital repayable on demand	0	0
Dividend income	2.792	2.545
Financial assets held for trading (if accounted for separately)	0	12

Financial assets designated at fair value through profit or loss (if accounted for separately)	492	1.652
Available-for-sale financial assets	2.300	881
Fee and commission income	40.499	35.966
(Fee and commission expenses)	42.226	55.712
Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net	17.882	-13.672
Available-for-sale financial assets	12.029	-17.880
Loans and receivables (including finance leases)	6.736	4.994
Held-to-maturity investments	0	0
Financial liabilities measured at amortised cost	-883	-786
Other	0	0
Gains (losses) on financial assets and liabilities held for trading (net)	11.955	8.892
Equity instruments and related derivatives	-2.455	-2.115
Interest rate instruments and related derivatives	39.773	26.887
Foreign exchange trading	-24.429	-16.022
Credit risk instruments and related derivatives	-934	142
Commodities and related derivatives	0	0
Other (including hybrid derivatives)	0	0
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	3.766	-1.309
Gains (losses) from hedge accounting	8.985	14.917
Exchange differences , net	30.442	24.853
Gains (losses) on derecognition of assets other than held for sale, net	28	-34
Other operating net income	40.168	29.895
Administration costs	294.820	265.731
Staff expenses	128.107	117.900
General and administrative expenses	166.713	147.831
Depreciation	6.557	4.940
Property, Plant and Equipment	2.396	1.844
Investment Properties	0	0
Intangible assets (other than goodwill)	4.161	3.096
Provisions	-5.317	-8.115
Impairment	66.667	22.099

Impairment losses on financial assets not measured at fair value through profit or loss	66.667	22.099
Financial assets measured at cost (unquoted equity)	0	0
Available for sale financial assets	3.882	-16.236
Loans and receivables (including finance leases)	62.785	38.335
Held to maturity investments	0	0
Impairment on	0	0
Property, plant and equipment	0	0
Investment properties	0	0
Goodwill	0	0
Intangible assets (other than goodwill)	0	0
Investments in associates and joint ventures accounted for using the equity method	0	0
Other	0	0
Negative goodwill immediately recognised in profit or loss	0	0
Share of the profit or loss of associates, [subsidiaries] and joint ventures accounted for using the equity method	0	0
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	0	0
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	-13.715	-14.479
Tax expense (income) related to profit or loss from continuing operations	-26.057	-4.704
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	12.342	-9.775
Total profit or loss after tax from discontinued operations	0	0
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	12.342	-9.775
Profit or loss attributable to minority interest	0	0
NET PROFIT OR LOSS	**12.342**	**-9.775**

8.4.3. AUDITED CASH FLOW STATEMENTS OF AXA BANK EUROPE SA

Audited Consolidated Cash Flow Statement of AXA BANK as at 31 December 2010 and 31 December 2009

OPERATING ACTIVITIES	**31/12/2010 in '000 EUR**	**31/12/2009 in '000 EUR**
Net profit (loss)	12.342	-9.775
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	-23.190	16.169
(Current and deferred tax income, recognised in income statement)		
Current and deferred tax expenses, recognised in income statement	-26.057	-4.704
Minority interests included in group profit or loss		
Unrealised foreign currency gains and losses	-30.442	-24.853
INVESTING AND FINANCING		
Depreciation	6.557	4.940
Impairment		
Provisions net	-5.316	-8.115
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	-3.979	-1.637
Net unrealised gains (losses) from available-for-sale investments	-4.914	15.765
Other adjustments	40.961	34.773
Cash flows from operating profits before changes in operating assets and liabilities	-10.848	6.394
Increase (Decrease) in working capital (excl. cash & cash equivalents):	521.512	62.162
Increase (decrease) in operating assets (excl. cash & cash equivalents):	4.578.451	2.838.266
Increase (decrease) in balances with central banks	11.416	-163.178
Increase (decrease) in loans and receivables	2.009.672	2.402.665
Increase (decrease) in available-for-sale assets	1.328.263	213.424
Increase (decrease) in financial assets held for trading	1.176.820	460.415
Increase (decrease) in financial assets designated at fair value through profit or loss	5.755	-53.571
Increase (decrease) in asset-derivatives, hedge accounting	38.997	-26.972
Increase (decrease) in non-current assets held for sale		

Increase (decrease) in other assets (definition balance sheet)	7.528	5.483
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	5.099.963	2.900.428
Increase (decrease) in deposits from central banks		
Increase (decrease) in deposits from credit institutions	-1.038.455	318.411
Increase (decrease) in deposits (other than credit institutions)	283.763	-554.556
Increase (decrease) in debt certificates (including bonds)	858.052	-4.677
Increase (decrease) in financial liabilities held for trading	1.149.112	717.674
Increase (decrease) in financial liabilities designated at fair value through profit or loss	-6.317	3.609
Increase (decrease) in liability-derivatives, hedge accounting	89.755	71.544
Increase (decrease) in other financial liabilities	3.757.295	2.683.876
Increase (decrease) in other liabilities (definition balance sheet)	6.758	-335.453
Cash flows from operating activities	510.664	68.556
Income taxes (paid) refunded	-3	-204
Net cash flow from operating activities	510.661	68.352

INVESTING ACTIVITIES		
(Cash payments to acquire tangible assets)	10.658	23.235
Cash receipts from the sale of tangible assets	187	32
(Cash payments to acquire intangible assets)	2.325	11.251
Cash receipts from the sale of intangible assets		
(Cash payments for the investment in associates, subsidiaries, joint ventures net of cash acquired)		
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	-12.796	-34.454

FINANCING ACTIVITIES		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities	22.048	12.554
(Cash repayments of subordinated liabilities)	48.417	45.774
(Cash payments to redeem shares or other equity instruments		
Cash proceeds from issuing shares or other equity instruments		15.068
(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	-26.369	-18.152
Effect of exchange rate changes on cash and cash equivalents		

NET INCREASE IN CASH AND CASH EQUIVALENTS	471.496	15.746
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	151.851	136.107
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	623.347	151.853
Components of cash and cash equivalents:		
On hand (cash)	590.212	130.135
Cash and balances with central banks	33.135	21.718
Loans and receivables		
Held-to-maturity investments		
Available-for-sale assets		
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other short term, highly liquid investments		
(Bank overdrafts which are repayable on demand, if integral part of cash management)		
Total cash and cash equivalents at end of the period	623.347	151.853
Of which: amount of cash and cash equivalents held by the enterprise, but not available for use by group		
Undrawn borrowing facilities (with breakdown if material)		
Supplemental disclosures of operating cash flow information:		
Interest income received	1.760.787	1.562.282
Dividend income received	2.300	893
Interest expense paid	-1.433.078	-1.281.150
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		

8.5. LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal and arbitration proceedings (during a period covering the last 12 months) which may have, or have had in the recent past, significant effects on AXA BANK's financial position or profitability.

8.6. RATING

Unless specified otherwise in the relevant Final Terms, the Notes are not rated.

AXA BANK has the following Standard & Poor's rating: A+/A-1 with a 'Stable' outlook (29 April 2011).

9. TERMS AND CONDITIONS OF THE NOTES

(Annex V.4 of Regulation (EC) 809/2004)

The following is the text of the terms and conditions (the "Terms and Conditions", each chapter or subchapter individually referred to as "Condition") of the Notes, subject to completion and amendment and as supplemented or varied in accordance with the relevant provisions of the Final Terms. In the event of any inconsistency between the provisions of the Final Terms and the other provisions of this Programme, the Final Terms will prevail. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the relevant Final Terms.

References in the Terms and Conditions to the Notes are to the Notes of one Tranche only, not to all Notes that may be issued under the Programme.

The Notes are issued under an agency agreement dated 21 september 2010 (as amended or supplemented as at the date of issue of the Notes (the "Issue Date"), referred to as the "Agency Agreement"), between ABF(NL) as Issuer, AXA BANK as Guarantor, the Fiscal Agent, the Principal Paying Agent, the Domiciliary Agent, the Paying Agent (together with the Principal Paying Agent the "Paying Agents") and the Calculation Agent.

The Notes will be issued in tranches (each a "Tranche"). A "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (from the date on which such consolidation is expressed to take effect), except for their respective Issue Date, Interest Commencement Dates and/or Issue Prices

9.1. FORM, DENOMINATION AND TITLE

The Notes issued by ABF (NL) are issued in bearer form ("Bearer Notes") in the Denominations specified in the relevant Final Terms. The Denomination of ABF (NL) Notes will be at least EUR 1,000. They will be represented by a permanent global note, deposited with Dexia BIL as common depositary for Euroclear and Clearstream Luxembourg and will not be exchangeable for definitive notes, unless specified otherwise in the relevant Final Terms .

The ABF (NL) Notes will not be physically delivered. They will be held in a securities account.

The Notes issued by AXA BANK are issued in dematerialised form ("Dematerialised Notes") in Denomination(s) specified in the relevant Final Terms.

Dematerialised Notes are issued in dematerialised form via a book-entry system maintained in the records of the National Bank of Belgium ("BNB") as operator of the BNB System in accordance with Article 468 and following of the Belgian Companies Code and will be credited to the accounts held with the BNB System by AXA BANK, Euroclear Bank S.A./N.V. ("Euroclear"), Clearstream Banking S.A. ("Clearstream, Luxembourg") or other BNB System participants for credit by AXA BANK, Euroclear, Clearstream, Luxembourg or other BNB System participants to the securities accounts of their subscribers. Transfer of Dematerialised Notes will be effected only through records maintained by the BNB System, AXA BANK, Euroclear and Clearstream, Luxembourg or other BNB System participants and in accordance with the applicable procedures of the BNB System, Euroclear and Clearstream, Luxembourg or other BNB System participants.

The Notes will not be physically delivered. They will be held in a securities account.

AXA BANK will not charge any fees for Notes held in a AXA BANK securities account, or for the opening of such account.

Title to the ABF (NL) Notes shall pass by transfer to or from the securities account. In these Terms and Conditions, the "Noteholder" means the person who has the Notes on his or her securities account.

9.2 INTEREST ON THE NOTES

The interest to be paid on the Notes (the "Interest") can be based on a fixed rate ("Fixed Rate", such Notes to be referred to as "Fixed Rate Notes"), a floating rate ("Floating Rate", such Notes referred to as "Floating Rate Notes") or linked to any other variable, formula and/or underlying ("Variable Linked Rate", such Notes to be referred to as "Variable Linked Rate Notes") (Fixed Rate, Floating Rate and Variable Linked Rate are together referred to as "Interest Rate"). The Interest Rate is expressed as a percentage per annum and the Interest is calculated per Note for each Interest Period as the product of the Calculation Amount, the Interest Rate and the Day Count Fraction, unless an Interest Amount is specified in the relevant Final Terms, in which case the Interest payable in respect of such Note for such Interest Period shall equal such Interest Amount.

The Notes can also be Zero Coupon Notes, in which case no Interest is paid periodically.

Interest shall cease to accrue on each Note from the due date for redemption thereof unless payment of the principal thereof or delivery of the Redemption Amount (as defined below) to be delivered in respect thereof is improperly withheld or refused or unless default is otherwise made in respect of such payment. In such event, interest shall only cease to accrue from the date on which payment of such Redemption Amount in respect thereof is made or, if earlier and if applicable, from the seventh day after notice is given to the Noteholders in accordance with these Terms and Conditions that payment of the Redemption Amount will be made, provided that, upon such presentation, payment is in fact made.

9.2.1 FIXED RATE NOTES

Fixed Rate Notes bear Interest at the Fixed Rate specified in the relevant Final Terms, payable in arrears.

9.2.2 FLOATING RATE NOTES

Floating Rate Notes bear Interest at the Floating Rate specified in the relevant Final Terms, as fixed on the Interest Determination Date applicable to the relevant Interest Payment Date and payable in arrears. The Floating Rate will be determined by the Calculation Agent as the rate published on the Publication Source for the specified Designated Maturity plus the Spread, all as specified in the relevant Final Terms.

9.2.3 VARIABLE LINKED RATE NOTES

Variable Linked Rate Notes bear Interest at the Variable Linked Rate specified in the relevant Final Terms, as fixed in the way specified in the Final Terms, and payable in arrears. The Variable Linked Provisions below will apply.

9.2.4 ZERO COUPON NOTES

Zero Coupon Notes may be issued at their principal amount or at a discount to it, applying an Amortisation Yield, and will not bear Interest. Zero Coupon Notes that are also Bearer Notes may be subject to certain formalities on transfer under the laws of the Netherlands.

9.2.5 Payment of the Interest

Unless otherwise stated in the relevant Final Terms, Interest on the Notes will be payable in arrears at the end of the relevant Interest Period on the applicable Interest Payment Date. The first payment of Interest will be on the first Interest Payment Date following the Issue Date. The last payment will be on the Maturity Date.

9.3. DEFINITIONS

"Averaging Dates": Means the dates specified as such in the relevant Final Terms.

If an Averaging Date in respect of the Underlying is not a Scheduled Trading Day, then, the Averaging Date for such Underlying shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Initial Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Underlying and, (2) the Calculation Agent shall determine its good faith estimate of the value for the Underlying as of the Valuation Time on that Averaging Date

If an Averaging Date for the Underlying is affected by the occurrence of a Disrupted Day, then, the Averaging Date for such Underlying shall be the first succeeding Valid Date. If the first succeeding Valid Date in respect of such Underlying has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging

Date) in respect of such Underlying and, (2) the Calculation Agent shall determine its good faith estimate of the value for the Underlying as of the Valuation Time on that Averaging Date.

"**Business Day**": means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) and on the days specified for that purpose in the related Final Terms, a TARGET Settlement Day, if "TARGET", "TARGET2" or "TARGET Settlement Day" is specified for that purpose in the related Final Terms or if place(s) and days, or such terms, are not so specified in the related Final Terms.

"**Business Day Convention**": means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

(i) if "**Following**" is specified, that date will be the first following day that is a Business Day;
(ii) if "**Modified Following**" or "**Modified**" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
(iii) if "**Preceding**" is specified, that date will be the first preceding day that is a Business Day.

"**Calculation Agent**": means AXA BANK, unless specified otherwise in the relevant Final Terms. Whenever the Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or intentional misconduct of the Calculation Agent. (see 9.12 "Responsibility of the Calculation Agent" in the Base Prospectus).

"Calculation Amount": means the Denomination.

"**Day Count Fraction**": means, in respect of the Notes and the calculation of the Interest:

(i) if "**1/1**" is specified or nothing is specified, 1,
(ii) if "**Actual/Actual**" or "**Act/Act**" is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of:
   (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and
   (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
(iii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;

(iv) if “**Actual/360**”, “**Act/360**” or “**A/360**” is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;

(v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y_1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y_2” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M_1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M_2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D_1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

“D_2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

(vi) if “**30E/360**” or “**Eurobond Basis**” is specified, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y_1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y_2” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M_1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M_2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D_1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30.

"**EURIBOR**" means that the rate for the relevant Interest Determination Date will be the rate for deposits in euros for a period of the Designated Maturity as of 11:00 a.m., Brussels time on the day that is two TARGET Settlement Days preceding that Interest Determination Date, as determined by the Calculation Agent.

"**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or, in the case of ABF(NL) Notes, Guarantor in order to hedge, individually or on a portfolio basis, the Notes.

"**Interest Commencement Date**": means the Issue Date or such other date specified in the relevant Final Terms.

"**Interest Determination Date**": means each date specified as such in the relevant Final Terms.

"**Interest Payment Date**": means each date, as specified in the relevant Final Terms, on which the Interest as determined by the Calculation Agent for the applicable Interest Period is payable in accordance with Condition *9.2.5 Payment of the Interest*.
If such day is not a Business Day it will be adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

"**Interest Period**": means each period from, and including, one Interest Period End Date to, but excluding, the next following applicable Interest Period End Date, except that the initial Interest Period will commence on, and include, the Interest Commencement Date.

"**Interest Period End Date**": means each Interest Payment Date, unless specified otherwise in the relevant Final Terms.

"**Issue Date**": means the date on which the Notes are issued as specified in the relevant Final Terms.

"**Maturity Date**": means the date on which the Notes come to maturity as specified in the relevant Final Terms, unless such day is not a Business Day in which case it will be adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

"**Specified Currency**": means the currency of the Notes as specified in the relevant Final Terms.

"**TARGET Settlement Day**": means any day on which TARGET 2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

"**Valid Date**": Means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date, or Initial Averaging Date as applicable, in respect of the relevant Valuation Date, or Initial Valuation Date as applicable, does not or is not deemed to occur.

9.4 REDEMPTION AND PURCHASE

9.4.1 FINAL REDEMPTION

Unless previously redeemed, purchased and cancelled or unless its maturity is extended pursuant to an Issuer's or Noteholder's Option the Notes shall be redeemed on the Maturity Date. The Notes may not be redeemed prior to that date, without prejudice to the other provisions of these Terms and Conditions.

The Redemption of the Notes can be Variable Linked ("Variable Linked Redemption Amount"), in which case the Variable Linked Provisions below will apply.

9.4.2 REDEMPTION AT THE OPTION OF THE ISSUER

If a Call Option is provided to be applicable in the relevant Final Terms, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Optional Redemption Period redeem all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms. Any such redemption or exercise must relate to the Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed, as specified in the relevant Final Terms, and no greater than the Maximum Redemption Amount to be redeemed, as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice.

Early Redemption for any Senior Subordinated Notes can only occur at the option of the Issuer. In case of early redemption of AXA BANK Senior Subordinated Notes by the Issuer, an approval must be obtained from the Belgian Financial Services and Markets Authority.

9.4.3 REPURCHASE

The Issuer or, in the case of ABF(NL) Notes, the Guarantor and any of their subsidiaries may at any time purchase Notes in the open market or otherwise at any price.

9.4.4 CANCELLATION

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their subsidiaries may thereafter be cancelled by, in the case of ABF(NL) Notes, the Fiscal Agent by a reduction of the principal amount of such notes. Any Notes so redeemed or purchased and cancelled may not be reissued or resold and the obligations of the Issuer and, in the case of ABF(NL) Notes, the Guarantor in respect of any such Notes shall be discharged.

9.5. PAYMENT

Investors shall pay the Denominations on the subscribed Notes in cash at the time of subscription or by debit of the cash account linked to the securities account, in which Notes are to be held, on the Issue Date.

If the Issue Date is a day, which is not a Business Day in the place of payment of the Denominations, payment will be due on that day as adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

Any amounts payable by the Issuer in respect of the Notes, be they Interests, Redemption Amounts or other, shall be made by transfer to the cash account linked to the securities account in which the Notes are held subject to all applicable laws and regulations.

If the date for payment of Interest, Redemption Amount or any other amount due to the Noteholders is a day, which is not a Business Day in the place of payment, the Noteholders shall not be entitled to payment until the day as adjusted by the Following Business Day Convention, unless specified otherwise in the relevant Final Terms.

9.6. VARIABLE LINKED PROVISIONS

A Variable Linked Rate or a Variable Linked (Redemption) Amount can depend on the evolution of one or more Underlyings. If it is specified in the Final Terms that the Underlying is either (i) one or more Market Rates; (ii) a Share or a Basket of Shares, (iii) a Share Index or a Basket of Share Indices, (iv) a Fund or a Basket of Funds, (v) a Commodity or a Basket of Commodities, (vi) a Commodity Index or a Basket of Commodity Indices, or (vii) an Inflation Index or a Basket of Inflation Indices, the applicable provisions below relating to the respective Underlying will apply.

9.6.1 Market Rate

The Underlying can be a Market Rate, such as the EUR CMS Rate, as defined below, or any other Market Rate, as defined in the relevant Final Terms.

EUR CMS Rate:	Means that the rate for the relevant Interest Determination Date will be the annual swap rate for euro swap transactions with a maturity of the Designated Maturity, expressed as a percentage, as of 11:00 a.m., Frankfurt time, on the day that is two TARGET Settlement Days preceding that Interest Determination Date, as determined by the Calculation Agent.

9.6.2 Share or Basket of Shares

9.6.2.1 Definitions

Share:	Means the share specified as such in the relevant Final Terms.
Share Basket:	Means a basket of shares as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Share in the Share Basket separately.
w:	Means the weight of a certain Share in the Share Basket.
Exchange:	Means each exchange or quotation system specified as such for such Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

Related Exchange:	Means, each exchange or quotation system specified as such for the relevant Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the Relevant Price of the relevant Share at the Valuation Time on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Share or Share Basket as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the Relevant Price of the relevant Share on the relevant Valuation Date, as determined by the Calculation Agent, or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Share or Share Basket as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Share, the Initial Price of such Share shall be determined on the basis of the Relevant Price of such Share as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Share, the Final Price of such Share shall be determined on the basis of the Relevant Price of such Share as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price:	Means the price of the relevant Share determined by the Calculation Agent at the Valuation Time on the Exchange.
Valuation Time:	Means the time on the relevant Valuation Date, specified as such in the related Final terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, in relation to each Share to be valued. If the relevant Exchange closes prior to its

	Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
Scheduled Closing Time:	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.
Scheduled Trading Day:	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.
Exchange Business Day:	Means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

9.6.2.2. <u>Market Disruption</u>

"**Market Disruption Event**" means in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

In that respect, "**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, "**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) the Shares on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, "**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

In addition, in that respect "**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

If any Valuation Date is a Disrupted Day, then:

(a) if the Underlying is a Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine its good faith estimate of the value of the Share as of the Valuation Time on that eighth Scheduled Trading Day; and

(b) if the Underlying is a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the scheduled Valuation Date, and the Valuation Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Share, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Share as of the Valuation Time on that eighth Scheduled Trading Day.

9.6.2.3 Potential Adjustment Events

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and if so will:

(i) make the corresponding adjustment(s), if any, to any relevant variable in the Variable Linked formulae of the Notes, which may include the Initial Price or the Final Price, used to calculate any Variable Linked Rate or Variable Linked Redemption Amount as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and

(ii) determine the effective date(s) of the adjustment(s).

The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on such options exchange.

For the purpose hereof, "**Potential Adjustment Event**" shall mean any of the following:

- a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

- a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such Shares equally or proportionately with such payments to holders of such Shares, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of the Shares as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- an extraordinary dividend as determined by the Calculation Agent;

- a call by the issuer of the relevant Shares in respect of such Shares that are not fully paid;

- a repurchase by the issuer of the relevant Shares or any of its subsidiaries of such Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or

- in respect of the issuer of the relevant Shares, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the issuer of the Shares pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

If the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Potential Adjustment Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.6.2.4 Extraordinary Events

"**Extraordinary Event**" means any of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, De-merger Event, Change in Law or Insolvency Filing, as the case may be.

"Merger Event" means in respect of any relevant Shares:

- any reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; or
- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Shares with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding);
- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the issuer of the relevant Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or
- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Shares or its subsidiaries with or into another entity in which the issuer of the relevant Shares is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a "Reverse Merger") in each case if the effective date of the Merger Event is on or before the final Valuation Date.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the relevant Shares, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Nationalisation" means that all the Shares or all the assets or substantially all the assets of the issuer of the relevant Shares are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the relevant Shares, (A) all the Shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that issuer become legally prohibited from transferring them (each time as determined in good faith by the Calculation Agent).

“Delisting” means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union).

“De-merger Event” means that the issuer of the relevant Shares is affected by a de-merger (such as, but not limited to, spin off, scission or any operation of a similar nature) leading to the attribution of a basket comprising New Shares and/ or Other Consideration and/ or the relevant Share affected by the de-merger (as the case may be), such basket resulting from such de-merger.

In that respect, “**New Shares**” means ordinary or common shares, whether of the entity or person involved or a third party, that are promptly scheduled to be (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union) and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations. Other Consideration means cash and/or any securities (other than New Shares) or assets whether of the entity or person involved or a third party.

“Change in Law” means that on or after the Issue Date of the Notes (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of Hedge Positions relating to the Notes.

“Insolvency Filing” means that the issuer of the relevant Shares institutes or has instituted against it by a regulator, supervisor, or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the relevant Shares shall not be deemed an Insolvency Filing.

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of any Share, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of any affected Share). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Notes to the Noteholders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Extraordinary Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.6.3 Share Index or Basket of Share Indices

The terms applicable to an Index will differ, depending on whether the Index is specified in the relevant Final Terms to be Multiple Exchange or not. The applicable provisions below will apply.

9.6.3.1 Terms applicable irrespective of whether an Index is Multiple Exchange or not

Definitions

Index:	Means the index specified as such in the relevant Final Terms.
Index Basket:	Means a basket of indices as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Index in the Index Basket separately.
w:	Means the weight of a certain Index in the Index Basket.
Index Sponsor:	Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level for the relevant Index on a regular basis during each Scheduled Trading Day.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the level of the relevant Index at the Valuation Time on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the levels of the relevant Index as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the level of the relevant Index at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the levels of the relevant Index as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Index, the Initial Price of such Index shall be determined on the basis of the level of such Index as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Index, the Final Price of such Index shall be determined on the basis of the level of such Index as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price	Means the level of the relevant Index determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
Scheduled Closing Time:	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to

after hours or any other trading outside of the regular trading session hours.

Consequences of Disrupted Days

If any Valuation Date is a Disrupted Day, then:

(a) if the Underlying is an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); and

(b) if the Underlying is a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

Adjustment to Indices

(A) If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that index (the "**Successor Index**") will be deemed to be the Index.

(B) If (i) on or prior to any Valuation Date in respect of an Index, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on any Valuation Date, the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and if so, shall calculate the level of the Index, using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event.

For the purpose hereof "**Index Sponsor**" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day.

Change in Law

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of a Change in Law in respect of any Index, the Calculation Agent, on or after the effective date of such Change in Law, may make such adjustments as it, acting in good faith, deems appropriate. Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the Change in Law to protect the theoretical value of the Notes to the Noteholders immediately prior to such Change in Law.

In that respect, "**Change in Law**" means that, on or after the Issue Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of Hedge Positions relating to the Notes.

For the avoidance of doubt, if the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Index Adjustment Event or Change in Law shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.6.3.2 Terms applicable to an Index that is not Multiple Exchange

Exchange:	Means each exchange or quotation system specified as such for such Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).
Related Exchange:	Means, each exchange or quotation system specified as such for the relevant Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.
Valuation Time:	Means the time on the relevant Valuation Date, specified as such in the related Final terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the

	actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
Scheduled Trading Day:	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.
Exchange Business Day:	Means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

Market Disruption

"**Market Disruption Event**" means in respect of an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security included in the relevant Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

In that respect, "**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to securities that comprise 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

In that respect, "**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) securities that comprise 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

In that respect, "**Early Closure**" means the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

In addition, in that respect "**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

9.6.3.3 Terms applicable to an Index that is Multiple Exchange

Exchange:	Means in respect of each component security of the Index (each, a "Component Security"), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.
Related Exchange:	Means, each exchange or quotation system specified as such for the

relevant Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

Valuation Time: Means: (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official level of the Index is calculated and published by the Index Sponsor.

Scheduled Trading Day: Means any day on which: (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

Exchange Business Day: Means any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its respective regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

Market Disruption

"**Market Disruption Event**" means either

(i) (a) the occurrence or existence, in respect of any Component Security of:

(1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
(2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; OR
(3) an Early Closure in respect of such Component Security; AND

(b) the aggregate of all Component Security in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR

(ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (c) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event in respect of any Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security at any time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

In that respect, "**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

In that respect, "**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange, in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

In that respect, "**Early Closure**" means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

In addition, in that respect "**Disrupted Day**" means any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

9.6.4 Fund or Basket of Funds

9.6.4.1 Definitions

Reference Fund:	Means the Reference Fund specified as such in the relevant Final Terms.
Fund Basket:	Means a basket of Reference Funds as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Reference Fund in the Fund Basket separately.
w:	Means the weight of a certain Reference Fund in the Fund Basket.
Fund Interest Unit:	Means a notional unit of account of ownership in a Reference Fund, whether a share or another type of unit.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the Relevant Price of a Fund Interest Unit in the relevant Reference Fund for the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging

is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Fund Interest Unit in the relevant Reference Fund as of the Valuation Time on each Initial Averaging Date.

Final Price:	Means the Relevant Price of a Fund Interest Unit in the relevant Reference Fund for the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Fund Interest Unit in the relevant Reference Fund as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Fund Valuation Date in respect of the relevant Reference Fund, the Initial Price of a Fund Interest Unit in such Reference Fund shall be determined on the basis of the Relevant Price of such Fund Interest Unit as calculated on the immediately following Scheduled Fund Valuation Date, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Fund Valuation Date in respect of the relevant Reference Fund, the Final Price of a Fund Interest Unit in such Reference Fund shall be determined on the basis of the Relevant Price of such Fund Interest Unit as calculated on the immediately following Scheduled Fund Valuation Date, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price:	Means the price of the relevant Fund Interest Unit as published by the Fund Administrator. In case a price in respect of any Valuation Date is not published by the fourth Scheduled Fund Valuation Date, the Calculation Agent may determine such price taking into account prevailing market conditions.
Scheduled Fund Valuation Date:	Means any date in respect of which the relevant Reference Fund (or its service provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interest Units); to determine the value of such Fund Interest Unit or, if the relevant Reference Fund only reports its aggregate net asset value, the date in respect of which such Reference Fund is scheduled to determine its aggregate net asset value.
Fund Documents:	Means, with respect to any Fund Interest Unit, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest Unit, as amended from time to time.

9.6.4.2 Potential Adjustment Events

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units and if so will:

(i) make the corresponding adjustment(s), if any, to any relevant variable in the Variable Linked formulae of the Notes, which may include the Initial Price or the Final Price, used to calculate any Variable Linked Rate or Variable Linked Redemption Amount as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest Unit) and

(ii) determine the effective date(s) of the adjustment(s).

For the purpose hereof, "**Potential Adjustment Event**" shall mean any of the following:

- a subdivision, consolidation or reclassification of relevant Fund Interest Units or a free distribution or dividend of any such Fund Interest Units to existing holders by way of bonus, capitalisation or similar issue;

- a distribution, issue or dividend to existing holders of the relevant Fund Interest Units of (a) an additional amount of such Fund Interest Units, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest Units, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- an extraordinary dividend as determined by the Calculation Agent;

- a repurchase by the Reference Fund of relevant Fund Interest Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interest Units initiated by an investor in such Fund Interest Units initiated by an investor in such Fund Interest Units that is consistent with the Fund Documents; or

- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units.

If the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Potential Adjustment Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.6.4.3 Extraordinary Events

Means any of Nationalisation, Insolvency, Fund Insolvency Event, Fund Modification, Strategy Breach, Fund Hedging Disruption, Regulatory Action, Reporting Disruption, Change in Law and Increased Cost of Hedging.

"**Nationalisation**" means that all the Fund Interest Units or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Insolvency**" means that by reason of voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interest Units of that Reference Fund become legally prohibited from transferring or redeeming them.

“**Fund Insolvency Event**” means, in respect of any Fund Interest Unit, that the related Reference Fund (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (v) through (vi) above.

“**Fund Modification**” means (i) any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent, or (ii) the Reference Fund Investment Manager imposes fees or dealing rules that increase the effective dealing costs relating to any Reference Fund.

“**Strategy Breach**” means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents that is reasonably likely to affect the value of such Fund Interest or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent.

“**Fund Hedging Disruption**” means that the Issuer [or the Guarantor] is unable, or it is impractical for the Issuer [or Guarantor], after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest Unit of entering into and performing its obligations under the Notes, or (ii) realize, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor’s ability to redeem such Fund Interest Unit, in whole or in part, or any existing or new investor’s ability to make new or additional investments in such Fund Interest Unit, or (B) any mandatory redemption, in whole or in part, of such Fund Interest Unit imposed by the relevant Reference Fund.

“**Regulatory Action**” means, with respect to any Fund Interest Unit, (i) cancellation, suspension or revocation of the registration or approval of such Fund Interest Unit or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest Unit or Reference Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund that is reasonably likely to have an adverse impact on the value of such Fund Interest Unit or on any investor therein (as determined by the Calculation Agent), or (iii) the related Reference Fund or its Fund Investment Manager becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund or Fund Investment Manager.

"**Reporting Disruption**" means, in respect of any Fund Interest Unit, the occurrence of any event affecting such Fund Interest Unit that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest Unit, and such event is expected to continue for the foreseeable future.

"**Change in Law**" means that on or after the Issue Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of Hedge Positions in the Notes.

"**Increased Cost of Hedging**" means that the Issuer [or the Guarantor] would incur a materially increased amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest Unit under the Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer [or Guarantor] shall not be deemed an Increased Cost of Hedging.

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of any Reference Fund, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of any affected Share). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Notes to the Noteholders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Extraordinary Event shall be the early redemption of such Notes. For Nationalisation and Insolvency, the relevant consequence will always be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.6.5 Commodity or Basket of Commodities

9.6.5.1 <u>Definitions</u>

Commodity:	Means the Commodity specified as such in the relevant Final Terms.
Commodity Basket:	Means a basket of Commodities as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Commodity in the Commodity Basket separately.
w:	Means the weight of a certain Commodity in the Commodity Basket.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the price of the relevant Commodity on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date or, if Initial Averaging is specified as applicable under

	the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Commodity or Commodity Basket as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the price of the relevant Commodity at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant ommodity or Commodity Basket as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Commodity Business Day in respect of the relevant Commodity, the Initial Price of such Commodity shall be determined on the basis of the price of such Commodity as calculated on the immediately following Commodity Business Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Commodity Business Day in respect of the relevant Commodity, the Final Price of such Commodity shall be determined on the basis of the Relevant Price of such Commodity as calculated on the immediately following Commodity Business Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price	Means the price of the relevant Commodity determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
Commodity Business Day:	Means for the relevant Commodity a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time.
Exchange:	Means the exchange or principal trading market specified in the relevant Final Terms.

9.6.5.2 Market Disruption

"**Market Disruption Event**" means any of (i) Price Source Disruption, (ii) Trading Disruption, (iii) Disappearance of Commodity, (iv) Material Change in Formula, (v) Material Change in Content or (vi) Tax Disruption, as defined below, except that for a Commodity that is Bullion, (iv) Material Change in Formula and (v) Material Change in Content will not apply.

(i) "**Price Source Disruption**" means (A) the failure of the Price Source to announce or publish the price (or the information necessary for determining the price) for the relevant Commodity; or (B) the temporary or permanent discontinuance or unavailability of the Price Source.

(ii) "**Trading Disruption**" means the material suspension of, or the material limitation imposed on, trading in the futures contract on the Commodity or the Commodity on the Exchange. For these purposes:

(A) a suspension of the trading in the futures contract on the Commodity or the Commodity on any Commodity Business Day shall be deemed to be material only if:

(1) all trading in the futures contract on the Commodity or the Commodity is suspended for the entire day; or
(2) all trading in the futures contract on the Commodity or the Commodity is suspended subsequent to the opening of trading on that day, trading does not recommence prior to the regularly scheduled close of trading in such futures contract on the Commodity or Commodity on such day and such suspension is announced less than one hour preceding its commencement; and

(B) a limitation of trading in the futures contract on the Commodity or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the futures contract on the Commodity or the Commodity may fluctuate and the closing or settlement price of the futures contract on the Commodity or the Commodity on such day is at the upper or lower limit of that range.

(iii) "**Disappearance of Commodity**" means:
(A) the permanent discontinuation of trading, in the relevant futures contract on the Commodity; or
(B) the disappearance of, or of trading in, the relevant Commodity; or
(C) the disappearance or permanent discontinuance or unavailability of a price for the Commodity, notwithstanding the availability of the related Price Source or the status of trading in the relevant futures contract on the Commodity or the relevant Commodity.

(iv) "**Material Change in Formula**" means the occurrence of a material change in the formula for or the method of calculating the relevant price of the Commodity.

(v) "**Material Change in Content**" means the occurrence of a material change in the content, composition or constitution of the Commodity or relevant futures contract on the Commodity.

(vi) "**Tax Disruption**" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

"**Bullion**" means Gold, Silver, Platinum or Palladium, as the case may be.

In case a Market Disruption Event occurs the Calculation Agent will determine in good faith and in a commercially reasonable manner the Final Price of the relevant Commodity (or a method for determining the Final Price of the relevant Commodity).

If the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Market Disruption Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.6.6. Commodity Index or Basket of Commodity Indices

9.6.6.1. <u>Definitions</u>

Commodity Index:	Means the Commodity Index specified as such in the relevant Final Terms.
Commodity Index Basket:	Means a basket of Commodities Indices as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Commodity Index in the Commodity Index Basket separately.
w:	Means the weight of a certain Commodity Index in the Commodity Index Basket.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the level of the relevant Commodity Index or Basket on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the levels of the relevant Commodity Index or Commodity Index Basket as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the level of the relevant Commodity Index at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the levels of the relevant Commodity Index or Commodity Index Basket as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Publication Day in respect of the relevant Commodity Index, the Initial Price of such Commodity Index shall be determined on the basis of the price of such Commodity Index as calculated on the immediately following Scheduled Publication Day, subject to the occurrence of any Commodity Index Event, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Publication Day in respect of the relevant Commodity Index, the Final Price of such Commodity Index shall be determined on the basis of the Relevant Price of such Commodity Index as calculated on the immediately following Scheduled Publication Day, subject to the occurrence of any Commodity Index Event, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price	Means the level of the relevant Index or Basket determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
Scheduled Publication Day:	Means any day on which the Commodity Index Sponsor is scheduled to publish the level of the relevant Commodity Index.

Commodity Index Sponsor:	Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Commodity Index and (b) announces (directly or through an agent) the level of the Commodity Index on a regular basis.

9.6.6.2 Commodity Index Event

If, in the opinion of the Calculation Agent, any Commodity Index is modified by the Commodity Index Sponsor, cancelled by the Commodity Index Sponsor, replaced by a successor commodity index or remains unpublished by the Commodity Index Sponsor, or if, in the opinion of the Calculation Agent, a Commodity Index Market Disruption Event occurs (any of the above events, a "Commodity Index Event"), the Calculation Agent shall determine in its sole discretion, but in good faith and in a commercially reasonable manner, how such Commodity Index Event affects the Notes and what it consequences should be.

If the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Commodity Index Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

A "**Commodity Index Market Disruption Event**" means any of (a) the termination or suspension of, or material limitation or disruption in, the trading of any exchange-traded futures contract included in a relevant Commodity Index, and (b) the settlement price of any such contract has increased or decreased by an amount equal to the maximum permitted price change from the previous day's settlement price, or (c) the exchange fails to publish official settlement prices for any such contract.

9.6.7. Inflation Index or Basket of Inflation Indices

9.6.7.1. Definitions

For the purpose of the Inflation Linked Securities, the following terms shall have the meanings set out below:

"Cut-Off Date" means , in respect of any Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the applicable Final Terms.

"Delayed Index Level Event" means, in respect of any Determination Date and an Index, that the relevant Index Sponsor fails to publish or announce the level of such Index (the "**Relevant Level**") in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time prior to the Cut-Off Date.

"Determination Date" means each date specified as such in the applicable Final Terms.

"Fallback Bond" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Termination Date, (b) the next longest maturity after the Termination Date if there is no such bond maturing on the Termination Date, or (c) the next shortest maturity before the Termination Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Index" means each index specified as such in the related Final Terms, or any Successor Index.

"Index Sponsor" means the entity that publishes or announces (directly or through an agent) the level of the relevant Index.

"Reference Month" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month is the period for which the Index level was reported.

"Related Bond" means the bond specified as such in the related Final Terms, or if no bond is so specified, the Fallback Bond. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified as the Related Bond and “Fallback Bond: Not Applicable” is specified in the related Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the related Final Terms, and that bond redeems or matures before the Maturity Date specified in the Related Final Terms, unless “Fallback Bond: Not applicable” is specified in the related Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination under these Definitions.

9.6.7.2. Index Delay and Disruption Event Provisions

Delay of Publication.

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Index has occurred with respect to any Determination Date, then the Relevant Level for such Index the subject of such Delayed Index Event (the ‘**Substitute Index Level**’) shall be determined by the Calculation Agent by using the following methodology:

(i) If Related Bond is specified as applicable for such Index in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or

(ii) If (a) Related Bond is not specified as applicable for such Index in the relevant Final Terms, or (b) the Calculation Agent is not able to determine a Substitute Index Level under (i) for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

Substitute Index Level = Base Level x (Latest Level / Reference Level)

where:
"Base Level" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.
"Latest Level" means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated. **"Reference Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

Cessation of Publication. If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Calculation Agent shall determine a Successor Index (the "**Successor Index**") (in lieu of any previously applicable Index) by using the following methodology:
(a) If at any time a successor index has been designated by the Calculation Agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "Successor Index" notwithstanding that any other Successor Index may previously have been determined under paragraphs (b), (c) or (d) below ; or

(b) If a Successor Index has not been determined under (a) above and a notice has been given or an announcement has been made by an Index Sponsor, specifying that the Index will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index for purposes of the Notes from the date that such replacement Index comes into effect; or

(c) If a Successor Index has not been determined under (a) or (b) above the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the Successor Index. If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the Successor Index. If fewer than three responses are received, the Calculation Agent will proceed to subsection (d) hereof; or

(d) If no Successor Index has been deemed under (a), (b) or (c) above by the next occurring Cut-Of Date the Calculation Agent will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a Successor Index.

(e) If the Calculation Agent determines that there is no appropriate alternative index, the Calculation Agent may make any adjustments acting in good faith with an aim to preserve the economic equivalent of the obligations of the Issuer. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with article 9.16 of this prospectus.

Rebasing of the Index. If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of an Index from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if Related Bond is specified as applicable in the applicable Final Terms,, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If Related Bond, is not specified as applicable in the applicable Final Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased.

Material Modification Prior to last occurring Cut-Off.
If, on or prior to the last occurring Cut-Off Date, an Index Sponsor announces that it will make a material change to an Index then the Calculation Agent shall make any such adjustments to the Index, if Related Bond is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if Related Bond, is not specified as applicable in the applicable Final Terms, only those adjustments necessary for the modified Index to continue as the Index.

Manifest Error in Publication.

(I) The first publication or announcement of the Index Level (disregarding estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Condition 9.6.7.4.(iii)(II), later revisions to the level for such Reference Month will not be used in any calculations,.

(II) If, within thirty days of publication or at any time prior to a Determination Date in respect of which an Index Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Index Level to correct an error which the Calculation Agent determines is material, the Calculation Agent, acting in good faith and in accordance with reasonable market practice, may make any adjustment to the Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent, acting in good faith with an aim to preserve the the economic equivalent of the obligations of the Issuer. The Issuer shall give notice to the holders of the Notes of any such adjustment and/or amount in accordance with article 9.16. of this Base Prospectus.

9.7 ROUNDING

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified in the relevant Final Terms), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), and (ii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means, the lowest amount of such currency that is available as legal tender in the country of such currency.

9.8 STATUS

9.8.1 Status of Senior Notes

The Notes that are specified in the Final Terms to be Senior Notes and the payments of principal and interest relating to them are direct, unconditional and unsecured obligations of the relevant Issuer and rank at all times *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, from time to time outstanding (save for certain obligations required to be preferred by law).

9.8.2 Status of Senior Subordinated Notes

The Notes that are specified in the Final Terms to be Senior Subordinated Notes and the payments of principal and interest relating to them are direct, unsecured and senior subordinated obligations of the relevant Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligation of the Issuer under the Senior Subordinated Notes and the payments of principal and interest relating to them shall at all times rank equally with all other Senior Subordinated Obligations (as defined below).

Senior Subordinated Notes that constitute Lower Tier II Capital will have a minimum maturity of five years.

Early Redemption for any Senior Subordinated Note can only occur at the option of the relevant Issuer. In case of early redemption of AXA BANK Senior Subordinated Notes by the Issuer, an approval must be obtained from the Belgian Financial Services and Markets Authority.

In the event of a moratorium (in the case of AXA BANK "*reorganisation judiciaire/gerechtelijke reorganisatie*" and in the case of ABF(NL) "*surséance van betaling*"[7]), bankruptcy ("*faillite/faillissement*") or liquidation of the Issuer (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer), the rights of the holders of Senior Subordinated Notes shall rank ahead of:

[7] This concept under Dutch law means "suspension of payment".

(i) those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
(ii) creditors whose claims are in respect of any obligations of the Issuer that rank or are expressed to rank (whether only in the winding up of the Issuer or otherwise) junior to Senior Subordinated Obligations,

but shall be subordinated to the claims of:

(iii) all Senior Creditors of the relevant Issuer.

"**Senior Creditors**" means all creditors who are depositors or other general, unsubordinated creditors; and "**Senior Subordinated Obligations**" means all indebtedness and monetary obligations of the relevant Issuer present and future, including any guarantee by the relevant Issuer, that rank or are expressed to rank junior in right of payment (whether only in the event of the winding up of the relevant Issuer or otherwise) to the claims of Senior Creditors but that are not subordinated so as to rank in point of subordination to any other obligations of the relevant Issuer.

9.9. CLEARING SYSTEMS

The clearing systems operated by Euroclear Bank SA/N.V. ("Euroclear"), Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), the BNB system, and such other clearing system as may be agreed between the Issuer and the Fiscal Agent and as specified in the relevant Final Terms.

9.10 EVENTS OF DEFAULT

In any of the following events ("Events of Default") any Noteholder may by written notice to the Issuer and, in the case of ABF(NL) Notes, the Guarantor at its or their specified office declare his Note or Notes immediately due and payable, and thereupon an early redemption shall occur, unless, prior to the giving of such notice, all Events of Default shall have been cured:

(a) if default is made by the Issuer for a period of 30 calendar days or more in the payment of the final Redemption Amount, or interest on the Notes when and as the same shall become due and payable; or
in the event of default by the Issuer or, in the case of ABF(NL) Notes, the Guarantor, as the case may be, in the due performance of any other obligation under the terms and conditions of the Notes, unless remedied within 45 days after receipt of a written notice thereof given by any Noteholder to the Issuer; or

(b) in the event of a merger, consolidation or other reorganisation of the Issuer or, in the case of ABF(NL) Notes, the Guarantor with, or a sale or other transfer by the Issuer or, in the case of ABF(NL) Notes, the Guarantor of all or a substantial part of its assets to, any other incorporated or unincorporated person or legal entity, unless, in each case not involving or arising out of insolvency, the person or entity surviving such merger, consolidation or other reorganisation or to which such assets shall have been sold or transferred shall have assumed expressly and effectively or by law all obligations of the Issuer or, in the case of ABF(NL) Notes, the Guarantor, as the case may be, with respect to the Notes and, the interests of the holders of Notes are not materially prejudiced thereby; or

(c) in the event that the Issuer or, in the case of ABF(NL) Notes, the Guarantor is adjudicated bankrupt or insolvent, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of its creditors, or enters into a composition with its creditors, or applies for a moratorium, or institutes or has instituted any proceedings under any applicable bankruptcy law, insolvency law, composition law or any law governing the appointment of a receiver, administrator, trustee or other similar official for the whole or any substantial part of its assets or property or any other similar law, or in the event that any such proceedings are instituted against the Issuer or, in the case of ABF(NL) Notes, the Guarantor and remain undismissed for a period of 30 days, or

(d) if, for any reason, the Guarantee ceases to be in full force and effect.

The early redemption amount of the Notes shall be determined by the Calculation Agent, in accordance with market practice and acting in good faith.

Notice of any Event of Default shall be given to the Noteholders in accordance with the Condition *9.16 Notices*.

9.11 Modifications of the Agency Agreement

The Issuer and, in the case of ABF(NL) Notes, the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

9.12 RESPONSIBILITY OF THE CALCULATION AGENT

All calculations shall be made in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or intentional misconduct of the Calculation Agent. The calculations and determinations of the Calculation Agent shall be made in accordance with the Terms and Conditions (having regard in each case to the criteria stipulated herein and where relevant on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination) and shall, in the absence of manifest error, be final, conclusive and binding on the Issuer and the Noteholders. The Calculation Agent acts solely as agent of the Issuer and does not assume any obligations or duty to, or any relationship of agency or trust for or with, the Noteholders.

9.13 PRESCRIPTION

Claims against the Issuer or, in the case of ABF(NL) Notes, the Guarantor for payment in respect of any Note shall be prescribed and become void unless made within a period of five years after the date on which such payment first becomes due.

9.14 CURRENCY INDEMNITY

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or, in the case of ABF(NL) Notes, the Guarantor or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or, in the case of ABF(NL) Notes, the Guarantor shall only constitute a discharge to the Issuer or, in the case of ABF(NL) Notes, the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer, failing whom , in the case of ABF(NL) Notes, the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom, in the case of ABF(NL) Notes, the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and, in the case of ABF(NL) Notes, the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

9.15 SUBSTITUTION

(i) The Issuer and, in the case of ABF(NL) Notes, the Guarantor may, without any further consent or co-operation from the Noteholders, at any time, procure that any affiliated or associated corporation of the Issuer or, in the case of ABF(NL) Notes, the Guarantor is substituted for the Issuer as the debtor under the Terms and Conditions to be offered by assigning all its rights and obligations to such other corporation (the "Substituted Issuer"), provided that the Substituted Issuer has a long-term debt rating of at least the same level as the one of the Issuer, if any, and provided that:

(a) no payment of any Redemption Amount or of interest on any Note is overdue and no other circumstances exist capable of causing the acceleration of maturity of the Notes;

(b) the Substituted Issuer shall agree to indemnify the holders of each Note against: all tax, duty, fee or governmental charge which is imposed on such holder by the jurisdiction of the country of the Substituted Issuer's residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to such Note and which would not have been so imposed had such substitution not been made; and any costs or expenses incurred in connection with any such substitution; and

(c) in the case of ABF(NL) Notes, the Guarantor agrees on the provisions of such substitution as described herein, undertakes that the provisions in the Guarantee with respect to the Issuer will apply to the New Issuer in the event of such substitution and shall be bound by all the obligations to be fulfilled by it under the Guarantee and the Terms and Conditions of the Notes as a result of such substitution and such obligations shall be legal, valid and enforceable; if the Issuer is substituted by the Guarantor, there is no requirement for an additional and separate guarantee of the obligations under the Notes.

(ii) The Issuer hereby irrevocably and unconditionally guarantees that the Substituted Issuer shall pay all amounts of Redemption Amount of and interest on the Notes when due. In the event of substitution, this guarantee ceasing to be the valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, shall constitute an Event of Default.

(iii) In the event of substitution all references in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Issuer and the references in Condition 10 *Taxation* to the Netherlands shall be deemed to be to the country where the Substituted Debtor has its domicile or tax residence.

Notice of any substitution shall be given to the Noteholders in accordance with Condition 9.16 *Notices*.

9.16 NOTICES

A notification to the Noteholders shall be made either by AXA BANK directly (for Notes held on securities accounts with AXA BANK) or by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and BNB for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and BNB.

In addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will also be published in a daily newspaper of general circulation in the place or places required by those rules. Where the relevant Issuer is AXA BANK and to the extent required by Belgian company law, the notice will also be published in the *Moniteur Belge-Belgisch Staatsblad* and in a leading Belgian daily newspaper of general circulation in Brussels. It is expected that any such publication in a newspaper will be made in *De Tijd* and/or *L'Echo* in Brussels.

If definitive ABF (NL) Notes are delivered to Noteholders instead of being represented by a Global Note, all notices regarding the ABF (NL) Notes will be made by way of publication in a leading daily newspaper of general circulation in the places where the ABF (NL) Notes were offered to the public without prejudice to requirements of Dutch company law (as may be applicable) and applicable listing requirements for so long as any Notes are listed.

Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and BNB.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. In respect of AXA Notes and whilst any of the ABF (NL) Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg and BNB, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg and BNB, as the case may be, may approve for this purpose.

9.17. MEETING OF NOTEHOLDERS

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement.

A meeting of the Noteholders may be convened by the relevant Issuer or the Guarantor and shall be convened by the relevant Issuer if required in writing by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all receiptholders and Couponholders.

In respect of Notes issued by AXA BANK, all Resolutions of Noteholders which in the opinion of AXA BANK relate to a matter contained in article 568 of the Belgian Companies Code will only be effective if taken at a meeting convened and decided in accordance with the Belgian Companies Code. The quorum at any such meeting convened to consider a Resolution will be one or more persons holding or representing not less than 50 per cent in nominal amount of the Notes for the time being outstanding or, at any adjourned meeting after publication of a new convening notice, one or more persons being or representing Noteholders whatever the aggregate nominal amount of the Notes so held or represented. A Resolution (as defined below) requires the approval of the Noteholders holding or representing at least 75 per cent of the aggregate nominal amount outstanding of the Notes present or represented at the meeting and taking part in the vote. If however a Resolution is adopted by Noteholders holding or representing less than one-third of the aggregate nominal amount outstanding of the Notes (whether present or represented at the meeting or not), such Resolution is not binding unless approved by the competent Court of Appeal of Brussels. The above quorum and special majority requirements do not apply to Resolutions relating to interim measurers or to the appointment of a representative of the Noteholders. In such a case, the Resolutions shall be adopted if approved by Noteholders holding or representing al least a majority of the aggregate nominal amount of the Notes outstanding present or represented at the meeting. A Resolution duly passed in accordance with the provisions of the Belgian Companies Code at any such meeting of Noteholders and, to the extent required by law, approved by the relevant Court of Appeal, will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour thereof.

The matters listed in article 568 of the Belgian Companies Code in respect of which a resolution may be adopted include modifying or suspending the date of maturity of Notes, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of such Notes, deciding urgent interim actions in the common interest of Noteholders, accepting a security in favour of the Noteholders, accepting a transformation of

Notes into shares on condition, proposed by AXA Bank, and appointing a special agent of the Noteholders to implement the resolutions of the meeting of Noteholders.

For the purpose of this Condition, a "Resolution" means a resolution of Noteholders duly passed at a meeting called and held in accordance with the Belgian Companies code.

9.18. GOVERNING LAW AND JURISDICTION

The Notes and the Guarantee are governed by, and shall be construed in accordance with, Belgian law. The Agency Agreement is governed by Luxembourg law.

All disputes arising out of or in connection with the Notes or the Guarantee shall be submitted to the jurisdiction of the competent courts in Belgium.

9.19 FINANCIAL SERVICE

The financial service will be performed by AXA BANK (Belgium) and Dexia BIL (Luxembourg).

9.20 REPRESENTATION OF DEBT SECURITY HOLDERS

There is no representation of debt security holders in relation to any offer of Notes.

9.21. GUARANTEE

Sections 9.21.1 and 9.21.2 below only apply to ABF(NL) Notes.

9.21.1 Senior Guarantee

The Guarantor has, by a Senior guarantee, unconditionally and irrevocably guaranteed on an unsubordinated basis the due and punctual payment of the principal of and interest on the Senior Notes as well as of any additional amounts which may be required to be paid by ABF(NL) (as described under 10. *Taxation*) (the "Senior Guarantee" and a "Guarantee", see Annex 2).

The obligations of the Guarantor under the Senior Guarantee are direct, unconditional and unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

9.21.2 Senior Subordinated Guarantee

The Guarantor has, by a senior subordinated guarantee, unconditionally and irrevocably guaranteed on a senior subordinated basis, the due and punctual payment of the principal of and interest on the Senior Subordinated Notes as well as of any additional amounts which may be required to be paid by ABF(NL) (as described under 10. *Taxation*) , (the "Senior Subordinated Guarantee" and a "Guarantee", see Annex 3).

In the event of a dissolution or liquidation of the Guarantor (including the following events creating a "*concours de créanciers/samenloop van schuldeisers*": bankruptcy ("*faillite/faillissement*"); judicial reorganisation *("reorganisation juridique/gerechtelijke reorganisatie")* and judicial or voluntary liquidation ("*liquidation volontaire ou force/vrijwillige of gedwongen liquidatie*") (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Guarantor)), the Holders of Senior Subordinated Notes irrevocably waive their rights to equal treatment with other unsecured creditors ("*créanciers chirographaires/chirografaire schuldeisers*"). Consequently, the Holders of Senior Subordinated Notes agree that upon the occurrence of any of the events described in the preceding sentence, the Guarantor will have no obligation to pay any principal or interest due to them until all Senior

Creditors (as defined above) of the Guarantor have been paid, or the funds necessary to satisfy the Senior Creditors have been put in escrow (*"en consignation/in consignatie")*.

On demand, the Noteholders can have access to a copy of the Guarantee by contacting one of the Paying Agents during normal business hours.

10. TAXATION

TRANSACTIONS INVOLVING THE NOTES MAY HAVE TAX CONSEQUENCES FOR PROSPECTIVE INVESTORS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE PROSPECTIVE INVESTOR AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES, PROSPECTIVE INVESTORS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS.

The following is a general description of certain Belgian, Luxembourg, Netherlands, French, German, Greek, Spanish and Portuguese tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium, Luxembourg, France, Spain, Portugal, Greece, Germany and/or The Netherlands of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including but not limited to, the legality of transactions involving the Notes.

Except for Belgium and the Netherlands (as jurisdictions of the Issuers of the Notes), the following section only covers certain withholding tax considerations for the relevant jurisdictions and does not refer to the related overall income tax position of Noteholders.

10.1. BELGIAN TAXATION ON THE NOTES

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of or disposing of, the Notes issued by AXA BANK and the Notes issued by ABF(NL) and is of a general nature based on the issuers' understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (for example the rate of the withholding tax). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Notes issued by AXA BANK and/or ABF(NL) under the laws of their countries of citizenship, residence, ordinary residence or domicile.

10.1.1 Withholding Tax

In accordance with Belgian tax law, the following amounts are, among other, qualified and taxable as "interest": (i) periodic interest income (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. "Fixed income securities" are defined as bonds, specific debt certificates issued by banks ('kasbon'/ 'bon de caisse') and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes by a Belgian debtor or by a foreign debtor yet made through a Belgian paying agent will in principle be subject to a 15 per cent withholding tax on the gross amount of the interest (yet after deduction of any non-Belgian withholding taxes, if any).

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be exempt from withholding tax in respect of the Notes if and as long as, at the moment of payment or attribution of interest, they are held by certain eligible investors (the "Eligible Investors", see hereinafter) in an exempt securities account (an "X Account") that has been opened with a financial institution that is a direct or indirect participant (a "Participant") in the X/N Clearing System operated by the National Bank of Belgium (the "NBB" and the "X/N System"). Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Notes through the X/N System enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis. Participants to the X/N system must enter the Notes which they hold on behalf of Eligible Investors in an X Account.

Eligible Investors are those entities referred to in article 4 of the Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier (Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax) which include, *inter alia*:

(i) Belgian corporations subject to Belgian corporate income tax;
(ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the application of article 262, 1° and 5° of the Income Tax Code of 1992;
(iii) semi-governmental institutions ("institutions parastatales", "parastatalen") for social security, or institutions which are assimilated therewith, provided for in article 105, 2º of the Royal Decree implementing the Income Tax Code 1992;
(iv) non-resident investors provided for in article 105, 5º of the same Royal Decree;
(v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same Royal Decree;
(vi) tax payers provided for in article 227, 2º of the Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the same code;
(vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with a article 265 of the Income Tax Code 1992;
(viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and,
(ix) Belgian resident corporations, not provided for under (i), when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*:

(i) private individuals resident in Belgium for tax purposes;
(ii) entities subject to the Belgian legal entities tax ("rechtspersonenbelasting", "impôts des personnes morales") except if they are mentioned in the above list of Eligible Investors; and,
(iii) Belgian pension funds that take the form of Organization for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision.

Participants to the X/N System must keep the Notes which they hold on behalf of the non-Eligible Investors in a non-exempt securities account (an "N Account"). In such instance all payments of interest are subject to the 15 per cent withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

Upon opening of an X Account for the holding of Notes, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the X/N System as to the eligible status. An Exempt Account may be opened with a Participant by an intermediary (an "Intermediary") in respect of Notes that the Intermediary holds for the account of its clients (the "Beneficial Owners"), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of

Finance confirming that (i) the Intermediary is itself an Eligible Investor, and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary. These identification requirements do not apply to Notes held in Euroclear or Clearstream, Luxembourg as Participants to the X/N Clearing System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Notes in such account.

In accordance with the X/N System, a Noteholder who is withdrawing Notes from an Exempt Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the X/N System. As a condition of acceptance of the Notes into the X/N System, the Noteholders waive the right to claim such indemnity.

10.1.2 Income tax

10.1.2.1 Belgian resident individuals

For natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax ("Personenbelasting" / "Impôt des personnes physiques") and who hold the Notes as a private investment, payment of the 15 per cent withholding tax fully discharges them from their personal income tax liability with respect to these interest payments ("précompte mobilier libératoire", "bevrijdende roerende voorheffing"). This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest payment (as defined in section 1 entitled "Withholding Tax") in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at a flat rate of 15 per cent plus communal surcharges (or at the standard progressive tax rates taking into account the taxpayer's other declared income, whichever is lower). If the interest payment is declared, the withholding tax retained by the NBB (X/N System, as defined in section 1 entitled "Withholding Tax") may be credited.

If the interest was paid without any withholding tax being levied, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 15 per cent plus communal surcharges.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

10.1.2.2 Belgian resident companies

Interest attributed or paid to corporations Note holders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax ("vennootschapsbelasting/ impôt des sociétés"), as well as capital gains realized upon the sale of the Notes are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Notes are in principle tax deductible.

The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Interest payments on the Notes made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered.

10.1.2.3 Belgian legal entities

For Belgian legal entities subject to the Belgian legal entities tax ("rechtspersonenbelasting", "impôts des personnes morales") which do not qualify as Eligible Investors payment of the 15 per cent withholding tax fully discharges them from their income tax liability with respect to these interest payments ("précompte mobilier libératoire", "bevrijdende roerende voorheffing"). This means that they do not have to declare the interest obtained on the Notes in their income tax return, provided withholding tax was levied on these interest payments.

Belgian legal entities which qualify as Eligible Investors (see above “Belgian Withholding Tax”) and which consequently have received gross interest income are required to pay the 15 per cent withholding tax themselves.

If the interest was paid to the legal entity without any withholding tax being levied, the legal entity must itself declare and withhold the withholding tax.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined in section 1 entitled “Belgian Withholding Tax”). Capital losses are in principle not tax deductible.

10.1.2.4 Organization for Financing Pensions

Interest derived and capital gains realised by Belgian pension fund entities that have the form of an Organization for Financing Pensions (OFP) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision will be exempt from Belgian Corporate Income Tax.

The Belgian withholding tax that has been levied is fully creditable against any corporate income tax due and any excess amount is in principle refundable.

10.1.2.5 Belgian non-residents

Non-resident Note holders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax (see section 1 above).

The non-residents who are holding the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see section 2.2 above). Non-resident Note holders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

10.1.3 Tax on stock exchange transactions

A tax on stock exchange transactions will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.07 per cent with a maximum amount of Euro 500 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

A tax on repurchase transactions at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party.

However none of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Articles 126.1 2° and Article 139, second paragraph of the Code of various duties and taxes (“Wetboek Diverse Rechten en Taksen” / “Code des droits et taxes divers”).

10.1.4 European Directive on taxation of savings income in the form of interest payments

Effective 1st January 2010, a Belgian paying agent within the meaning of the Savings Directive will no longer apply the Source Tax but will exchange information with the country of tax residence of the beneficial owner regarding interest payments as defined by the Directive. It concerns payments made to an individual, beneficial owner of the interest payments and resident in another EU Member State or resident in one of the associated and dependent territories. Residual entities are subject to a specific regime.

The communicated information will include the identity and residence of the beneficial owner, the name and address of the paying agent, the account number of the beneficial owner and information concerning the interest payment.

The exchange of information cannot be avoided by the submission of a certificate.

A proposal for a Council Directive amending the Savings Directive has been published and will, once agreed upon and implemented, amend the currently applicable rules.

This is general information, which is not intended to deal with all aspects of an investment in Notes. Potential investors are recommended to consult their tax adviser on the basis of their own particular situation.

This general description is based upon the law as in effect on the date of the Prospectus and is subject to any change in law that may take effect after such date.

10.2 TAXATION IN THE NETHERLANDS

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders should consult with their tax advisors with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

10.2.1. Notes issued by AXA Bank

10.2. 1.1 Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

(i) holders of AXA BANK Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in AXA BANK under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis; and

(ii) pension funds, investment institutions (in Dutch: "*fiscale beleggingsinstellingen*"), exempt investment institutions (in Dutch: "*vrijgestelde beleggingsinstellingen*") (as defined in The Netherlands Corporate Income Tax Act 1969; in Dutch: "*Wet op de vennootschapsbelasting 1969*") and other entities that are exempt from Netherlands corporate income tax.

Residents of the Netherlands

Generally speaking, if the holder of the AXA BANK Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the AXA BANK Notes or any gain or loss realised on the disposal or deemed disposal of the AXA BANK Notes is subject to Netherlands corporate income tax at a rate of 25,0 % (a corporate income tax rate of 20% applies with respect to taxable profits up to €200,000, the bracket for 2011).

If a holder of the AXA BANK Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the AXA BANK Notes or any gain or loss realised on the disposal or deemed disposal of the AXA BANK Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

(i) the AXA BANK Notes are attributable to an enterprise from which the holder of the AXA BANK Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or

(ii) the holder of the AXA BANK Notes is considered to perform activities with respect to the AXA BANK Notes that go beyond ordinary asset management (in Dutch: "*normaal, actief vermogensbeheer*") or derives benefits from the AXA BANK Notes that are (otherwise) taxable as benefits from other activities (in Dutch: "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of the AXA BANK Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities on 1st January of the relevant calendar year. The AXA BANK Notes are included as investment assets. A tax free allowance may be available. An actual gain or loss in respect of the AXA BANK Notes is as such not subject to Netherlands income tax.

Non-residents of the Netherlands

A holder of the AXA BANK Notes will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the AXA BANK Notes or in respect of any gain or loss realised on the disposal or deemed disposal of the AXA BANK Notes, provided that:

(i) such holder is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands;

(ii) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the AXA BANK Notes are attributable; and

(iii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the AXA BANK Notes that go beyond ordinary asset management and does not derive benefits from the AXA BANK Notes that are (otherwise) taxable as benefits from other activities in the Netherlands.

10.2.2. Notes issued by ABF(NL)

10.2.2.1 Withholding tax

All payments of principal or interest made by ABF(NL) under the ABF(NL) Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the ABF(NL) Notes qualify as equity of ABF(NL) for Netherlands tax purposes.

10.2.2.2 Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

(i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in ABF(NL) under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis; and

(ii) pension funds, investment institutions (in Dutch: "*fiscale beleggingsinstellingen*"), exempt investment institutions (in Dutch: "*vrijgestelde beleggingsinstellingen*") (as defined in The Netherlands Corporate Income Tax Act 1969; in Dutch: "*Wet op de vennootschapsbelasting 1969*") and other entities that are exempt from Netherlands corporate income tax.

Residents of the Netherlands

Generally speaking, if the holder of the ABF(NL) Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the ABF(NL) Notes or any gain or loss realised on the disposal or deemed disposal of the ABF(NL) Notes is subject to Netherlands corporate income tax at a rate of 25.0 % (a corporate income tax rate of 20% applies with respect to taxable profits up to €200,000, the bracket for 2011).

If a holder of the ABF(NL) Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the ABF(NL) Notes or any gain or loss realised on the disposal or deemed disposal of the ABF(NL) Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

(i) the ABF(NL) Notes are attributable to an enterprise from which the holder of the ABF(NL) Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or

(ii) the holder of the ABF(NL) Notes is considered to perform activities with respect to the ABF(NL) Notes that go beyond ordinary asset management (in Dutch: "*normaal, actief vermogensbeheer*") or derives benefits from the ABF(NL) Notes that are (otherwise) taxable as benefits from other activities (in Dutch: "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of the ABF(NL) Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities on 1st January of the relevant calendar year. The ABF(NL) Notes are included as investment assets. A tax free allowance may be available. An actual gain or loss in respect of the ABF(NL) Notes is as such not subject to Netherlands income tax.

Non-residents of the Netherlands

A holder of the ABF(NL) Notes will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the ABF(NL) Notes or in respect of any gain or loss realised on the disposal or deemed disposal of the ABF(NL) Notes, provided that:

(i) such holder is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands;

(ii) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the ABF(NL) Notes are attributable; and

(iii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the ABF(NL) Notes that go beyond ordinary asset management and does not derive benefits from the ABF(NL) Notes that are (otherwise) taxable as benefits from other activities in the Netherlands.

10.2.3. Gift and inheritance taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

10.2.4. Value added tax (VAT)

No Netherlands VAT will be payable by the holders of the Notes on any payment in consideration for the issue of the Notes or with respect to the payment of interest or principal by the Issuers under the Notes.

10.2.5. Other taxes and duties

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Notes in respect or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuers under the Notes.

10.3 TAXATION IN LUXEMBOURG

The following summary is of a general nature and is included herein solely for information purposes and does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to dispose of the Notes. It is based on the laws regulations and administration and judicial interpretations presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. This summary also does not take into account the specific circumstances of particular investors. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

10.3.1. Withholding Tax

All payments of interest and principal by the Issuers in the context of the holding, disposal, redemption or repurchase of the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to:

(i) the application of the Luxembourg laws of 21 June 2005 implementing the European Union Savings Directive (please refer to the paragraph below entitled "**EU Savings Directive**") and several agreements (the "**Agreements**") concluded with certain dependent or associated territories and providing for the possible application of a withholding tax on interest paid to certain non- Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the relevant Issuer appoint a paying agent in Luxembourg within the meaning of the above-mentioned directive (for more information, please refer to the paragraph below entitled "EU Savings Directive") or Agreements; and

(ii) the application of the Luxembourg law of 23 December 2005 as amended introducing a final tax on certain payments of interest made to certain Luxembourg resident individuals (the "**Law**").

10.3.1.1. Resident Noteholders

Payment of interest or similar income (within the meaning of the Law) on debt instruments made or deemed made by a paying agent (within the meaning of the Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of such payment or to certain residual entities (as defined in article 4.2 of the EU Savings Directive, "**Residual Entities**") may be subject to a final tax at a rate of 10%. Such final tax will be in full discharge of income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt for a final tax of 10% when he receives or is deemed to receive such interest or similar income from a paying agent established in another EU Member State, in a Member State of the EEA which is not an EU Member State, or in a State which has concluded a treaty directly in connection with the EU Savings Directive. Responsibility for the declaration and the payment of the 10% final tax is assumed by the individual resident beneficial owner of interest.

10.3.1.2. Non-resident Noteholders

Under the EU Savings Directive and the Laws, a Luxembourg based paying agent (within the meaning of the EU Savings Directive) may be required to withhold tax on interest and other similar income (within the meaning of the Laws) paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the European Union or a Residual Entity established in another Member State of the European Union, unless the beneficiary of the interest payments or the Residual Entity (where applicable) elects for an exchange of information or provides the relevant documents to the Luxembourg paying agent. The same regime applies to payments by a Luxembourg based paying agent to individuals or Residual Entities resident in any of the following non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependant or associated territories (including Aruba, the British Virgin Islands, Guernsey, the Isle of Man, Jersey, Montserrat, Curaçao, Saba, Saint Eustatius, Bonaire, St. Maarten, Cayman Islands, Turks and Caicos Islands and Anguilla).

The current tax rate is 35%. The tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries (the transitional period may therefore never end).

10.3.2. EU Directive on the Taxation of Savings Income

On June 3, 2003, the EU Council of Economic and Finance Ministers adopted the European Union Savings Directive effective from July 1, 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest within the meaning of the European Union Savings Directive or other similar income paid by a paying agent within the meaning of the European Union Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the European Union Savings Directive (the "Residual Entities"), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Luxembourg is permitted to apply a withholding tax system whereby if a beneficial owner, within the meaning of the European Union Savings Directive, does not opt for exchange of information or does not provide a specific tax certificate reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The tax rate of the withholding is 35%.The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. As from January 1, 2010, Belgium applies for the regime of exchange of information described above. See "European Union Directive on Taxation of Savings Income in the Form of Interest Payments" (Council Directive 2003/48/EC).

Also with effect from July 1, 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependant or associated territories (including Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Curaçao, Saba, Saint Eustatius, Bonaire, St. Maarten, Aruba, Cayman Islands, Turks and Caicos Islands and Anguilla) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the European Union Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent (within the meaning of the European Union Savings Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

The European Commission has announced on November 13, 2008 proposals to amend the European Union Savings Directive. If implemented, the proposed amendments would, inter alia, (i) extend the scope of the European Union Savings Directive to payments made through certain intermediate structures (whether or not established in a EU Member State) for the ultimate benefit of EU resident individuals and (ii) provide for a wider definition of interest subject to the European Union Savings Directive. The European Parliament approved an amended version of this proposal on April 24, 2009. Discussions are still ongoing at Council level, building on unanimous conclusions adopted on December 2, 2008 and on June 9, 2009. Investors who are in any doubt as to their position should consult their professional advisers.

10.4 TAXATION IN FRANCE

10.4.1. Registration taxes, stamp duty, etc.

No stamp, issue, registration or similar taxes or duties will be payable in France by the Noteholder in connection with the Notes.

10.4.2. Withholding tax

The interest from the Notes received by French tax resident individuals holding the Notes as part of their private assets may, at the taxpayer's option, and subject to certain conditions and compliance formalities, be subject to a final withholding tax (prélèvement libératoire) at the rate of 18 per cent., the contribution sociale généralisée ("CSG") of 8.2 per cent., the prélèvement social of 2 per cent. and the contributions additionnelles au prélèvement social of 0.3 and 1.1 per cent. and the contribution au remboursement de la dette sociale ("CRDS") of 0.5 per cent., resulting in a global tax rate of 30.1 per cent.

Subject to the above, all payments by the Issuer to the Noteholder in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in France.

10.4.3. Residents

Under current French legislation, the following summary describes the tax consequences that may be applicable to Noteholders resident in France for tax purposes. The Noteholders should nevertheless consult their usual tax advisers for details of the tax regime that applies to their particular case.

10.4.3.1. Individuals holding Notes as part of their private assets

(a) Interest

The interest from the Notes received by individuals holding the Notes as part of their private assets is:

(i) either included in the total income, subject to income tax at the progressive rate, the CSG of 8.2 per cent., 5.8 points of which is deductible from the income tax basis, a prélèvement social of 2 per cent. and the contributions additionnelles au prélèvement social of 0.3 and 1.1 per cent. and the CRDS of 0.5 per cent.; or

(ii) at the taxpayer's option, subject to a final withholding tax (prélèvement libératoire) at the rate of 18 per cent., the CSG of 8.2 per cent., the prélèvement social of 2 per cent. and the contributions additionnelles au prélèvement social of 0.3 and 1.1 per cent. and the CRDS of 0.5 per cent., resulting in a global tax rate of 30.1 per cent.

If the Paying Agent levies a withholding tax on the interest from the Notes pursuant to the rules detailed in paragraph "EU Savings Directive" below, individuals resident in France for tax purposes may benefit, in application of Article 199 ter of the French Tax Code (Code général des impôts or "CGI"), from a tax credit equal to the amount of the tax withheld.

(b) Capital gains

Pursuant to Article 150-0 A of the CGI, when the aggregate amount of disposals of securities or shares per tax household exceeds an annual threshold (the "Taxation Threshold"), capital gains realised by individuals are taxable from the first euro. For disposals taking place in 2009, the Taxation Threshold is A25,730; this threshold is revalued annually.

Capital gains are subject to income tax at the rate of 18 per cent., the CSG of 8.2 per cent., the prélèvement social of 2 per cent. and the contributions additionnelles au prélèvement social of 0.3 and 1.1 per cent. and the CRDS of 0.5 per cent.

Capital losses incurred in one year can be set off only against capital gains of the same type realised in the year of the disposal or in the ten following years where, for the year in which capital losses are incurred, disposals were in excess of the Taxation Threshold.

10.4.3.2. Companies subject to corporate tax

(a) Interest

Interest accrued on Notes over the fiscal year is included in the corporate tax basis taxable at the rate of 331/3 per cent.

A social contribution of 3.3 per cent. (Article 235 ter ZC of the CGI) is also applicable on the amount of corporate tax with an allowance of A763,000 for each 12-month period. However, entities that have a turnover of less than A7,630,000 and whose share capital is fully paid-up and of which at least 75 per cent. is held continuously by individuals (or by an entity meeting all of these requirements) are exempt from this contribution. For an entity that meets these requirements, the corporate tax is fixed, for taxable income up to A38,120 within a twelve-month period, at 15 per cent.

(b) Capital gains

The capital gain or loss realised upon disposal of the Notes is included in the corporate tax basis taxable at the rate of 331/3 per cent. (or, where applicable, 15 per cent. up to an amount of A38,120 per period of twelve months for entities that meet the conditions described in paragraph 2(a) above). In addition, the social contribution of 3.3 per cent. mentioned above is levied where applicable.

10.4.4. Non-residents

Non-French tax resident Noteholders will normally not be subject to French income or corporate taxation with respect to income or capital gains realised in connection with the Notes, unless there is a specific connection with France, such as an enterprise or part thereof which is carried on through a permanent establishment in France.

A Noteholder will not become resident or deemed to be resident in France by reason only of the holding of a Note.

10.5 TAXATION in SPAIN

The following summary is a general description of certain Spanish tax considerations relating to the purchase, holding, redemption and disposition of the Notes and does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to acquire or dispose of the Notes. This section is based upon the laws, regulations and administration and judicial interpretations presently in force in Spain, and is subject to any change that may take effect in the future. This summary does not purport to deal with all aspects of taxation that may be relevant to investors in the light of their individual circumstances, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own tax advisors with respect to the tax consequences of purchasing, holding, redeeming or disposing of the Notes.

Please be aware that the residence concept used under the respective headings below applies for Spanish income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Spanish law and/or concepts only. Also, please note that a reference to Spanish income tax encompasses corporate income tax (Impuesto sobre Sociedades) as well as personal income tax (Impuesto sobre la Renta de las Personas Físicas) generally. Investors may further be subject to other duties, levies or taxes.

10.5.1. Individuals with Tax Residence in Spain

10.5.1.1. Interest on the Notes and Disposal of the Notes

Both interest received and income derived from the transfer, redemption or reimbursement of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the Personal Income Tax ("PIT") Law (Law 35/2006, of November 28, 2006), and therefore will form part of the savings income tax base and will be taxed at a flat rate of 19% on the first €6,000 portion of the savings income and at a 21% flat rate on any amount exceeding such €6,000 threshold.

In the event that such interest or the income derived from the transfer, redemption or reimbursement of the Notes becomes subject to withholding tax in Belgium or The Netherlands, as Belgian or Dutch source income, individuals with tax residence in Spain would be entitled to a tax credit for the avoidance of double taxation when determining their tax liability, in accordance with the provisions of the PIT Law or the treaty in force signed by Spain with the mentioned countries.

10.5.1.2. Spanish Withholding Tax on the Notes

Even not being the Issuers Spanish tax resident entities, a withholding at a 19% rate is applicable on interest payments made to individual Spanish holders in the event the Notes are deposited before or managed by Spanish-resident entities or persons or by non-resident entities or persons operating in the Spanish territory through a permanent establishment or if the above-mentioned persons or entities have been entrusted with the collection of the income derived from the Notes, provided that such income has not been previously subject to withholding tax in Spain. In addition, income obtained upon transfer or redemption of the Notes may also be subject to PIT withholdings.

In any event, individual Spanish holders may credit the withholding against their final PIT liability for the relevant fiscal year.

10.5.2. Corporations Resident in Spain for Tax Purposes or Permanent Establishments in Spain of Non-Spanish Tax Residents

10.5.2.1.Interest on the Notes

Under Spanish law, interest collected by a Spanish resident holder of the Notes is subject to Corporate Income Tax ("*CIT*") and if obtained by a permanent establisment in Spain of Non-Spanish Tax residents to Non-Residents' Income Tax ("*NRIT*") at the relevant tax rates (30% as a general rule).

In the event that such interest becomes subject to withholding tax in Belgium or The Netherlands, as Belgian or Dutch source income, Spanish tax resident corporations would be entitled to a tax credit for the avoidance of double taxation when determining their tax liability, in accordance with the provisions of the CIT Law (approved by Legislative Royal Decree 4/2004, of March 5, 2004) or the Tax Treaty in force with the mentioned countries.

In addition, in accordance with the NRIT Law (approved by Legislative Royal-Decree, of March 5, 2004), permanent establishments in Spain of non-Spanish tax residents would also be entitled to apply a tax credit to avoid double taxation on interest payments.

10.5.2.2. Disposal of the Notes

As a general rule, a disposal, whether in the form of a transfer, redemption or reimbursement, of the Notes by a Spanish holder may give rise to a taxable income or an allowable loss for the purposes of either CIT or NRIT, as the case may be, at the relevant applicable tax rate (30% as a general rule).

If for any reason a Spanish tax resident corporation or permanent establishment in Spain of Non-Spanish Tax residents is subject to tax in Belgium or The Netherlands on the income it obtains upon the disposal of the Notes, it will be entitled to a tax credit for the avoidance of double taxation

10.5.2.3. Spanish Withholding Tax on the Notes

No withholding on account of Spanish CIT or NRIT is levied in Spain on any income arising from Notes held by a Spanish holder that is a corporation or a permanent establishment in Spain of a non-Spanish tax resident if the Notes are traded on an OECD country's official stock market.

However, the financial institution (only if resident in Spain or acting through a permanent establishment in Spain) acting as paying agent or intervening in any transfer, redemption or refund of the Notes will be obliged to calculate the taxable income of the Spanish holder arising from the relevant transaction and to report such income to the Spanish holder and to the Spanish tax authorities. In addition, the financial institution must provide the Spanish tax authorities with information regarding the persons participating in the transaction.

If the Notes are not traded on an OECD country's official stock market and the Notes are deposited with or managed by a financial institution resident in Spain, or acting through a permanent establishment in Spain, in accordance with the Spanish tax laws in force, the financial institution, acting as depositary or manager of such Notes, will be responsible for making the relevant Spanish withholding on account of tax on any payment to a Spanish holder deriving from the Notes. It should be noted that the financial institution acting as custodian or manager of the Notes may become obliged to comply with the formalities contained in the Spanish CIT Regulations when intervening in the repayment and/or transfer of the Notes.

10.5.3. Beneficial Owners Not Resident in Spain without a Permanent Establishment

If the beneficial owners of the Notes are not resident for tax purposes in Spain and do not obtain the income through a permanent establishment located in Spain, they will normally not be subject to Spanish income or corporte taxation in respect to income realised in connection with the Notes, unless it could be considered as Spanish-source income, such as when interest is deemed remuneration relating to capital used within the Spanish territory.

In such a situation, the Noteholder could also apply (i) the tax rate applicable under a treaty for the avoidance of double taxation with Spain or (ii) any exemption foreseen in the Spanish Non-Resident Income Tax legislation, if applicable, and provided that corresponding formal requirements are met.

10.6 PORTUGUESE TAXATION ON THE NOTES

The following is a summary of current law and practice in Portugal as in effect on this date in relation to certain current relevant aspects to Portuguese Taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. The statements do not deal with other Portuguese tax aspects regarding the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Tax consequences may differ according to the provisions of different tax treaties, as well as according to a prospective investor's particular circumstances. Prospective investors are advised to consult their own tax advisers.

References to "investment income" mean investment income as understood under Portuguese tax law. The statements below do not take into account any different definitions of investment income that may prevail under any other law or any related documentation.

10.6.1. Noteholders' Income Tax

Income generated by the holding (distributions) and disposal of the Notes is generally subject to the Portuguese tax regime for debt securities (*obrigações*).

Economic benefits derived from interest, amortisation, reimbursement premiums and other types of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

10.6.2. Withholding tax arising from the Notes

Payments of principal on the Notes issued by the Issuers to corporate entities or to individuals are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any income component.

10.6.3. Corporate entities

Under current Portuguese law, investment income payments in respect of the Notes issued by the Issuers made to Portuguese tax resident companies are included in their taxable income and are subject to progressive corporate tax rate according to which a 12.5 per cent. tax rate will be applicable on the first € 12,500 of taxable income and a 25 per cent. tax rate will be applicable on taxable income exceeding € 12,500. A municipal surcharge (*derrama* municipal) of up to 1.5 per cent. over the Noteholders' taxable profits may also be applied. Corporate taxpayers with a taxable income of more than € 2,000,000 are also subject to State surcharge (*derrama estadual*) of 2.5 per cent. on the part of their taxable income that exceeds € 2,000,000.

10.6.4. Individuals

If the payment of investment income arising from the Notes issued by the Issuers is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non resident entity, withholding tax is applicable at a rate of 21.5 per cent., which is the final tax on that income unless the individual elects to include it in his taxable income, subject to tax at the current progressive rates of up to 46.5 per cent.. In such a case, the tax withheld is deemed a payment on account of the final tax due.

Investment income (including interest) arising from the Notes issued by the Issuers paid or made available through a Portuguese resident entity or a Portuguese branch of a non resident entity to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 30 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Investment income payments arising from the Notes due by the Issuers to Portuguese tax resident individuals are subject to an autonomous taxation at a flat rate of 21.5 per cent. whenever those payments are not subject to Portuguese withholding tax.

10.6.5. Implementation of EU Savings Directive in Portugal

Portugal has implemented the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into the Portuguese law through Decree-Law no 62/2005, of 11 March, 2005, as amended by Law no 39-A/2005, of 29 July 2005.

10.7 TAXATION in the HELLENIC REPUBLIC

The following is a general description of the principal Greek withholding tax consequences for investors receiving interest in respect of or disposing of, the Notes issued by AXA BANK and the Notes issued by ABF(NL) and is of a general nature based on the issuers' understanding of current law and practice. It is included herein solely for information purposes and does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to invest in or dispose of the Notes. This general description is based upon the law and its interpretation as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (for example the rate of the withholding tax). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible, withholding or other, tax consequences of subscribing for, purchasing, holding, selling or converting the Notes issued by AXA BANK and/or ABF(NL) under the laws of their countries of citizenship, residence, ordinary residence or domicile, including on their overall income tax position, any reporting obligations related thereto and the effects of application of any bilateral convention for the avoidance of double taxation.

Greek withholding tax at the rate of 10% applies in respect of interest on bond loans issued outside the Hellenic Republic when paid to tax residents of the Hellenic Republic or to permanent establishments maintained by foreign enterprises in the Hellenic Republic for Greek income tax purposes, by credit institutions collecting such interest on behalf of such residents or permanent establishments, provided such credit institutions are seated or established in the Hellenic Republic and qualify as paying agents within the meaning of article 4 paragraph 2 (a) of Greek Law 3312/2005 transposing into Greek law Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "Greek Law"). Said tax is withheld upon payment of the interest or crediting of the account of the beneficiary as well as in respect of accrued interest at the time of transfer of bonds or coupons thereon. In regard to payments of said interest to individuals, the amount over which the withholding tax is calculated is the amount of interest net of any foreign withholding tax.

The payment in relation to the Notes of any other interest not qualifying as interest on bond loans, including payments under the Guarantee representing accrued interest, shall be subject to Greek withholding tax (i) at the rate of 20%, if made in Greece to individuals or to legal entities that are tax residents of the Hellenic Republic or to permanent establishments maintained by foreign enterprises in the Hellenic Republic for Greek income tax purposes, (ii) at the rate of 40%, if made in Greece to enterprises who are not tax residents of the Hellenic Republic and do not maintain a permanent establishment in the Hellenic Republic for Greek income tax purposes. Said tax is withheld at the time of payment of interest by the person effecting the respective payment in Greece.

No Greek withholding tax shall be imposed in respect of payments of principal under the Notes.

Note: as the above is a discussion of Greek withholding tax only, it does not refer to the related overall income tax position of Noteholders such as whether withholding tax exhausts the income tax liability, the possibility to deduct foreign tax, any obligation to self-report any tax in case no tax is withheld by a third party etc.

10.8 TAXATION in GERMANY

10.8.1. German resident Noteholders

10.8.1.1. Private investors

For German resident private investors (*i.e.* persons whose residence or habitual abode is located in Germany) holding the Notes as private assets (and not as business assets), interest payments on the Notes and gains from the sale or redemption of the Notes qualify as investment income pursuant to Sec. 20 Income Tax Act and are basically subject to the flat income tax (*Abgeltungsteuer*) at a rate of 25% (plus 5.5% solidarity surcharge thereon, resulting in a total tax charge of 26.375%, and, if applicable, church tax). If interest claims are disposed of separately (*i.e.* without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of interest claims if the Note is disposed of separately. The deduction of related expenses for tax purposes is not possible. However, the total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly). Losses resulting from the sale or redemption of the Notes can only be off-set against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods and can be offset against investment income generated in future assessment periods.

Gains and losses are determined by taking the difference between the sales/redemption price (after the deduction of expenses incurred directly in connection with the sale/redemption) and the acquisition price of the Notes.

10.8.1.2. Withholding Tax

Interest payments on the Notes are subject to German withholding tax provided that the Notes are held in the custodial account with a German branch of a German resident or non-German resident credit institution, financial services institution, securities trading company or securities trading bank (the "Disbursing Agent" — *inländische Zahlstelle*). The Disbursing Agent withholds tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax) from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Notes do not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Notes together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. The maximum exemption amount that may be shown on the exemption certificate is an amount equal to the lump sum deduction mentioned above. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

For private investors, the withholding tax regime should also apply to any gains from the sale or redemption of the Notes held in custody with the Disbursing Agent. The tax base is the difference between sales/redemption proceeds after the deduction of expenses directly connected to the sale/redemption and the acquisition costs for the Notes, if the Notes were held in custody by such institution since their acquisition. If the custody account has changed since the acquisition of the Notes and the relevant acquisition data (*Anschaffungsdaten*) has not been evidenced to the satisfaction of the Disbursing Agent, the withholding tax is imposed on a lump sum amount equal to 30% of the proceeds arising from the sale or redemption of the Notes.

The exemption from withholding tax described above (i) in the amount of the lump sum deduction if a withholding exemption certificate, or (ii) if a certificate of non-assessment can be provided, applies also in case of capital gains derived from the Notes.

For private investors the withholding tax is definitive. Private investors having a lower personal income tax rate may, upon application, include the capital investment income in their personal income tax return to achieve a lower tax rate. Income not subject to a definitive withholding tax must be included into the personal income tax return. The flat income tax of 25% plus solidarity surcharge and church tax, if applicable, would be collected by way of assessment.

10.8.1.3. Business Investors

For investors holding the Notes as business assets, interest payments (if any) under the Notes and gains and losses from the investment in the Notes are subject to the corporate income tax or income tax in each case plus solidarity surcharge at the level of the investor with the individual tax rate of the respective investor. Such income has also to be considered for trade tax purposes, if the Notes form part of the property of a German trade or business.

Any withholding tax withheld by the Disbursing Agent is credited against the investor's personal (corporate) income tax liability (and solidarity surcharge) in the course of the tax assessment or will be refunded. For German resident corporate investors (provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax authorities) and — after notifying the Disbursing Agent about the allocation of the Notes to a business in Germany — other business investors, no withholding tax should be levied on gains resulting from the sale or redemption of the Notes (that is, for these investors only interest payments are subject to withholding tax).

10.8.2. Non-resident Noteholders

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above in the preceding sub-section "— *German resident Noteholders*".

10.9 EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period during which the withholding tax rate will raise over time to 35 per cent. The rates have been of 15% until 30 June 2008, are of 20% from 1 July 2008 to 30 June 2011 and of 35% as of 1 July 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. However, since 1st January 2010, Belgium no longer applies the withholding tax system but exchanges information with the country of tax residence of the beneficial owner.

A number of non-EU countries (including Switzerland, Andorra, Liechtenstein, Monaco and San Marino),and certain dependent or associated territories (including Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State.

In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has announced on 13 November 2008 proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, inter alia, (i) extend the scope of the EU Savings Directive to payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of EU resident individuals, and (ii) provide for a wider definition of interest subject to the EU Savings Directive. Investors who are in any doubt as to their position should consult their professional advisors.

11. TERMS AND CONDITIONS OF THE OFFER

(Annex V.5 of Regulation (EC) 809/2004)

11.1 GENERAL

The Notes will be offered for subscription during the Offering Period (specified in the relevant Final Terms) at the relevant Issue Price. Any applicable fees or commissions will be specified in the relevant Final Terms.

The Issuer has the right to cancel any issue of Notes under the Programme during their Offering Period until the Issue Date, either (i) when he reasonably believes that investors will not subscribe to the offer for an amount of at least the Minimum Amount specified in the relevant Final Terms or (ii) in case he considers there is a material adverse change in the market conditions. Investors that have subscribed to these Notes will be notified by letter of such cancellation. The Issuer has the right to anticipatively terminate the Offering Period if the Maximum Amount specified in the Final Terms of the relevant Notes issue has been reached or if the market conditions adversely affect the interest or the redemption amounts to be paid by the relevant Issuer.

The cash account of the client will be debited on the Issue Date. At the same date, the Notes will be transferred on the securities accounts of the clients.

If Notes are deposited in a securities account with AXA BANK, AXA BANK will not charge any fees for this service, nor for the opening of such securities account. If a Noteholder chooses to deposit his or her securities with another financial institution, he or she must inquire into the fees charged by this institution.

11.2 GENERAL SELLING RESTRICTION

The Notes have not been offered or sold and will not be offered or sold directly or indirectly and the Prospectus has not been distributed and will not be distributed, except in such circumstances that will result in compliance with all applicable laws and regulations.

11.3. UNITED STATES

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws, and are subject to U.S. tax law requirements, and may not be offered or sold within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, applicable U.S. state securities laws or pursuant to an effective registration statement. Accordingly, the Notes are being offered and sold outside the United States to non-U.S. persons in reliance on, and in compliance with, Regulation S under the U.S. Securities Act.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes, as certified to the fiscal agent or the Issuer by such Dealer within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the offering of Notes, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

11.4. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State and notified to the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of the Non-exempt Offer;

(b) at any time to legal entities which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant dealer nominated by the relevant Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member Sate and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU..

11.5. UNITED KINGDOM

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "Act") in connection with the issue or sale of any Notes, has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the Act does not apply to the Issuer or the Guarantor and all applicable provisions of the Act with respect to anything done in relation to such Notes in, from or otherwise involving the United Kingdom have been complied with and will be complied with

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Act by the Issuer.

12. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

(Annex V.6 of Regulation (EC) 809/2004)

The Programme provides that Notes may be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "Market").

If Issuer decides to seek such listing, this will be specified in the relevant Final terms and the relevant Issuer will then make an application to the Luxembourg Stock Exchange for such listing. References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed and admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instalments.

If "Secondary Market" is provided to be "Applicable" in the relevant Final Terms for any Notes, the price of the Notes is available on demand on each Business Day during the term of such Notes in every office of AXA BANK until 30 Business Days preceding their Maturity Date, unless in AXA BANK's determination, market conditions preclude it from quoting a price. In such case, AXA BANK can be considered market maker for the Notes and will organise the secondary market, thereby providing liquidity through bid and offer rates. The main terms of the commitment of AXA BANK will be specified in the relevant Final Terms and (i) "Maximum Spread" means on any given moment the maximum spread between the then applicable bid and offer rates; (ii) "Maximum Commission" means the maximum commission on the bid and offer rates; and (iii) "Maximum Exit Penalty" means the maximum exit penalty applicable to the bid and offer rates. The bid and offer rates of the Notes on any given moment are subject to the market conditions, interest rates, forward rates, credit spreads of the relevant Issuer or, in the case of ABF(NL) Notes, the Guarantor,etc.

Thesale proceeds can be lower than the invested amount.

13. USE OF PROCEEDS

The net proceeds of Notes, i.e. the Nominal Amount less any expenses and fees, will be applied for general corporate purposes of AXA BANK. In the case of ABF(NL) Notes, ABF(NL) will lend the proceeds to AXA BANK.

14. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

(Annex IV.16 and XI.13 of Regulation (EC) 809/2004)

There has not been any statement or report attributed to a person as an expert which is included in this Base Prospectus.

15. DOCUMENTS ON DISPLAY

(Annex IV.17 and XI.14 of Regulation (EC) 809/2004)

Copies of the annual reports dated December 31st, 2010 for AXA BANK and ABF(NL) and of all subsequent annual reports to be published, copies of the articles of association of AXA BANK and ABF(NL) are available free of charge at the office of AXA BANK and will be available during the entire lifetime of the Notes. Additionally, the annual reports of AXA BANK are available on its internet site: www.axabankeurope.com. Moreover, copies of the semi-annual and annual reports of ABF(NL) and copies of the annual reports of AXA BANK are available on the Luxembourg Stock Exchange-website: www.bourse.lu.

ANNEX 1: TEMPLATE FOR FINAL TERMS

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

Final Terms dated [●]
[AXA BELGIUM FINANCE (NL) B.V./AXA BANK EUROPE SA]
Issue of [Title of Notes]
[Guaranteed by AXA BANK EUROPE SA]
under the
AXA BELGIUM FINANCE (NL) B.V.
and
AXA BANK EUROPE SA
EUR 1,000,000,000
Notes Issuance Programme

.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 6 September 2011, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). **This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus and any supplement thereto.** These Final Terms and the Base Prospectus together constitute the Programme for the Tranche. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for inspection at the office of the [Guarantor and the office of the] Issuer.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Programme under Article 16 of the Prospectus Directive.]

General Description on the Notes

[●]

1	(i)	Issuer:	[AXA BANK EUROPE SA][AXA BELGIUM FINANCE (NL) B.V.]
	(ii)	Guarantor:	[N/A][AXA BANK EUROPE SA]
	(iii)	Calculation Agent:	AXA BANK EUROPE SA
2	(i)	Series Number:	[●]
	[(ii)	Tranche Number:	[●] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).*
3	Specified Currency or Currencies:		[●]
4	Maximum Amount:		

	(i)]Series:	[●]
	(ii) Tranche:	[●]
5	Minimum Amount:	
	[(i)]Series:	[●]
	[(ii) Tranche:	[●]
6	Offering Period:	[●] (except in case of early closing)
7	Issue Price:	[●] per cent. [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable)*]
8	Brokerage Fee:	[●]
9	Denominations:	[●]
10	[(i)] Issue Date:	[●]
	[[(ii)] Interest Commencement Date:	[●]
11	[Scheduled] Maturity Date:	[●]
12	Interest Basis:	[[●] per cent. Fixed Rate] [Floating Rate] [Zero Coupon] [Variable Linked Rate] [Other (*specify*)] (further particulars specified below)
13	Redemption/Payment Basis:	[Redemption at par] [Variable Linked Redemption] [Other (*specify*)] (further particulars specified below)
14	Change of Interest or Redemption/Payment Basis:	[Not Applicable/*(Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis)*]
15	Put/Call Options:	[Put/Call/Not Applicable] [(further particulars specified below)]
16	Status of the Notes:	[Senior Notes/Senior Subordinated Notes]
17	[Date [Board] approval for issuance of Notes obtained:	[●] *(N.B Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)]*
18	Form of Notes	[Bearer Notes / Dematerialised Notes]
19	New Global Note	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

20	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Fixed Rate:	[●] per cent. per annum

	(ii) Interest Payment Date(s):	[annually/semi-annually/quarterly on ●]
	(iii) Business Days:	[●]
	(iv) Business Day Convention:	[●]
	[(v) Fixed Interest Amount:	[●]]
	[(v)/(vi) Day Count Fraction:	[●]]
	[(v)/(vi)/(vii) Interest Period End Date(s):	[●]]
	[Other terms relating to the method of calculating interest for Fixed Rate Notes:	[●](*N.B. Give details*)]
21	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Publication Source:	[EUR-EURIBOR-Reuters (ISDA)/Other]
	(ii) Designated Maturity:	[●]
	(iii) Spread:	[●]
	(iv) Interest Payment Date(s):	[annually/semi-annually/quarterly on ●]
	(v) Day Count Fraction:	[●]
	(vi) Interest Determination Date:	[●]
	(vii) Business Days:	[●]
	(viii) Business Day Convention:	[●]
	[(ix) Interest Period End Date(s)	[●]]
22	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Business Days:	[●]
	(iii) Business Day Convention:	[●]
	(iv) Any other formula/basis of determining amount payable:	[●]
23	**Variable Linked Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Underlying:	[Market Rate/Share/Basket of Shares/Share Index/Basket of Share Indices/Fund/Basket of Funds/Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices/Inflation Index/Basket of Inflation Indices/Other]
	(ii) Variable Linked Rate:	[●] *(Provide the formula or other method of determination)*
	(iii) Interest Payment Date(s):	[●]
	(iv) Business Days:	[●]

	(v) Business Day Convention:	[●]

PROVISIONS RELATING TO REDEMPTION

24	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(v) Optional Redemption Date(s):	[●]
	(vi) Optional Redemption Period:	[●]
	(vii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [●] Denomination
	(viii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●]
	(b) Maximum Redemption Amount:	[●]
	(ix) Notice period:	[●]
25	**Put Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(x) Optional Redemption Date(s):	[●]
	(xi) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [●] Denomination
	(xii) Notice period:	[●]
26	**Redemption Amount(s) of each Note**	[[●] per Note of [●] Denomination] *(delete in case of Variable Linked Redemption)*

(Include below provisions in case of a Variable Linked Redemption)

Variable Linked Redemption

(i) Underlying:	[●]
(ii) Variable Linked Redemption Amount:	[●] *(Provide the formula or other method of determination)*
(iii) Business Days:	[●]
(iv) Business Day Convention:	[●]
(v) Initial Averaging:	[Not Applicable / Applicable]
(vi) Averaging:	[Not Applicable / Applicable]
[(vi) Initial Averaging Dates:	[●]]
[(vi) Averaging Dates:	[●]]

VARIABLE LINKED PROVISIONS

(Include the relevant provisions below, if the Underlying is one or more ***Market Rates****)*

(i)	Publication Source:	[●]
(ii)	Designated Maturity:	[●]
(iii)	Spread:	[●]
(iv)	Interest Determination Date:	[●]
[(v)	Day count Fraction:	[●]]

(Include the relevant provisions below, if the Underlying is a ***Share****)*

(i)	Share:	[●] *(Insert full title of the Share and its ISIN code)*
(ii)	Exchange:	[●]
(iii)	Related Exchange:	[[●]/All Exchanges]
(iv)	Valuation Date(s):	[●]
[(v)	Initial Valuation Date:	[●]]
[(v)	Initial Price:	[●]]

(Include the relevant provisions below, if the Underlying is ***Share Basket****)*

(i) Share Basket:

i	*w*	Share	Exchange	Related Exchange	Securities Code
1	**[●]%**	**[●]**	**[●]**	**[●]/All Exchanges**	**[●]**
2	**[●]%**	**[●]**	**[●]**	**[●]/All Exchanges**	**[●]**
…	**[●]%**	**[●]**	**[●]**	**[●]/All Exchanges**	**[●]**

(ii)	Valuation Date(s):	[●]
[(iii)	Initial Valuation Date:	[●]]

(Include the relevant provisions below, if the Underlying is an ***Share Index****)*

(i)	Index:	[●]
(ii)	Exchange:	[[●]/Multiple Exchange]
(iii)	Related Exchange:	[[●]/All Exchanges]
(iv)	Valuation Date(s):	[●]
[(v)	Initial Valuation Date:	[●]]
[(v)	Initial Price:	[●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Share Indices**)*

(i) Index Basket:

i	*w*	Index	Exchange	Related Exchange
1	**[●]%**	**[●]**	**[●]/Multiple Exchange**	**[●]/All Exchanges**
2	**[●]%**	**[●]**	**[●]/Multiple Exchange**	**[●]/All Exchanges**
…	**[●]%**	**[●]**	**[●]/Multiple Exchange**	**[●]/All Exchanges**

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Fund**)*

(i) Reference Fund: [●] *(Insert full title of the Reference Fund, including its sponsor, the ISIN code, class, if applicable, and a short description)*

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

[(iii) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Funds**)*

(i) Fund Basket:

i	*w*	Reference Fund	Class	Fund Description	Fund Administrator	ISIN Code
1	**[●]%**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**
2	**[●]%**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**
…	**[●]%**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Commodity**)*

(i) Commodity: [●]

(ii) Exchange: [●]

(iii) Price Source: [●]

(iv) Valuation Time: [●]

(v) Valuation Date(s): [●]

[(vi) Initial Valuation Date: [●]]

[(vi) Initial Price: [●]]

(Include the relevant provisions below, if the Underlying is a ***Basket of Commodity****)*

(i) Commodity Basket:

i	*w*	Commodity	Exchange	Price Source	Valuation Time
1	[●]%	[●]	[●]	[●]	[●]
2	[●]%	[●]	[●]	[●]	[●]
…	[●]%	[●]	[●]	[●]	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

(Include the relevant provisions below, if the Underlying is a ***Commodity Index****)*

(i) Commodity Index: [●]

(ii) Valuation Time: [●]

(iii) Valuation Date(s): [●]

[(iv) Initial Valuation Date: [●]]

[(iv) Initial Price: [●]]

(Include the relevant provisions below, if the Underlying is a ***Basket of Commodity Indices****)*

(i) Commodity Index Basket:

i	*w*	Commodity Index	Valuation Time
1	[●]%	[●]	[●]
2	[●]%	[●]	[●]
…	[●]%	[●]	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

(Include the relevant provisions below, if the Underlying is an ***Inflation Index*** *or a* ***Basket of Inflation Indices****)*

(i) Inflation Index/Basket of Inflation Indices/Inflation Index Sponsor(s): [●]

(ii) Related Bond: [Not Applicable / Applicable]

The Related Bond is: [ ] [Fallback Bond]

The End Date is: [ ]

(iii) Substitute Index Level: [As determined in accordance with article 9.6.7][●]

(iv) Bussiness Day Convention: [●]

(v) Determination Date(s) [●]

(vi) Cut-off Date:	[●]
(vii) Other terms or special conditions	[●]

(Include the relevant provisions below, if the Underlying is a ***Basket of Inflation Indices****)*

(i) Index Basket:

i	***w***	**Index**	**Sponsor**
1	**[●]%**	**[●]**	**[●]**
2	**[●]%**	**[●]**	**[●]**
…	**[●]%**	**[●]**	**[●]**

(ii) Valuation Date(s):	[●]
[(iii) Initial Valuation Date:	[●]]

LISTING AND ADMISSION TO TRADING

(i) Admission to trading:	[Application has been made for the Notes to be listed on the official list of the [Luxembourg Stock Exchange] and admitted to trading on the Regulated Market of the [Luxembourg Stock Exchange] with effect from [●]] [Not Applicable.] (Where documenting a fungible issue need to indicate that the original notes are already admitted to trading.)
(ii) Estimate of total expenses related to admission to trading:	[●]

DISTRIBUTION

Dealer(s):	[AXA BANK EUROPE SA/ [●]]
[Selling fees:	[●]]
[Additional selling restrictions:	[●]]
Non exempt offer	[●]]

OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●]
Clearing System(s):	[●]
Principal Paying Agent:	*[AXA BANK][Dexia BIL]
Paying Agent:	*[N/A][AXA BANK]

SECONDARY MARKET *(Include this provision if Secondary Market is provided)*

[Applicable]

Maximum Spread:	[●]
Maximum Commission:	[●]
Maximum Exit Penalty:	[●]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:..

Duly authorised

Signed on behalf of the Guarantor:

By:..

Duly authorised

[PART B – SIMULATIONS [AND OTHER INFORMATION]]

[SIMULATIONS]

[●] *(Please insert simulations for the Variable Rate or the Variable Linked Redemption Amount)*
[These simulations are fictitious examples and by no means represent reliable indicators.]

[OTHER INFORMATION]

[●] *(Insert other information such as the historical evolution of the Floating Rate or the Underlying(s))*

[This information has been extracted from [Insert source]. [Each of] the Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading]

ANNEX 2: SENIOR GUARANTEE

A form of the Senior Guarantee is reproduced here below:

AXA BELGIUM FINANCE (NL) B.V.
and
AXA BANK

Notes Issuance Programme

SENIOR GUARANTEE
by
AXA BANK EUROPE SA

21 September 2010

WHEREAS the Board of Managing Directors of AXA BELGIUM FINANCE (NL) B.V. (the "Issuer" or "ABF(NL)") has decided on 29 July 2010, to set up a Notes Issuance Programme (the "Programme") under which it may from time to time issue Notes (the "ABF(NL) Notes"), which may be linked to various underlyings (the "Underlying"), that rank as senior obligations of the Issuer (the "Senior ABF(NL) Notes") or that rank as senior subordinated obligations to the Issuer (the "Senior Subordinated ABF(NL) Notes"). Senior ABF(NL) Notes will be guaranteed by AXA BANK EUROPE SA (also named AXA BANK SA/AXA BANK NV) (the "Guarantor" or "AXA BANK") on a senior basis pursuant to this Senior Guarantee;

WHEREAS the Board of Directors of AXA BANK has approved to guarantee on a senior basis the issue by ABF(NL) of Senior ABF(NL) Notes under the Programme by decision of 27 July 2010;

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Senior ABF(NL) Note (each a "Noteholder" and together the "Noteholders") to pay or procure to pay such amounts to the Noteholders who have not obtained due payment from the Issuer if and when such amounts fall due under the Terms and Conditions. The Terms and Conditions are those enumerated in the Base Prospectus and the relevant Final Terms, included by reference in the present Senior Guarantee. This Senior Guarantee is enforceable against the Guarantor upon first demand sent by the holder by registered mail to the registered office of the Guarantor.

The Base Prospectus setting out the terms of the Programme has been approved by the Belgian Financial Services and Markets Authority in its decision of 6 September 2011 (This Base Prospectus replaces and supersedes the Base Prospectus of ABF(NL) and AXA BANK dated 21 September 2010).

It is understood that any payments to be made under this Senior Guarantee shall be made in the currency of the underlying Notes.

This Senior Guarantee is a continuing guarantee and nothing but payment in full of the amounts due by the Issuer in application of the Notes hereby guaranteed shall discharge the Guarantor of its obligations hereunder in respect of such Notes.

This Senior Guarantee shall be governed by, and interpreted in accordance with, the laws of Belgium.

This Senior Guarantee may be executed in any number of counterparts.

All actions arising out of or based upon this Senior Guarantee are to be brought before the competent Courts in Brussels.

In witness whereof, the Guarantor has authorised and caused this Senior Guarantee to be duly executed and delivered as of 21 September 2010.

On behalf of AXA BANK EUROPE SA

Member of the Board of Directors

ANNEX 3: SENIOR SUBORDINATED GUARANTEE

A form of the Senior Subordinated Guarantee is reproduced here below:

AXA BELGIUM FINANCE (NL) B.V.
and
AXA BANK

Notes Issuance Programme

SENIOR SUBORDINATED GUARANTEE
by
AXA BANK EUROPE SA

21 September 2010

WHEREAS the Board of Managing Directors of AXA BELGIUM FINANCE (NL) B.V. (the "Issuer" or "ABF(NL)") has decided on 29 July 2010, to set up a Notes Issuance Programme (the "Programme"), under which it may from time to time issue Notes (the "ABF(NL) Notes"), which may be linked to various underlyings (the "Underlying"), that rank as senior obligations of the Issuer (the "Senior ABF(NL) Notes") or that rank as senior subordinated obligations to the Issuer (the "Senior Subordinated ABF(NL) Notes"). Senior Subordinated ABF(NL) Notes will be guaranteed by AXA BANK EUROPE SA (also named AXA BANK SA/AXA BANK NV) (the "Guarantor" or "AXA BANK") on a senior subordinated basis pursuant to this Senior Subordinated Guarantee;

WHEREAS the Board of Directors of AXA BANK has approved to guarantee on a senior subordinated basis the issue by ABF(NL) of Senior Subordinated Notes under the Programme by decision of 27 July 2010;

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Senior Subordinated ABF(NL) Note (each a "Noteholder" and together the "Noteholders") to pay or procure to pay such amounts to the Noteholders who have not obtained due payment from the Issuer if and when such amounts fall due under the Terms and Conditions. The Terms and Conditions are those set out in the Base Prospectus and the relevant Final Terms, included by reference in the present Senior Subordinated Guarantee. This Senior Subordinated Guarantee is enforceable against the Guarantor upon first demand sent by the holder by registered mail to the registered office of the Guarantor.

This Senior Subordinated Guarantee is granted by the Guarantor on a senior subordinated basis. This means that in the event of a dissolution or liquidation of the Guarantor (including the following events creating a "*concours de créanciers/samenloop van schuldeisers*": bankruptcy ("*faillite/faillissement*"); judicial reorganisation (*"réorganisation judiciare/gerechtelijke reorganisatie"*)and judicial or voluntary liquidation ("*liquidation volontaire ou force/vrijwillige of gedwongen liquidatie*") (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Guarantor)), the holders of Senior Subordinated ABF(NL) Notes irrevocably waive their rights to equal treatment with other unsecured creditors ("*créanciers chirographaires/chirografaire schuldeisers*"). Consequently, the holders of Senior Subordinated ABF(NL) Notes agree that upon the occurrence of any of the events described in the preceding sentence, the Guarantor will have no obligation to pay any principal or interest due to them until all Senior Creditors of the Guarantor have been paid, or the funds necessary to satisfy the Senior Creditors have been put in escrow (*"en consignation/in consignatie").*

"Senior Creditors" means all creditors who are depositors or other general, unsubordinated creditors.

The Base Prospectus has been approved by the Belgian Financial Services and Markets Authority in its decision of 6 September 2011 (This Base Prospectus replaces and supersedes the Base Prospectus of ABF(NL) and AXA BANK dated 21 September 2010).

It is understood that any payments to be made under this Senior Subordinated Guarantee shall be made in the currency of the underlying ABF(NL) Notes.

This Senior Subordinated Guarantee is a continuing guarantee and nothing but payment in full of the amounts due by the Issuer in application of the Notes hereby guaranteed shall discharge the Guarantor of its obligations hereunder in respect of such ABF(NL) Notes.

This Senior Subordinated Guarantee shall be governed by, and interpreted in accordance with, English law.]

This Senior Subordinated Guarantee may be executed in any number of counterparts.

All actions arising out of or based upon this Senior Subordinated Guarantee are to be brought before the competent courts in Brussels.

In witness whereof, the Guarantor has authorised and caused this Senior Subordinated Guarantee to be duly executed and delivered as of 21 September 2010.

On behalf of AXA BANK EUROPE SA

Member of the Management Board

ANNEX 4: ANNUAL ACCOUNTS AXA BELGIUM FINANCE (NL) BV

ANNEX 5 : ANNUAL ACCOUNTS AXA BANK EUROPE SA (CONSOLIDATED)

ISSUER

AXA BELGIUM FINANCE (NL) B.V.
Ginnekenweg 213
4835 NA Breda
The Netherlands

ISSUER AND GUARANTOR

AXA BANK EUROPE SA
Boulevard du Souverain 25
B- 1170 Brussels
Belgium

FISCAL AGENT, PRINCIPAL PAYING AGENT

Dexia Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

PAYING AGENT, CALCULATION AGENT

AXA BANK EUROPE SA
Boulevard du Souverain 25
B- 1170 Brussels
Belgium

AUDITORS

To ABF(NL)

PricewaterhouseCoopers Accountants N.V.
P.O. Box 90357
1006 BJ Amsterdam
The Netherlands

To AXA BANK

PricewaterhouseCoopers Bedrijfsrevisoren CVBA
Woluwedal 18
B-1932 Sint-Stevens-Woluwe
Belgium

AXA BANK EUROPE //

IFRS consolidated annual report 2009

redefining / standards

TABLE OF CONTENTS

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

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

CONSOLIDATED
PROFIT-AND-LOSS ACCOUNT

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

Consolidated profit or loss

in '000 EUR

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

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

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

Statement of recognised income and expense

in '000 EUR

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

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

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

CONSOLIDATED **BALANCE SHEET**

Consolidated Balance Sheet Statement - Assets

in '000 EUR

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

Consolidated Balance Sheet Statement - Liabilities

in '000 EUR

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

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

OVERVIEW OF CONSOLIDATED EQUITY CHANGES

Sources of equity changes

31.12.2009 – in '000 EUR

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

Sources of equity changes

31.12.2008 – in '000 EUR

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

CONSOLIDATED
CASH FLOW OVERVIEW

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

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

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

CASH FLOW FROM OPERATING ACTIVITIES

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

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

CASH FLOW FROM INVESTMENT ACTIVITIES

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

CASH FLOW FROM FINANCING ACTIVITIES

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

FUTURE CASH FLOWS

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

EXPLANATORY NOTES TO CONSOLIDATED ANNUAL ACCOUNTS

1 / GENERAL

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

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

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

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

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

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

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

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

2 / BASIS FOR FINANCIAL REPORTING

2.1 / Consolidation principles

2.1.1 / General

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

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

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

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

2.1.2 / Intergroup entities purchase

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

2.2 / Financial instruments - securities

2.2.1 / Fixed-yield securities

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

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

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

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

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

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

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

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

For the determination of net profits and net losses:

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

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

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

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

This indication is not possible:

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

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

For the determination of the net profits and net losses:

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

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

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

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

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

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

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

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

The subsequent rating always takes place as follows:

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

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

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

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

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

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

The following principles are applied:

— Fixed-yield securities with an Investment Grade (IG) rating
  · IG with unrealised losses of more than 20% and that exist during a consecutive period of 6 months or more: they are decreased in value, unless it appears after inspection that no credit event has taken place. In this case the loss of value is attributed to, for example, a change in interest rates or other causes;
  · IG with unrealised losses up to 20%: no depreciation or documentation is required, only specific monitoring.
— Fixed-yield securities with a Below Investment Grade (BIG) rating
  · BIG with unrealised losses (regardless of the percentage), which have existed for a period of more than 12 months: they are reduced in value, unless sufficient convincing evidence exists that shows that the loss of value is not related to a credit event;
  · Other BIG with unrealised losses of 20% or more and that have existed during a consecutive period of 6 months or more are revised for any special decrease in value and if necessary decreased in value, unless no credit event has taken place. In that case documentation must be created to prove that the loss of value is not attributable to a credit event.

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

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

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

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

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

2.2.2 / Non-fixed-yield securities

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

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

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

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

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

(i) Assets at fair value held for trading

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

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

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

For the determination of net profits and net losses:

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

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

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

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

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

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

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

For the determination of the net profits and net losses:

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

(iii) Assets available for sale

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

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

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

The subsequent rating takes place as follows:

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

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

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

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

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

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

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

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

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

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

2.3 / Financial instruments - credits and receivables

2.3.1 / Credits and receivables with normal trends

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

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

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

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

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

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

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

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

For the determination of the net profits and net losses:

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

2.3.2 / Credits and receivables – problem files

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

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

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

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

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

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

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

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

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

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

The company combines collective and individual rating.

The individual rating is applied in two cases:

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

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

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

The company combines collective and individual ratings.

Individual rating is applied in two cases:

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

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

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

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

The company combines collective and individual ratings.

The individual rating is applied in two cases:

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

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

For the determination of net profits and net losses:

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

2.4 / Treasury

2.4.1 / Regular interbank investments and interbank deposits

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

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

Amortisation takes place on the expiry date.

2.4.2 / Structured placements and structured deposits

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

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

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

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

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

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

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

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

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

2.4.3 / Derivatives

2.4.3.1 / Embedded derivatives

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

2.4.3.2 / Other derivatives

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

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

2.4.4 / Hedge accounting

The following types of hedges are possible:

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

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

2.4.5 / Repos and reverse repos

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

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

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

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

Amortisation takes place on the due date.

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

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

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

Amortisation takes place on the due date.

2.4.6 / Securities placements and borrowings

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

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

2.4.7 / General

For the determination of net profits and net losses:

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

2.5 / Income from fee business and financial guarantees

2.5.1 / Income from fee business

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

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

2.5.2 / Provided financial guarantees

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

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

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

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

2.6 / Equity

The rating of the equity components takes place at cost.

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

Dividends are deducted from the equity when they become due.

2.7 / Financial liabilities and bank deposits

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

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

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

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

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

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

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

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

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

For the determination of the net profits and net losses:

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

2.8 / Conversion and currency rate differences

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

2.8.1 / Establishment of functional currency

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

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

2.8.2 / Conversion of a functional currency into a presentation currency

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

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

2.8.3 / Conversion of monetary components into functional currency

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

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

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

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

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

2.8.4 / Conversion of non-monetary components into functional currency

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

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

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

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

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

2.9 / Contingent rights and liabilities and provisions

2.9.1 / Contingent rights and liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.11 / Tax on profits

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

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

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

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

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

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

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

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

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

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

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

2.12 / Tangible and intangible fixed assets

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

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

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

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

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

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

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

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

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

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

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

Subsequently the outstanding depreciation table is revised.

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

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

The linear depreciation method is used.

Depreciation booked during the financial year:

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

INDEX DESCRIPTION OF CLASSIFICATIONS IN IFRS

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

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

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

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

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

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

2.12.2 / Intangible fixed assets

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

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

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

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

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

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

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

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

Depreciation booked during the financial year:

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

2.13 / Other assets and liabilities

Non-operational debtors and creditors are recognised in the balance sheet on the date they become available.

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

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

2.14 / Information to be provided

2.14.1 / Events after balance sheet date

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

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

2.14.2 / Interim financial reporting

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

2.14.3 / Changes in the valuations and rating policies

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

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

Any change in the rating policy must be applied retroactively.

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

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

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

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

3 / APPLICATION OF IFRS BY AXA BANK EUROPE

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

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

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

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

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

3.1 / Application dates

The following new or reviewed standards apply as from 2009.

New standard

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

Reviewed standards

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

IFRS 2

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

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

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

IFRS provides the option to apply specific standards early.

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

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

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

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

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

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

4 / RISK MANAGEMENT

4.1 / Strategy

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

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

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

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

4.2 / Management

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

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

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

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

4.3 / Credit risk

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

BASEL II

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

PRODUCT APPROVAL PROCESS

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

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

This process results in a recommendation from Risk Management.

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

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

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

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

4.3.1 / Retail credit risk

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

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

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

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

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

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

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

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

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

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

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

LIMITS FRAMEWORK

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

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

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

APPROVAL PROCESS

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

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

4.3.3 / Counterparty risk of trading hall activity

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

4.4 / Concentration risk

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

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

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

Overview of the balance sheet per geographical area:

Status as at 31 December 2009

Consolidated Balance Sheet Statement - Assets

31.12.2009 – in '000 EUR

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

Consolidated Balance Sheet Statement - Liabilities

31.12.2009 – in '000 EUR

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

Consolidated Balance Sheet Statement - Equity

31.12.2009 – in '000 EUR

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

Status as at 31 December 2008

Consolidated Balance Sheet Statement - Assets

31.12.2008 – in '000 EUR

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

Consolidated Balance Sheet Statement - Liabilities

31.12.2008 – in '000 EUR

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

Consolidated Balance Sheet Statement - Equity

31.12.2008 – in ‘000 EUR

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

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

Large exposures against counterparties 2009

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

4.5 / Market risk

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

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

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

Status as at 31 December 2009

Consolidated Balance Sheet Statement - Assets 31.12.2009 – in ‘000 EUR	Total carrying amount	Sensitivity Interest rate risk : +100bp	Sensitivity Interest rate risk : -100bp	Sensitivity Price risk : +10%	Sensitivity Price risk : -10%
Cash and cash balances with central banks	151 855				
Financial assets held for trading	1 685 944				
Financial assets designated at fair value through profit or loss	65 908	-29 432	33 922		
Available-for-sale financial assets	3 664 927	-88 071	99 028	232	-232
Loans and receivables (including finance leases)	20 345 209	-958 465	1 011 407		
Held-to-maturity investments					
Derivatives - hedge accounting	9 525				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100				
Tangible assets	41 674				
— Property, Plant and Equipment	41 674				
— Investment property					
Intangible assets	18 558				
— Goodwill					
— Other intangible assets	18 558				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)					
Tax assets	86 146				
— Current tax assets	2 034				
— Deferred tax assets	84 112				
Other assets	89 365				
Non-current assets and disposal groups classified as held for sale					
TOTAL ASSETS	**26 296 211**	**-1 075 968**	**1 144 357**	**232**	**-232**

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

Status as at 31 December 2008

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

Consolidated Balance Sheet Statement - Liabilities 31.12.2008 – in '000 EUR	Total carrying amount	Sensitivity Interest rate risk : +100bp	Sensitivity Interest rate risk : -100bp	Sensitivity Price risk : +10%	Sensitivity Price risk : -10%
Deposits from central banks					
Financial liabilities held for trading	927 738	-21 747	25 561		
Financial liabilities designated at fair value through profit or loss	70 242	-313	316		
Financial liabilities measured at amortised cost	18 652 226	-217 973	230 149		
— Deposits from Credit institutions	1 081 418	-4 894	4 916		
— Deposits from Other than credit institutions	16 020 131	-178 776	189 102		
— Debt certificates including bonds	976 409	-15 605	16 166		
— Subordinated liabilities	434 400	-18 698	19 965		
— Other financial liabilities	139 868				
Financial liabilities associated with transferred assets	2 126 003	-1 168	1 171		
Derivatives - hedge accounting	210 151	-90 054	97 421		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk					
Provisions	163 855				
Tax liabilities	28 036	112 594	-120 535		
— Current tax liabilities	28 036				
— Deferred tax liabilities		112 594	-120 535		
Other liabilities	390 075				
Liabilities included in disposal groups classified as held for sale					
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	**22 568 326**	**-218 661**	**234 083**		

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

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

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

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

4.6 / Currency risk

Status as at 31 December 2009

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

Consolidated Balance Sheet Statement - Liabilities

31.12.2009 – in '000 EUR

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

Consolidated Balance Sheet Statement -Equity

31.12.2009 – in '000 EUR

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

Status as at 31 December 2008

Consolidated Balance Sheet Statement - Assets 31.12.2008 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**Other**
Cash and cash balances with central banks	299 288	294 466	400	136	4 224	62
Financial assets held for trading	1 225 200	1 193 436	29 540		2 224	
Financial assets designated at fair value through profit or loss	119 479	114 455	5 024			
Available-for-sale financial assets	3 451 503	3 250 270	70 155	127 404		3 674
Loans and receivables (including finance leases)	17 942 544	17 534 748	15 611	627	372 564	18 994
Held-to-maturity investments						
Derivatives - hedge accounting	36 497	36 497				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	118 891	118 891				
Tangible assets	19 702	19 702				
— Property, Plant and Equipment	19 702	19 702				
— Investment property						
Intangible assets	10 372	10 067			305	
— Goodwill						
— Other intangible assets	10 372	10 067			305	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)						
Tax assets	83 788	83 774			14	
— Current tax assets	425	425				
— Deferred tax assets	83 363	83 349			14	
Other assets	83 882	83 581	-1	310	-11	3
Non-current assets and disposal groups classified as held for sale						
TOTAL ASSETS	**23 391 146**	**22 739 887**	**120 729**	**128 477**	**379 320**	**22 733**

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

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

4.7 / Cash flow and Fair Value Interest Rate risk

Description

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

On the asset side we note the following main headings:

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

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

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

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

MEASURING INSTRUMENTS

Static analysis

Gap Analysis

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

Sensitivity analysis

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

Value-at-Risk (V@R)

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

Dynamic analysis – scenarios

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

Solvency indicator

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

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

Economic capital

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

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

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

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

4.8 / Liquidity risk

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

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

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

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

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

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

All solutions are closely monitored.

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

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

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

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

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

Status as at 31 December 2009

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

Cash outflows (not cumulative)

31.12.2009 – in '000 EUR

	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	< 5 years	Other
Scheduled cash outflows related to financing without liquid financial assets as collateral							
Deposits and customer saving certificates							
— Central governments	-3 642	-28 380	-1		-3	-4 800	
— Credit institutions	-1 488 283	-313 330	-82 857	-56 874	-1 848	-2 989	-1 286
— Non credit institutions (local governments, multilateral development banks, public sector entities...)	-2 215 078	-296 692	-270 066	-276 311	-11 048	-5 140	-3 093
— Private sector - other wholesale							
— Private sector - other							
Current accounts / overnight deposits	-2 019 342						
Regulated deposits	-9 022 584						
Other deposits	-579 982	-263 790	-210 946	-95 532	-98 754	-443 202	-13 228
Customer saving certificates	-14 869	-16 702	-43 667	-71 810	-140 989	-373 808	-228
Debt certificates (issued by entity)	-209 986	-1 807	-2 873	-3 807	-13 708	-86 105	-48 525
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	-174	-513	-1 655	-2 380	-5 115	-55 140	-5 232 079
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	-9 412	-13 142	-35 097	-51 878	-106 622	-555 046	-2 460 140
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Contractual foreseen cash outflows							
— Derivatives on interest	-2 364	-329 225	-68 884	-49 710	-92 211		
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash							
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)					-4 418 570		
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other	**-2 818 972**	**-31 196**			**38**	**80 224**	**5 706 024**

Status as at 31 December 2008

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

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

4.9 / Fair value of financial assets and liabilities

4.9.1 / Fair value in relation to retail activity

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

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

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

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

4.9.2 / Fair value with respect to financing activities (treasury)
The fair value of financial instruments of level 1 is determined on the basis of market prices in an active market.

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

The following components are included:

Assets

Receivables from other bankers

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

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

Loans and receivables from clients

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

Liabilities

Deposits and borrowings

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

Issued debt instruments

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

Overview of assets and liabilities expressed at fair value

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

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

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

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

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

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

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

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

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

31.12.2009 – in '000 EUR

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

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

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

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

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

Assets / Liabilities

31.12.2008 – in '000 EUR

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

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

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

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

Valuation technique based on market data:

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

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

Valuation technique which are not based on market data:

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

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

4.9.3 / Day one profits

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

4.10 / Capital management

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

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

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

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

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

The statutory capital is broken down into three tiers:

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

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

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

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

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

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

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

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

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

The market risk is determined according to the SA.

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

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

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

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

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

5 / USE OF ESTIMATES WHEN APPLYING RATING RULES

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

Estimates and assessments take place primarily in the following areas:

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

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

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

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

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

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

6 / COMMISSION PAYMENTS

Fee and commission income and expenses

in '000 EUR

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

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

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

31.12.2009 – in '000 EUR

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

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

31.12.2008 – in '000 EUR

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

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

Gains (losses) on financial assets and liabilities designated at fair value through profit or loss 31.12.2009 – in '000 EUR	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	16 334	10 865	5 469
Financial liabilities designated at fair value through profit or loss	6 778	13 556	-6 778
TOTAL	**23 112**	**24 421**	**-1 309**

Gains (losses) on financial assets and liabilities designated at fair value through profit or loss 31.12.2008 – in '000 EUR	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss		36 025	-36 025
Financial liabilities designated at fair value through profit or loss	12 614	6 317	6 297
TOTAL	**12 614**	**42 342**	**-29 728**

9 / PROFITS (LOSSES) FROM HEDGE ACCOUNTING

Gains (losses) from hedge accounting 31.12.2009 – in '000 EUR	Realised gains	Realised losses	Net
Fair value hedges	697	616	81
— Fair value changes of the hedged item attributable to the hedged risk	697		697
— Fair value changes of the hedging derivatives (Including discontinuation)		616	-616
Cash flow hedges			
— Fair value changes of the hedging derivatives - ineffective portion			
Hedges of net investments in a foreign operation			
— Fair value changes of the hedging derivatives - ineffective portion			
Fair value hedge of interest rate risk	49 624	34 788	14 836
— Fair value changes of the hedged item	49 624		49 624
— Fair value changes of the hedging derivatives		34 788	-34 788
Cash flow hedge of interest rate risk			
— Fair value changes of the hedging instrument - ineffective portion			
Discontinuation of hedge accounting in the case of a cash flow hedge			
TOTAL	**50 321**	**35 404**	**14 917**

Gains (losses) from hedge accounting

31.12.2008 – in '000 EUR

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

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

10 / OTHER OPERATING INCOME AND EXPENSES

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

11 / STAFF EXPENSES

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

12 / GENERAL AND ADMINISTRATIVE EXPENSES

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

13 / TAX EXPENSES (CURRENT AND DEFERRED TAXES)

AXA Bank Europe makes use of the notional interest deduction.

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

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

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

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

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

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

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

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

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

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

Reconciliation of statutory tax to effective tax

31.12.2009 – in '000 EUR

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

Reconciliation of statutory tax to effective tax

31.12.2008 – in '000 EUR

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

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

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

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

14 / CASH FROM AND WITH CENTRAL BANKS

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

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

15 / LOANS AND RECEIVABLES

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

Counterparty breakdown

31.12.2008 – in '000 EUR

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

Loans and advances to other than credit institutions

31.12.2009 – in '000 EUR

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

Loans and advances to other than credit institutions

31.12.2008 – in '000 EUR

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

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

Counterparty breakdown

31.12.2009 – in '000 EUR

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

Counterparty breakdown

31.12.2008 – in '000 EUR

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

17 / AVAILABLE-FOR-SALE FINANCIAL ASSETS

Counterparty breakdown
31.12.2009 – in '000 EUR

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

Counterparty breakdown
31.12.2008 – in '000 EUR

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

18 / FINANCIAL ASSETS HELD FOR TRADING

Counterparty breakdown

31.12.2009 – in '000 EUR

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

Counterparty breakdown

31.12.2008 – in '000 EUR

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

19 / IMPAIRMENTS

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

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

Overview of impairment

31.12.2009 – in '000 EUR

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

Credit exposure

31.12.2009 – in '000 EUR

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

Allowances movements for credit losses

31.12.2009 – in '000 EUR

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

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

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

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

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

Received collateral

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

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

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

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

Retail guarantees

Guarantees for housing credits

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

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

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

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

Guarantees for personal credits

These guarantees are the following:

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

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

Real guarantees

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

Personal or moral guarantees

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

Guarantees for instalment loans

For consumer credits only one type of guarantee is used:

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

Treasury and derivatives guarantees

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

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

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

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

20 / DERIVATIVES

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

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

Fair value hedge

AXA Bank Europe uses interest rate swaps with a view to covering the change in fair value of the mortgage portfolio following interest fluctuations as well as the difference in interest position between mortgage credits (based on long-term interest) and the financing used (short-term interest).

For a part of the fixed housing credit portfolio the "fair value hedge" model is used. This model has been applied since 1 April 2005. From July 2009, the then existing hedge accounting relationship was replaced by a new model to strengthen the efficiency of the relationship. A fair value hedge is a relationship between derivatives and underlying financial instruments documented in a fair value hedge of the underlying covered instrument. It is periodically checked whether the hedge is still efficient (prospective and retrospective testing). If the model is efficient, the rating result with respect to the covered portion of the fixed housing credit portfolio is recognised in the profit-and-loss account just like the fair value difference of the relevant derivatives.

Asset swaps: a number of bond positions are covered individually with an interest rate swap. If the fair value hedge can be shown, the rating result with respect to the bond's interest risk is also recognised in the profit-and-loss account.

The change in actual value of the covered risk is written off, with, among others, an improvement in this method in 2007, which leads to a difference in value adjustment between the covered risk and the derivative.

Cash-Flow hedge

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

Fair value option

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

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

Freestanding derivatives

Macro-hedge activity

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

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

Trading activity

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

Derivatives held for trading.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 / OTHER ASSETS

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

22 / INVESTMENTS IN ASSOCIATED COMPANIES, SUBSIDIARIES AND JOINT VENTURES

AXA Bank Europe has the following limited number of subsidiaries:

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

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

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

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

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

Changes in the consolidation circle during the financial year 2009:

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

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

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

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

Motor Finance Company

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

Beran

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

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

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

23 / GOODWILL AND OTHER INTANGIBLE FIXED ASSETS

AXA Bank Europe currently has no goodwill.

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

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

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

24 / TANGIBLE FIXED ASSETS

Status as at 31 December 2009

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

Status as at 31 December 2008

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

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

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

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

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

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

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

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

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

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

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

Counterparty breakdown

31.12.2009 – in '000 EUR

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

Counterparty breakdown

31.12.2008 – in '000 EUR

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)	2 200		
— Current accounts / overnight deposits			
— Deposits with agreed maturity	2 200		
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	68 042		
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	68 042		
Convertible			
Non-convertible	68 042		
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	70 242		

26 / DEPOSITS

Counterparty breakdown

31.12.2009 – in '000 EUR

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

Counterparty breakdown

31.12.2008 – in '000 EUR

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

27 / SUBORDINATED LIABILITIES

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

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

28 / FINANCIAL LIABILITIES HELD FOR TRADING

Counterparty breakdown

31.12.2009 – in '000 EUR

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

Counterparty breakdown

31.12.2008 – in '000 EUR

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

29 / OTHER LIABILITIES

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

30 / PROVISIONS

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

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

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

Reorganisation

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

Ongoing legal disputes

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

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

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

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

Provisions for tax disputes

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

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

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

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

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

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

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

Loan and guarantee liabilities

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

Other provisions

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

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

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

31 / CONTINGENT LIABILITIES & ENCUMBERED ASSETS

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

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

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

Below we will discuss this in further detail:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Existing ANHYP plan as of 1 July 1983:
Managed in the form of a pension fund.
— Plan of the "goal to be reached" type
— Capital at age 65 equals: N/40 x (1.5 T_1 + 7 T_2)
where:
  • N = number of service years (YY;MM) to age 65
  • T_1 = salary bracket with ceiling
  • T_2 = salary bracket above ceiling and limited to a second ceiling
— Mixed financing contribution/bonus in annual premiums.
Contribution is fixed at 0.5% T1 + 5% T2.
The contribution is paid to the pension fund.

Retirement pension funds ANHYP - Defined benefit plans

in '000 EUR

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

ANHYP retirement pension fund:

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

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

Special events occuring during the year

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

Statistics

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

Assumptions

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

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

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

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

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

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

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

Pension funds ANHYP - Defined benefit plans

in ‘000 EUR

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

ANHYP benefit fund

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

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

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

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

Special events occuring during the year

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

Statistics

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

Assumptions

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

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

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

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

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

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

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

Existing IPPA plan:

Managed in the form of group insurance.

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

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

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

IPPA - Defined benefit plans

in '000 EUR

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

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

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

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

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

Special events occuring during the year

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

Statistics

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

Assumptions

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

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

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

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

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

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

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

New AXA Bank Europe plan:
Managed in the form of group insurance.
Two plans exist alongside each other: a plan for staff (a) and a plan for directors (b).

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

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

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

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

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

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

NASH - Defined benefit plans

in 000 EUR

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

New AXA Bank Europe plan:

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

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

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

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

Special events occuring during the year

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

Statistics

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

Assumptions

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

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

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

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

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

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

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

Other plans:

Health Care - Defined benefit plans

in '000 EUR

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

Special events occuring during the year

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

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

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

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

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

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

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

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

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

33 / REMUNERATIONS IN SHARES AND OPTIONS

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

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

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

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

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

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

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

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

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

34 / GOVERNMENT AID AND SUBSIDIES

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

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

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

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

35 / EQUITY

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

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

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

It was paid up in full.

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

Other reserves also include the General Banking Risks Fund.

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

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

36 / DISTRIBUTION OF PROFITS AND DIVIDEND PER SHARE

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

The decision was taken not to pay any dividends.

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

37 / CASH AND CASH EQUIVALENTS

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

38 / TRANSACTIONS WITH AFFILIATED PARTIES

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

Expenses and income generated by transactions with related parties

31.12.2009 – in '000 EUR

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

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

Amounts payable to and amounts receivable from, related parties

31.12.2008 – in '000 EUR

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

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

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

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

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

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

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

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

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

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

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

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

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

39 / LEASE AGREEMENTS

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

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

Assets held under a finance lease as a lessee

31.12.2009 – in ‘000 EUR

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

Assets held under an operating lease as a lessee

31.12.2008 – in ‘000 EUR

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

40 / REPURCHASING AGREEMENTS (REPOS) AND REVERSED REPURCHASING AGREEMENTS

Status as at 31 December 2009

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

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

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

Status as at 31 December 2008

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

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

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

41 / FINANCIAL RELATIONSHIPS WITH AUDITORS

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

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

42 / EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

Antwerp, 16 March 2010

Board of Directors

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

ACTIVITY REPORT 2009

MANAGEMENT BODIES ADMINISTRATION, MANAGEMENT AND AUDIT

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

KEY EVENTS IN AXA BANK EUROPE IN 2009

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

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

Governance

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

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

Development of the banking activity

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

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

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

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

Coping with the crisis in Hungary

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

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

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

Creation of a centralized platform of access to financial markets

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

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

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

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

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

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

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

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

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

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

THE SAVINGS AND INVESTMENTS BUSINESS IN 2009

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

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

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

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

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

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

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

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

Belgium

Net New Money

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

Net New Money (NNM)

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

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

Balance sheet products

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

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

Off-balance sheet products

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

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

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

Switzerland

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

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

Hungary

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

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

THE CREDIT BUSINESS IN 2009

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

Belgium

Production of credit

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

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

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

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

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

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

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

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

Hungary

Credit production

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

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

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

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

THE DAILY BANKING & FINANCIAL OPERATIONS BUSINESS IN 2009

This activity primarily concerns Belgium.

Current accounts and credit cards

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

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

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

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

Front ends

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

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

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

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

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

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

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

Payments

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

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

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

Quality

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

INFORMATION TECHNOLOGY DEVELOPMENTS IN 2009

In Belgium

Different challenges were met in 2009 to support AXA Bank's strategy and to safeguard and improve its competitive position.

The following are some of the noteworthy achievements of the year:

— Fine-tuning of the organization of IT management and recruitment of several "senior" profiles helped boost the professionalism of this division.
— The large-scale introduction of a management of banking applications in service mode with offshore partners was successfully completed in 2009. This new organization will allow the Bank to create flexibility in terms of capacity and availability of resources.
— Legal projects like SEPA and dead accounts, ongoing improvements in lending following the start-up of the final phase of REEBOC and strategic developments in customer satisfaction and openness towards multi-access as illustrated by E-Account and Click-Bonus.
— On the quality of applications, the Bank maintained the 2008 level and even slightly improved the situation, as seen in improved availability and performances and a considerable reduction of errors.

The information technology division will pursue two objectives in the coming years:

— To facilitate and support the business strategy.
— To increase strategic flexibility thanks to an improved IT architecture.

To achieve these objectives, a comprehensive transformation process will be conducted at several levels:

— simplification of IT architecture
— reduction of operational risks
— increase in flexibility and reduction of time-to-market responses to business needs.

In the branches

In 2009, the Bank was primarily involved in two major projects focused on the launch of two new branches, in Czech Republic and Slovakia. The package selected is being implemented in more than 300 banks worldwide (324 at end 2008). The IT project for the Czech Republic was launched in first quarter 2009 and the first account was opened in September 2009. This project constitutes the foundation for new IT installations in AXA Bank Europe branches.

Today, the Bank is in a phase of finalizing plans for the launch of the Slovak branch, set for the end of the second quarter of 2010.

In the Head Office and Treasury & ALM

Incorporation of the SOPHIS package for Asset Liability Management (ALM) and Treasury in the Bank's environment makes it possible to support AXA Bank Europe's new business model.

RISK MANAGEMENT AND INVESTMENT POLICY

Like all operators in the banking sector, AXA Bank Europe has to cope with credit, market, liquidity and operating risks. These are identified, measured and monitored regularly and studied in detail with the aim of guaranteeing the Bank's solvency and robust liquidity levels at all times and keeping risks within the limits imposed by the Bank's appetite for risk.

Special attention is also given to governance of these risks (including follow-up of compliance with limits).

Description of principal financial risks

Asset liability management (ALM) risk

Rate risk. The principal risk resides in unfavorable evolution of the fair value of the Bank's positions which are sensitive to interest rates due to movements in the rate curve. Such unfavorable developments result from the Bank's transformation position (longer maturities on assets than on liabilities): the Bank is therefore exposed to an increase in market interest rates.

Market risks

Price risk. This risk stems from market volatility which leads to changes in the value of the financial assets held (shares, bonds, etc.).

Exchange risk. This risk is related to potential losses due to evolving exchange rates.

Rate risk. This risk consists of an unfavorable evolution of the Bank's positions valued at market value following movements in the rate curve.

Credit and counterparty risks

Default risk. This risk concerns the partial or total default of a debtor, whether an individual, a country, a company or any other counterparty.

Liquidity risk

This risk is defined as exposure to losses resulting from insufficient liquid assets to honor liability cash flows at the time they fall due.

Principal risk-reduction measures

Strategies specific to ALM and liquidity risk

AXA Bank Europe's Asset & Liability Management (ALM) division has always taken a cautious approach to management of the balance sheet, particularly during the recent liquidity and credit crisis. The objective was and still is achieved through active management and analysis of the balance sheet, analysis of liquidities, solvency, value and income, projection of future income, evaluation of market prices and the use of scenario-based methodologies. This approach results in thorough understanding of AXA Bank Europe's risk positions and helps the Assets & Liability Committee (ALCO) develop effective hedging strategies and manage value creation while conforming with internal and regulatory credit rationing structures.

Liquidity risk: AXA Bank Europe maintains at all times a cushion of liquid assets that allow it to resist stress scenarios consisting of assumptions of reduced liquidity on financial markets and significant withdrawals by customers. In particular:

- AXA Bank Europe has long experience in monitoring indicators of liquidity under stress and their use in the framework of strategic decisions
- AXA Bank Europe's liquidity management was tested in a real situation during the 2009 crisis and proved particularly vigorous, since the Bank maintained a comfortable liquidities cushion at all times.
- AXA Bank Europe has direct and easy access to liquidities through the fixed deposits of institutional customers.
- Thanks to cautious and forward-looking analyses of the balance sheet, AXA Bank Europe's structural liquidity risk was identified before the recent liquidity and credit crises. However, implementation proved impossible due to the closure of the securitization market as a result of these crises. During summer 2009, ALCO nevertheless decided to study the feasibility of a project of collateralized debt obligations as a way of managing AXA Bank Europe's structural liquidity risk.

ALM risk: AXA Bank Europe's rate position enables it to benefit from historically low interest rates, which have resulted in a return on ALM transformation of EUR 96 million, surpassing the 2009 budget by EUR 65 million.

Consequently, the balance sheet value was and still is positioned to turn to good account today's low interest rates. Furthermore, ALCO remains cautious, taking into account the current rate curve and the possibility of a rise in rates towards the end of 2010 or early in 2011.

Synopsis of the specific results achieved in 2009:

- Extension of ALCO's scope through the participation of branches
- Hedging implemented for the fixed-income portfolio
- Cap-hedges put into place for the variable-rate mortgage portfolio (Belgian 1/1/1 mortgages)
- Lengthening of duration of the HUF savings portfolio through investments in Hungarian government bonds
- Launch of a long-term financing project on the capital market through a program of collateralized debt obligations
- Organization of a dynamic process of residual risk management
- Improvement of ALM governance in AXA Bank Europe through a fully documented ALM policy.

Strategies specific to risk markets

Price risk: In 2009, ABE maintained an extremely low appetite for price risk, which resulted in non-significant positions in its share portfolio.

Exchange risk: This risk is covered dynamically by a whole range of instruments.

Rate risk: In 2009, ABE maintained an extremely low appetite for price risk, which resulted in day-to-day follow-up and immediate hedging strategies in case of overrun.

Strategies specific to credit and counterparty risk

Default risk - non-retail counterparty: The Bank's entire bond portfolio is subject to limits on concentration risk and credit risk, which are monitored by a credit committee that ensures compliance with these limits. Impairments are registered in case of a credit event. However, when the liquidity of certain credit markets was no longer sufficient to ensure that market prices reflect the intrinsic value of securities, certain valuations were based on internal models ("marked-to-model" concept).

Following the bankruptcy of Lehman Brothers, AXA Group put in place a very strict policy for the management of derivatives, particularly in terms of collateral requirements, which greatly reduced potential losses from default by our counterparties in the framework of derivatives contracts.

Default risk - retail counterparties - Belgium: as a result of the 2009 economic crisis, provisions for credit risk were increased on an anticipatory basis on the retail credit portfolio (mortgages, installment loans and business loans). This increase has so far proved to be a prudent move, since arrears remained extremely stable or even improved slightly in 2009.

Default risk - retail counterparties - Hungary: the credit portfolio of the Hungarian branch of ABE was placed under closer surveillance in 2009 due to its vulnerability resulting from exchange rate fluctuations. A number of measures were put in place:

- The policy for approval of new loans was strengthened, ensuring a very sound performance by the portfolio generated in 2009.
- Provisions were increased as a precautionary measure. The situation continued to deteriorate throughout 2009 before stabilizing towards the end of the year at a level corresponding to provisions.
- Exchange rate hedges were also implemented (HUF/CHF exchange options) with the aim of covering against extremes.

MANAGEMENT BODIES CHANGES IN 2009 AND SINCE 1 JANUARY 2010

Board of Directors:

- appointment of Emmanuel de Talhouët, who was already a Director, as Vice-President of the Board, with effect from 1 January 2010;

— appointment of Thomas Gerber, with effect from 23 June 2009;
— non-renewal of mandate of Tibor Szekeres, with effect from 16 April 2009;
— resignation of Heinz-Peter Ross, with effect from 30 April 2009;
— resignation of Jean-Laurent Granier, with effect from 5 October 2009;
— resignation of Eugène Teysen, with effect from 31 December 2009.

COMPETENCE AND INDEPENDENCE OF THE AUDIT COMMITTEE

AXA Bank Europe's Audit Committee is made up of Jacques Espinasse and Emmanuel de Talhouët.

Jacques Espinasse was appointed an independent Director of AXA Bank Europe on 17 April 2008. He has a degree from the University of Michigan and a Master's in Business Administration. He has considerable experience as an analyst and financial officer, including in major enterprises. Mr Espinasse has served as a director for several companies.

Emmanuel de Talhouët was appointed a Director of AXA Bank Europe on 17 April 2008. He has a degree from the French polytechnic institute and also studied management at INSEAD. He has long experience in financial management and general management, including in the insurance sector.

The Board of Directors is consequently in a position to demonstrate the **individual and collective competence** of members of the Audit Committee, as required by the law of 17 December 2008 on the establishment of an audit committee in financial institutions.

Since 2007 and prior to the entry into force of this law on 8 January 2009, the member companies of AXA Group Belgium used the independence criteria laid down in the AXA Group Corporate Governance Standards.

According to this text, to be considered independent, a director:

— may not be, or have been in the course of the last five years, an employee of the company or of a company with ties to the company;
— may not be a partner or employee of the company's external auditor;
— may have no family ties with any of the company's directors;
— may not have any direct or indirect significant business relations with the company or its affiliates.

These independence criteria are published in this report to enable the directors appointed prior to the entry into force of the law of 17 December 2008, who meet these criteria, to sit as independent directors until 1 July 2011. All new appointments of independent directors shall meet the nine independence criteria set by the law of 17 December 2008.

REMUNERATION POLICY FOR DIRECTORS

Generalities
The remuneration policy for directors defined by AXA Bank Europe is based on AXA Group's remuneration policy while conforming to practices on the local market. External studies are conducted annually to ensure such conformity.

Structure of the remuneration policy
The remuneration policy for directors of AXA Bank Europe includes a fixed component and a variable component. The balance between the two can vary depending on the level of responsibilities (directors or members of the executive committee), it being understood that the fixed component is always adequate in order to allow for a flexible remuneration policy on the variable component.

The variable component is made up of two parts:

— A non-deferred variable component which is defined by an annual cash target.
— A deferred variable component which is composed of a share option plan, with a vesting period of at least three years.

Performance measurement
Performances are determined on the basis of different criteria that take account of the rate of achievement of individual objectives which are quantitative and qualitative in nature, the performance of AXA Bank Europe and the performance of AXA Group as a whole.

Governance
The remuneration policy and the individual remuneration of directors and members of the executive committee are set annually by the Board of Directors on the basis of proposals from the Remuneration Committee. This committee is made up of the Chairman of the Board of Directors and of non-executive directors. Different experts from AXA Bank Europe and AXA Group are invited to advise the Remuneration Committee. Non-executive directors are only paid fixed emoluments and do not receive any variable remuneration.

RESULTS

Consolidated accounts
AXA Bank Europe's consolidated accounts as of
31 December 2009 were drawn up in conformity with International Financial Reporting Standards (IFRS).

As of 31 December 2009, the scope of consolidation of AXA Bank Europe encompasses the following companies: AXA Bank Europe including its branches, AXA Hedging Services, Royal Street SA and AXA Belgium Finance BV.

The Group's net consolidated result, excluding branches, amounted to EUR 4.7 million, compared with EUR 16.7 million the previous year. As a result of very low short-term rates and strong competition, margins on deposits declined sharply, producing a negative impact on the results from commercial activities. This trend was only partially offset by an increase in the ALM margin due to the favorable evolution of the rate curve.

The results of the branches, restated in accordance with IFRS requirements and converted into EUR when the currency is different, are as follows:

— **The Swiss branch:** EUR -10.9 million compared with EUR -23.2 million the previous year. This result represents primarily administrative expenses and in particular marketing, IT and personnel. IT expenditure declined sharply compared with 2008, the year the entity was formed.
— **The Hungarian branch:** EUR -0.2 million. This result includes a significant impact from loan-loss provisions due to the difficult economic environment.

— **The Czech branch:** EUR -3.0 million. This result represents the costs of launch of the bank's activities.
— **The Slovak branch:** EUR -0.3 million due to the start-up of the bank's operations.

After pre-consolidation adjustments, the Group's consolidated net result amounted to EUR -9.8 million and the consolidated balance sheet totaled EUR 26,296 million. These figures compare with EUR -6.5 million the previous year and a consolidated balance sheet total of EUR 23,391 million.

Considering the limited scope of consolidation, readers are referred, for comments on developments, risks and uncertainties, to the other parts of the annual report. For comments and details on the application of International Financial Reporting Standards, please see the consolidated accounts and the explanatory information they include.

Statutory accounts

AXA Bank Europe's statutory accounts are drawn up in conformity with Belgian accounting requirements and take account of the specific provisions for credit institutions.

The accounts include the branch accounts. As of 31 December 2009, the balance sheet total stood at EUR 26,199 million and net profit at EUR 3.8 million.

This result breaks down as follows (Belgian accounting standards):

— Activity of the Belgian bank: EUR 14.3 million in profits
— Activity of the Hungarian bank: EUR 4.2 million in profits
— Activity of the Swiss bank: EUR -12.0 million
— Czech result (launch of the bank): EUR -2.5 million
— Slovak result (launch of the bank): EUR -0.2 million

Appropriation of profit

Profit for the year amounted to EUR 3,821,989.66.

The result carried forward from 2008 amounted to EUR 114,660,307.52. Following the cross-border merger in January 2009 with AXA Bank Hungary (formerly Ella Bank), this amount was increased by the latter's results carried forward in the amount of EUR 14,250,878.42.

The result for appropriation therefore amounts to EUR 132,733,175.60.

The Board of Directors proposes the following appropriation:

— allocation to statutory reserves: EUR 191,099.48
— to be carried forward to 2010:
EUR 132,542,076.12

The Board of Directors, 26 March 2010

STATUTORY AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY AXA BANK EUROPE NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2009

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosures and information.

Unqualified opinion on the consolidated accounts

EUR '000' 26.296.211 en de geconsolideerde resultatenrekening sluit af met een verlies van het boekjaar, aandeel Groep, van EUR '000' (9.775).

We have audited the consolidated accounts of AXA Bank Europe NV and its subsidiaries (the "Group") as of and for the year ended 31 december 2009, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 december 2009 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR '000' 26.296.211 and the consolidated statement of income shows a loss for the year (group share) of EUR '000' (9.775).

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 december 2009 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

— The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Sint-Stevens-Woluwe, 1 April 2010

The statutory auditor
PricewaterhouseCoopers
Corporate auditors
Represented by

Emmanuèle Attout	Gregory Joos
Accredited Auditor	Accredited Auditor

This document is a free translation of the report issued by PricewaterhouseCoopers Bedrijfsrevisoren/PricewaterhouseCoopers Reviseurs d'Entreprises cvba/scrl in the Dutch language on [date] on the consolidated financial statements of AXA Bank Europe (prepared in the Dutch language). The audited consolidated financial statements of AXA Bank Europe and the accompanying auditors report will be or have been deposited and will be or are available at the National Bank of Belgium (www.nbb.be). The accompanying free translation of the financial statements has not been audited by PricewaterhouseCoopers Bedrijfsrevisoren/PricewaterhouseCoopers Reviseurs d'Entreprises cvba/scrl, so we are therefore only liable in the context of our audit report originally drafted in the Dutch language.

CHIEF PUBLISHER

Corporate Communications

CONTACT

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

PHOTO CREDITS

© Jean-Michel Byl

PRODUCTION

CHRIS - Communication Agency
www.chriscom.be

www.axabankeurope.com

redefining / standards

2010

AXA BANK EUROPE //

IFRS CONSOLIDATED
FINANCIAL STATEMENTS 2010

redefining / standards

TABLE OF CONTENTS

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	31.12.2010	31.12.2009	Disclosure
CONTINUING OPERATIONS			
Financial & operating income and expenses	**349 013**	**270 176**	
Interest income	1 712 408	1 299 740	
— Cash & cash balances with central banks			
— Financial assets held for trading (if accounted for separately)	962 568	500 812	
— Financial assets designated at fair value through profit or loss (if accounted for separately)	3 598	7 516	
— Available-for-sale financial assets	92 911	97 966	
— Loans and receivables (including finance leases)	613 465	632 553	
— Held-to-maturity investments			
— Derivatives - Hedge accounting, interest rate risk	39 827	60 859	
— Other assets	40	34	
(Interest expenses)	1 477 689	1 075 905	
— Deposits from central banks			
— Financial liabilities held for trading (if accounted for separately)	964 174	508 232	
— Financial liabilities designated at fair value through profit or loss (if accounted for separately)	565	582	
— Financial liabilities measured at amortised cost	360 993	439 050	
Deposits from credit institutions	21 811	49 684	
Deposits from non credit institutions	254 757	336 310	
Debt certificates	30 939	32 257	
Subordinated liabilities	18 616	19 345	
Other financial liabilities	34 869	1 454	
— Derivatives - Hedge accounting, interest rate risk	151 957	128 041	
— Other liabilities			
Expenses on share capital repayable on demand			
Dividend income	2 792	2 545	
— Financial assets held for trading (if accounted for separately)		12	
— Financial assets designated at fair value through profit or loss (if accounted for separately)	492	1 652	
— Available-for-sale financial assets	2 300	881	
Fee and commission income	40 499	35 966	6
(Fee and commission expenses)	42 226	55 712	6
Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net	17 883	-13 672	7
— Available-for-sale financial assets	12 029	-17 880	
— Loans and receivables (including finance leases)	6 736	4 994	
— Held-to-maturity investments			
— Financial liabilities measured at amortised cost	-883	-786	
— Other			
Gains (losses) on financial assets and liabilities held for trading (net)	11 955	8 892	
— Equity instruments and related derivatives	-2 455	-2 115	
— Interest rate instruments and related derivatives	39 773	26 887	
— Foreign exchange trading	-24 429	-16 022	
— Credit risk instruments and related derivatives	-934	142	
— Commodities and related derivatives			
— Other (including hybrid derivatives)			

Consolidated income statement

in '000 EUR

Consolidated income statement	31.12.2010	31.12.2009	Disclosure
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	3 766	-1 309	8
Gains (losses) from hedge accounting	8 985	14 917	9
Exchange differences, net	30 442	24 853	
Gains (losses) on derecognition of assets other than held for sale, net	28	-34	
Other operating net income	40 168	29 895	10
Administration costs	**294 820**	**265 731**	
— Personnel expenses	128 107	117 900	11
— General and administrative expenses	166 713	147 831	12
Depreciation	**6 557**	**4 940**	
— Property, Plant and Equipment	2 396	1 844	
— Investment Properties			
— Intangible assets (other than goodwill)	4 161	3 096	
Provisions	**-5 316**	**-8 115**	
Impairment	**66 667**	**22 099**	**19**
Impairment losses on financial assets not measured at fair value through profit or loss	66 667	22 099	
— Financial assets measured at cost (unquoted equity)			
— Available for sale financial assets	3 882	-16 236	
— Loans and receivables (including finance leases)	62 785	38 335	
— Held to maturity investments			
Impairment on			
— Property, plant and equipment			
— Investment properties			
— Goodwill			
— Intangible assets (other than goodwill)			
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
Negative goodwill immediately recognised in profit or loss			
Share of the profit or loss of associates, [subsidiaries] and joint ventures accounted for using the equity method			
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations			
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**-13 715**	**-14 479**	
Tax expense (income) related to profit or loss from continuing operations	**-26 057**	**-4 704**	**13**
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**12 342**	**-9 775**	
Total profit or loss after tax from discontinued operations			
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	**12 342**	**-9 775**	
Profit or loss attributable to minority interest			
NET PROFIT OR LOSS	**12 342**	**-9 775**	

Consolidated statement of comprehensive income

in '000 EUR	31.12.2010	31.12.2009	Disclosure
PROFIT (LOSS) FOR THE YEAR	**12 342**	**9 775**	
Other comprehensive 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	-1 241	-120	
— Translation gains/losses taken to equity	-1 241	-120	
— Transferred to profit or loss			
— Other reclassifications			
Cash flow hedges (effective portion)	-3 980	-1 638	(1)
— Valuation gains/losses taken to equity	-3 980	-1 638	
— Transferred to profit or loss			
— Transferred to initial carrying amount of hedged items			
— Other reclassifications			
Available-for-sale financial assets	-4 913	15 765	(2)
— Valuation gains/losses taken to equity	-12 977	13 746	
— Transferred to profit or loss	8 064	-2 019	
— 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	-5 052	-8 018	(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 INCOMEFOR THE YEAR	**-2 846**	**-3 786**	
Attributable to equity holders of the parent	-2 846	-3 786	
Attributable to minority interest			
Changes in equity relating to prior periods			
Restated balance			
— Attributable to equity holders of the parent			
— Attributable to minority interest			
Effects of changes in accounting policy			
— Attributable to equity holders of the parent			
— Attributable to minority interest			

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

in '000 EUR	31.12.2010	31.12.2009
Cash flow hedges		
Gross	-6 030	-2 468
Tax	-2 050	-830
Net	-3 980	-1 638
Financial assets available for sale		
Gross	-9 169	23 526
Tax	4 255	7 760
Net	-4 914	15 766
Actuarial profits (losses) on defined benefit plans		
Gross	-7 959	-11 824
Tax	-2 907	-3 806
Net	-5 052	-8 018

CONSOLIDATED **BALANCE SHEET**

Consolidated Balance Sheet - Assets

in '000 EUR

Consolidated Balance Sheet - Assets	31.12.2010	31.12.2009	Disclosure
Cash and balances with central banks	**623 347**	**151 855**	**14 / 37**
Financial assets held for trading	**2 862 765**	**1 685 944**	**18 / 20**
Financial assets designated at fair value through profit or loss	**71 663**	**65 908**	**16**
Available-for-sale financial assets	**4 993 190**	**3 664 927**	**17**
Loans and receivables (including finance leases)	**22 354 881**	**20 345 209**	**15**
Held-to-maturity investments			
Derivatives - hedge accounting	**48 521**	**9 525**	**20**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**135 225**	**137 100**	
Tangible assets	**49 554**	**41 674**	
— Property, Plant and Equipment	49 554	41 674	24
— Investment property			
Intangible assets	**18 896**	**18 558**	
— Goodwill			
— Other intangible assets	18 896	18 558	23
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)			
Tax assets	**122 459**	**86 146**	
— Current tax assets	955	2 034	
— Deferred tax assets	121 504	84 112	
Other assets	**96 894**	**89 365**	**21**
Non-current assets and disposal groups classified as held for sale			
TOTAL ASSETS	**31 377 395**	**26 296 211**	

Consolidated Balance Sheet - Liabilities

in '000 EUR

Consolidated Balance Sheet - Liabilities	31.12.2010	31.12.2009	Disclosure
Deposits from central banks			
Financial liabilities held for trading	**2 810 610**	**1 661 497**	**28**
Financial liabilities designated at fair value through profit or loss	**67 534**	**73 851**	**25**
Financial liabilities measured at amortised cost	**19 842 991**	**18 905 483**	
— Deposits from Credit institutions	361 374	1 399 829	26
— Deposits from Other than credit institutions	15 749 338	15 465 575	26
— Debt certificates including bonds	1 829 785	971 733	26
— Subordinated liabilities	374 809	401 179	26 / 27
— Other financial liabilities	1 527 685	667 167	
Financial liabilities associated with transferred assets	**7 179 356**	**4 282 580**	
Derivatives - hedge accounting	**386 297**	**265 939**	**20**
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	-30 604		
Provisions	**178 984**	**170 123**	**30**
Tax liabilities	**30 227**	**27 655**	
— Current tax liabilities	27 655	27 655	
— Deferred tax liabilities	2 572		
Other liabilities	**61 382**	**54 623**	**29**
Liabilities included in disposal groups classified as held for sale			
Share capital repayable on demand (e.g. cooperative shares)			
TOTAL LIABILITIES	**30 526 777**	**25 441 750**	

Consolidated Balance Sheet - Equity in '000 EUR	31.12.2010	31.12.2009	Disclosure
Share capital	**546 318**	**546 318**	
— Paid in capital	546 318	546 318	35
— Called up share capital			
Share premium			
Other Equity			
— Equity component of combined financial instruments			
— Other			
Revaluation reserves and other valuation differences	**-172 581**	**-157 393**	**35**
— Tangible assets			
— Intangible assets			
— Hedge of net investments in foreign operations (effective portion)			
— Foreign currency translation	-1 362	-120	
— Cash flow hedges (effective portion)	-16 096	-12 116	
— Available for sale financial assets	-149 337	-144 423	
— Non-current assets and disposal groups held for sale			
— Other items	-5 786	-734	
Reserves (including retained earnings)	**464 539**	**475 311**	**35**
<Treasury shares>			
Income from current year	**12 342**	**-9 775**	**35**
<Interim dividends>			
Minority interest			
— Revaluation reserves and other valuation differences			
— Other items			
TOTAL EQUITY	**850 618**	**854 461**	
TOTAL LIABILITIES AND EQUITY	**31 377 395**	**26 296 211**	

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

Sources of equity changes

31.12.2010 – in '000 EUR

	Share capital			Other Equity							
	Paid in Capital	Called up share capital	Share pre-mium	Equity component of combined financial instruments	Other equity instruments	Reserves (including retained earnings)	(Treasury shares)	Income from current year	Interim divi-dends	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**					**475 312**		**-9 775**			**1 011 855**
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								12 342			12 342
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						-10 773		9 775			-998
Closing balance (current year)	**546 318**					**464 539**		**12 342**			**1 023 199**

Sources of equity changes

31.12.2009 – 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)	**531 250**					**461 429**		**-6 475**			**986 204**
Issuance and redemption of equity instruments											
Issuance of Ordinary Shares											
Issuance of Preference Shares											
Issuance of Warrants for Consideration											
Issuance of Options for Consideration											
Exercice of Options, Rights or Warrrants											
Expiration of Options or Warrants											
Conversion of Debt to Equity											
Capital Reduction											
Allocation of profit											
Profit (Loss) Attributable to equity Holders of Parent								-9 775			-9 775
Issuance of Share Dividends											
Issuance of Non-Cash Dividends											
Issuance of Bonus Shares											
Cash Dividends Declared											
Interim Dividends											
Released to Retained Earnings											
Trading with Treasury Shares											
Purchase of Treasury Shares											
Sale of Treasury Shares											
Transfers of Treasury Shares											
Cancellation of Treasury Shares											
Reclasifications											
Reclassification of Financial Instruments from Equity to Liability											
Reclassification of Financial Instruments from Liability to Equity											
Transfers (to) from Retained Earnings											
Transfers from Share Premium											
Other											
Equity Increase (Decrease) Resulting from Business Combination											
Other Increase (Decrease) in Equity	15 068					13 883		6 475			35 426
Closing balance (current year)	**546 318**					**475 312**		**-9 775**			**1 011 855**

CONSOLIDATED STATEMENT OF CASH FLOWS

in '000 EUR	31.12.2010	31.12.2009
OPERATING ACTIVITIES		
Net profit (loss)	12 342	-9 775
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	-23 190	16 169
— (Current and deferred tax income, recognised in income statement)		
— Current and deferred tax expenses, recognised in income statement	-26 057	-4 704
— Minority interests included in group profit or loss		
— Unrealised foreign currency gains and losses	-30 442	-24 853
Investing and financing		
— Depreciation	6 557	4 940
— Impairment		
— Provisions net	-5 316	-8 115
— 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	-3 979	-1 637
— Net unrealised gains (losses) from available-for-sale investments	-4 914	15 765
— Other adjustments	40 961	34 773
Cash flows from operating profits before changes in operating assets and liabilities	**-10 848**	**6 394**
Increase (decrease) in working capital (excl. cash & cash equivalents):	521 512	62 162
Increase (decrease) in operating assets (excl. cash & cash equivalents):	4 578 451	2 838 266
— Increase (decrease) in balances with central banks	11 416	-163 178
— Increase (decrease) in loans and receivables	2 009 672	2 402 665
— Increase (decrease) in available-for-sale assets	1 328 263	213 424
— Increase (decrease) in financial assets held for trading	1 176 820	460 415
— Increase (decrease) in financial assets designated at fair value through profit or loss	5 755	-53 571
— Increase (decrease) in asset-derivatives, hedge accounting	38 997	-26 972
— Increase (decrease) in non-current assets held for sale		
— Increase (decrease) in other assets (definition balance sheet)	7 528	5 483
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	5 099 963	2 900 428
— Increase (decrease) in deposits from central banks		
— Increase (decrease) in deposits from credit institutions	-1 038 455	318 411
— Increase (decrease) in deposits (other than credit institutions)	283 763	-554 556
— Increase (decrease) in debt certificates (including bonds)	858 052	-4 677
— Increase (decrease) in financial liabilities held for trading	1 149 112	717 674
— Increase (decrease) in financial liabilities designated at fair value through profit or loss	-6 317	3 609
— Increase (decrease) in liability-derivatives, hedge accounting	89 755	71 544
— Increase (decrease) in other financial liabilities	3 757 295	2 683 876
— Increase (decrease) in other liabilities (definition balance sheet)	6 758	-335 453
Cash flows from operating activities	**510 664**	**68 556**
Income taxes (paid) refunded	**-3**	**-204**
NET CASH FLOW FROM OPERATING ACTIVITIES	**510 661**	**68 352**

in '000 EUR	31.12.2010	31.12.2009
INVESTING ACTIVITIES		
(Cash payments to acquire tangible assets)	10 658	23 235
Cash receipts from the sale of tangible assets	187	32
(Cash payments to acquire intangible assets)	2 325	11 251
Cash receipts from the sale of intangible assets		
(Cash payments for the investment in associates, subsidiaries, joint ventures net of cash acquired)		
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	**-12 796**	**-34 454**
FINANCING ACTIVITIES		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities	22 048	12 554
(Cash repayments of subordinated liabilities)	48 417	45 774
(Cash payments to redeem shares or other equity instruments		
Cash proceeds from issuing shares or other equity instruments		15 068
(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	**-26 369**	**-18 152**
Effect of exchange rate changes on cash and cash equivalents		
NET INCREASE IN CASH AND CASH EQUIVALENTS	**471 496**	**15 746**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**151 851**	**136 107**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**623 347**	**151 853**
Components of cash and cash equivalents		
— On hand (cash)	590 212	130 135
— Cash and balances with central banks	33 135	21 718
— Loans and receivables		
— Held-to-maturity investments		
— Available-for-sale assets		
— Financial assets held for trading		
— Financial assets designated at fair value through profit or loss		
— Other short term, highly liquid investments		
— (Bank overdrafts which are repayable on demand, if integral part of cash management)		
Total cash and cash equivalents at end of the period	**623 347**	**151 853**

in '000 EUR	31.12.2010	31.12.2009
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	1 760 787	1 562 282
— Dividend income received	2 300	893
— Interest expense paid	-1 433 078	-1 281 150
Supplemental disclosures of acquisitions/disposals of subsidiaries		
— Total purchase or disposal consideration		
— Portion of purchase or disposal consideration discharged by means of cash or cash equivalents		
— Amount of cash and cash equivalents in the subsidiaries acquired or disposed		
— Amount of assets and liabilities other than cash or cash equivalents in the subsidiaries acquired or disposed of		
Non-cash financing and investing activities		
— Acquisition of assets by assuming directly related liabilities or by means of a finance lease		
— Acquisition of an enterprise by means of an equity issue		
— Conversion of debt to equity		

CASH FLOW FROM OPERATING ACTIVITIES

The net incoming cash flow of EUR 511 million is due to:

— The increase in operating liabilities for an amount of EUR 5 100 million primarily cosists of an increase of other financial liabilities by EUR 3 757 million (of which EUR 2 897 million is related to repo operations and EUR 595 million to cash collateral) and an increase of the financial obligations maintained for trading objectives by EUR 1 149 million. The debts represented by the debt certificates including bonds have also increased (by EUR 858 million). This is off set by deposits from credit institutions that have decreased by EUR 1 038 million;

— This is offset by an increase in operating assets of EUR 4 578 million marked by an increase of loans and receivables for an amount of EUR 2 010 million made up as follows: loan portfolio (EUR 955 million), reverse repo activities (EUR 159 million), current accounts and short-term accounts (EUR 251 million), cash collateral (EUR 645 million). The available for sale assets have increased by EUR 1 328 million and the financial assets maintained for operating objectives have increased by EUR 1 177 million. There is, furthermore, an increase in the current accounts at the central banks of EUR 11 million.

CASH FLOW FROM INVESTING ACTIVITIES

We recognise a negative cash flow for an amount of EUR 12.8 million due to the purchase of tangible assets (EUR 10.6 million) and intangible assets (EUR 2.3 million).

CASH FLOW FROM INVESTMENTS ACTIVITIES

This concerns the continuous issue programme of subordinated debts at AXA Bank Europe (EUR 22 million) and the (early) refund of these debts (EUR 48 million).

FUTURE CASH FLOWS

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

CASH FLOWS FROM SECURITISATION

This year, a second securitisation was realised within the second compartment of Royal Street N.V. where mortgage loans were sold for EUR 1 752 399 044.23 from AXA Bank Europe to Royal Street N.V. This meant that Royal Street N.V. issued RMBS notes that were purchased by AXA Bank Europe SCF (Société de Crédit Foncière) for EUR 1 500 000 000. These RMBS notes act as security for the issue of Covered Bonds by AXA Bank Europe SCF. The first issue of these Covered Bonds amounted to EUR 1 250 000 000 in November. Currently, AXA Bank Europe holds an amount of EUR 500 000 000 in its own portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1 / GENERAL

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

The legal consolidation scope of AXA Bank Europe includes AXA Bank Belgium, AXA Bank Switzerland, AXA Bank Hungary, AXA Bank Czech Republic, AXA Bank Slovak Republic, AXA Hedging Services Ltd., Royal Street NV, AXA Belgium Finance B.V, AXA Bank Europe Paris branch and AXA Bank Europe SCF.

In Belgium, AXA Bank Europe provides a broad range of financial products to individuals and small businesses and has a network of 911 exclusive independent bank agents who also support the sale of AXA Insurance and AXA Investment Managers products.

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

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

The AXA Bank Europe, Paris branch, was started in August 2010. This execution desk is an expansion of the dealing room of AXA Bank Europe in Brussels where deals will be handled for the account of its parent company, AXA Bank Europe.

The French SPV AXA Bank Europe SCF (Société de Crédit Foncier) was established on 20 September 2010 with a view to issue covered bonds for AXA Bank Europe.

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 principle of relevance and immateriality, not to include in 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 implies that the subsidiaries AXA Belgium Finance BV and AXA Hedging Services Limited, the SPV Royal Street NV and the SCF AXA Bank Europe (Société de Crédit Foncier) are fully considated in the consolidated financial statements of AXA Bank Europe.

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 measured 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 has decided to enter it directly 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:

— acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
— part of a portfolio of identified financial instruments that are managed together and for which there is evidence 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 net profits and net losses:

— a distinction is made between interest margin and changes in value due to changes in fair value;
— no distinction is made between realised capital gains or losses or short values and unrealised gains and losses;
— changes in value are netted.

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

1) The classification leads to more relevant information since it eliminates or significantly reduces a meaurement 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, this involves fixed income securities, which are covered by derivatives, but where it was not opted 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 whereby the changes in value are deferred in equity.
2) The classification leads to more relevant information since a group of financial assets, i.e., specific categories of investment funds, are managed and their performance evaluated on the basis of their fair value, in accordance with a documented risk management or investment strategy.
3) If it involves structured fixed income securities, whereby no close link exists between economic features and risks of the derivative decided in the contract and economic features and risks of the basic contract.

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

This indication is not possible:

— if the derivative(s) embedded in a contract do not lead to a significant change in cash flows, which would otherwise be required by the contract;
— 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.

After initial recognition, no reclassifications are possible within or outside of this category.

For the determination of the net profits and net losses:

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

(iii) Assets held to maturity
In the (rare) 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. Although IAS 39 allows reclassification within this category under specific 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.

Subsequent measurement always takes place as follows:

— for categories (i) and (ii) each change between fair value and cost is recognised in the income statement, whereby the fair value is the quoted price or, if there is no quoted price, recent price-making for similar securities or a rating technique. The changes in fair value are split in the profit-and-loss account into interest yield and pure fair value changes;
— for categories (iii) as well as (iv), the assets are valued at the amortised cost, whereby 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 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, whereby 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.

For categories (i) and (ii) no impairment test is carried out.

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

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

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

The following principles are applied:

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

— Fixed income securities with a Below Investment Grade (BIG) rating
  - BIG with unrealised losses (regardless of the percentage), which have existed for a period of more than 12 months: they are reduced in value, unless sufficient objective convincing evidence exists that shows that the loss of value is not related to a credit event;
  - Other BIG with unrealised losses of 20% or more and that have existed during a consecutive period of 6 months or more are revised for any special decrease in value and if necessary decreased in value, unless no credit event has taken place. In that case documentation must be created to prove that the loss of value is not attributable to a credit event.

The listed unrealised losses exclude exchange rate results, as well as any individual impairment loss accounted for.

In the event that an objective indication, such as an improvement in creditworthiness, indicates that the recoverable amount has increased, the individual impairment loss is reversed through the income statement.

If within the categories (iii), (iv) and (v) a derivative is embedded in the basic contract, which is not closely related to the economic features and risks of the basic contract, said embedded derivative must typically be separated split from the basic contract and valued separately as a derivative.

The AXA Bank Europe Group has decided in such cases to value such contracts at fair value with value changes in the income statement (see discussion of the relevant category above).

The derecognition of the fixed income securities takes place at maturity date or on the transaction date in the event of a sale. In the latter case, the difference between the received payment and the carrying amount on the transaction date (after cross-entry of potential deferred income/costs) is recognised in the income statement as a realised capital gain or loss.

2.2.2 / Non fixed income securities

Non fixed income securities are defined as shares, as well as no-par value shares in investment companies (joint investment funds, money market funds, hedge funds).

Non fixed income securities are first recognised in the balance sheet on the transaction date.

They are recognised at their fair value, i.e., their purchase value.

When initially recognised, non fixed income securities, are classified in one of the following categories, depending on the existing options and the measurement objective:
(i) Assets at fair value held for trading;
(ii) Assets considered as valued at fair value with value changes recognised in the profit-and-loss account;
(iii) Assets available for sale.

Typically, for rating category (iii) the fees related to the transaction must be capitalised on initial recognition at purchase value. Due to the principle of immateriality the AXA Bank Europe Group decided to directly include these in the income statement.

(i) Assets at fair value held for trading

Non fixed income securities are classified as assets at fair value held for trading if they:

— are primarily acquired or entered into with the purpose of being sold or bought back in the short term;
— form part of identified financial instruments that are jointly managed and for which indications exist of a recent, actual pattern of short-term profit taking.

For the determination of 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 meaurement 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 whereby it was not decided to apply hedge accounting.

The classification leads to more relevant information because a group of financial assets, i.e., specific categories of investment funds are managed and its performance evaluated on the basis of the fair value, in accordance with a documented risk management or investment strategy.

The indication is permitted under paragraph 11A of IAS 39, involving non fixed income securities, which include one or more derivatives and:

— whereby the derivative(s) determined in a contract do not lead to a major change in cash flows, which would otherwise be required by the contract;
— whereby, after a swift or no analysis, when a similar hybrid (composed) instrument is considered for the first time, it is clear that the separation of the derivative(s) embedded in a contract is not permitted.

Following initial disclosure no reclassifications are possible within or outside this category.

For the determination of the net profits and net losses:

— a distinction is made between interest margin, received dividends and value changes due to changes in fair value;
— no distinction is made between capital gains losses and rating profits and losses.

(iii) Assets available for sale.
This 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, whereby the fair value represents the quoted prices or, if there is no quoted price, recent price makings for similar securities or a rating technique;
— for category (iii) the securities are valued at fair value, whereby any difference between fair value and cost is deferred in the equity.

In the case of 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 EUR, whereby the unrealised loss is confirmed by a significant or long-term decrease in fair value of a security compared to its cost.

Regarding this individual assessment of the major or long-term decreases in value the following rules are applied as imposed by the parent company:

— unrealised losses of 20% or more;
— 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 will 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) derivatives are embedded in the basic contract, which are 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 will 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, will be capitalised (added to the acquisition price) in credit files.

The accrued interests are recognised in the profit-and-loss account on the basis of the 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 outbooked in the profit-and-loss account in proportion to the amount repaid.

For the determination of the net profits and net losses:

— a distinction is made between interest margin and realised capital gains and losses;
— the results are not netted.

2.3.2 / 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, whereby the expected cash flows are updated at the contract's original actual interest rate. Each decrease in provision due to the time value is recognised in the profit-and-loss account as interest yield.

Each increase due to a downswing is recognised through the addition accounts for 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 will never lead to an amortised cost, which would be higher than the amortised cost if no impairment depreciation had taken place.

After impairment was booked the interest yield is recognised in the profit-and-loss account on the basis of the actual interest of the underlying contracts.

The provisions are directly booked against the receivables if there is no possibility of recovery.

Credits that are the subject of renegotiated terms do not exist in Belgium.

The following rules apply to **housing credits, investment credits and commercial accounts (including cash credits)**:

The company combines collective and individual assessment.

The individual assessment is applied in two cases:

1. As soon as the uncertain trend status is determined, the imapairment loss is booked on the basis of observed 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.

The individual rating 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 is calculated individually based on statistics, taking into account the observed losses from the past and the likelihood of a return to a normal trend status of a transition to the questionable and uncollectable status.
2. From the uncollectable and questionable status the bank proceeds to an individual 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 net profits and net losses:

— a distinction is made between interest margin and realised capital gains and losses;
— results are not netted.

2.4 / Treasury

2.4.1 / Regular interbank investments and interbank deposits

The interbank investments and interbank deposits are initially recognised in the balance sheet on the date of availability and this at fair value (i.e., the value at which the funds were provided or obtained).

The interest revenues and the interest expenses are recognised pro rata temporis in the profit-and-loss account by making use of the effective interest rate rate method.

Derecognition takes place on the expiry date.

2.4.2 / Structured placements and structured deposits

Structured placements and deposits are understood to mean placements and deposits that include derivatives embedded in the contract.

If the derivatives embedded in the contract due to the close connection between the economic features and the risks do not have to be separated from the basic contract, the same rating rules apply as mentioned above for regular interbank placements and deposits.

In the other case, AXA Bank Europe Group has decided to consider them as valued at fair value, accounting for the value changes in the profit-and-loss account.

This allocation is permitted by paragraph 11A of IAS 39 involving placements and deposits containing one or more embedded derivatives, unless:

— the derivatives embedded in a contract do not lead to a significant change in cash flow, which would otherwise be required by the contract;
— it is clear, after a swift or no analysis, if a similar hybrid (composite) instrument is considered for the first time, that the splitting of the derivative(s) embedded in a contract is not permitted, such as an early redemption option embedded in a loan allowing the holder to redeem the loan early for approximately its amortised cost.

Such placements and deposits are initially recognised at fair value in the balance sheet on the date they become available.

Subsequently the changes in fair value are recognised in the profit-and-loss account, but split into interest rate margin and a pure difference compared to the fair value. Changes in fair value take into account the effect of the change on the issuer's creditworthiness (AXA Bank Europe for securities).

Typically day 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 will 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 whereby the fair value differences are recognised in the profit-and-loss account, are not separated.

2.4.3.2 / Other derivatives

All other derivatives are recognised in the balance sheet for their fair value on the conclusion date.

Changes in fair value are recognised directly in the profit-and-loss account, except for hedge accounting (see 2.4.4).

2.4.4 / Hedge accounting

The following types of hedges are possible:

— Portfolio Interest Rate Fair Value hedge is a relationship between derivatives and underlying financial instruments documented in a fair value hedge of the interest risk of the underlying hedged instrument. Periodic checks are made to see whether the hedge is still efficient (prospective and retrospective testing).
During each efficient period, the fair value change relating to the hedged risk of a reference amount is booked on the underlying financial instruments. This cumulative change in fair value will 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, whereby this value change is accounted for in the profit-and-loss account; the fair value change of the relevant derivatives is recognised directly in the profit-and-loss account.
Once the hedge ceases to be efficient it is terminated and the value adjustments are written off in the event of debt instruments over the remaining term of the instrument by adjusting the actual interest.
— Cash Flow hedge is a relationship between derivatives and underlying financial instruments documented in a hedge of future cash flows of the underlying hedged instrument. It is checked periodically whether the hedge is still efficient (prospective and retrospective testing).
During each efficient period the efficient portion of the fair value change of the hedging instrument (derivative) is deferred in the equity and the non-efficient portion is recognised in the profit-and-loss account.
Once the hedge ceases to be efficient it is terminated. The deferred value changes remain deferred in the equity until the time that the expected future transaction takes place, after which it will be accounted for symmetrically with the hedged risk in the profit-and-loss account.

2.4.5 / Repos and reverse repos

All repos and reverse repos satisfy the condition for being considered as financing transactions.

When entering reverse repos in the balance sheet the monies paid are booked as a placement with pledging of securities.

The rating rules are the same as those applied to regular interbank placements (see 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.

Derecognition takes place on the due date.

When recognising repos in the balance sheet the monies received are recognised as borrowings with securities collateral.

The rating rules are those applicable to regular interbank borrowings (deposits) (see 2.4.1).

For accounting purposes, the securities used as collateral under a repo are retained in the underlying securities portfolio. No accounting transfer takes place to another line item.

Amortisation takes place on the due date.

2.4.6 / Securities placements and borrowings

The borrowing of securities is not coupled with accounting registration in the balance sheet.

When the borrowed security is sold, the same rules apply as for a reverse repo (see 2.4.5).

Securities placements also are not coupled with accounting registration in the balance sheet, as the securities, which were lent remain in the underlying securities portfolio for accounting purposes. There is no accounting transfer to another line.

2.4.7 / General

For the determination of net profits and net losses:

— a distinction is made between interest margin and realised capital gain and short values;
— the results are not netted.

2.5 / Income from fee business and financial guarantees

2.5.1 / Income from fee business

A distinction is made between two types of commissions and their recognition in the income statement takes place as follows:

— commissions received for services are recognised on a pro-rated basis over the term of the services. Examples are reservation commissions for non-recognised credit line amounts, received from safe deposit boxes and management commissions;
— commissions received for the performance of a specific task are recognised at the time the task is performed. Examples are commissions for the purchase and sale of securities and money transfers.

2.5.2 / Provided financial guarantees

The initial recognition of provided financial guarantees in the balance sheet takes place on the contract date. It takes place at fair value, which typically corresponds to the received commission for the provision of the financial guarantee. If the received premium does not correspond to market practices, the difference with the fair value is included directly in the income statement.

For the present, the received premium is amortised pro rata temporis over the term of the contract. This takes place on a per-contract basis.

Subsequently it is checked (on the portfolio basis) whether a provision is to be created for potential or certain execution. This provision is discounted if the impact is tangible.

Derecognition akes place or in the event of execution the provided guarantee will be booked for the guaranteed amount, which was built up through the provision.

2.6 / Equity

The 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 secured financing), and this on the date they become available. They are also assigned to the “Deposits and debts” category and valued at amortised cost.

In the event of structured deposits, whereby the embedded derivatives are closely related to the economic features and risks of the basic contract, they do not have to be separated.

In the event of structured deposits, whereby the embedded derivatives are not closely related to the economic features and risks of the basic contract, they do have to be separated in accordance with paragraph 11 of IAS 39.

Paragraph 11A of IAS 39 allows that in such a case the entity can decide to value the entire contract at fair value with hedge accounting in the profit-and-loss account (see 2.4.3.1).

On each balance sheet date interest accrued during the period is recognised in the 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.

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: (i) which is primarily decisive in the sales price of goods and services, and (ii) of the country from which the competition and regulations primarily determine the sales price of its goods and services;
(b) The currency, which is primarily decisive in labour and material costs, and other costs for the delivery of goods and the provision of services.

2.8.2 / Conversion of a functional currency into a presentation currency

The results and financial status of a foreign branch of which the functional currency is not the euro, are converted into EUR 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.

When recognised in the balance sheet monetary components in foreign currencies are converted into EUR at the current rate of exchange on the transaction date or the spot price of the underlying exchange transaction.

Each month a monetary rating process takes place on the basis of the balance, whereby the total outstanding monetary balance in foreign currency is converted at the closing rate. All positive and negative differences are recognised in the profit-and-loss account, regardless of the rating category to which the monetary components belong.

At amortisation monetary components in foreign currency are converted into EUR 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 EUR 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 EUR has taken place, this value in EUR is maintained until derecognised from the balance sheet;
b) For non-monetary components belonging to measured at fair value through P&L, the periodic revaluation to fair value consists of two components: the fair value difference and the foreign exchange results. Both components are recognised in the income statement;
c) For non-monetary components belonging to the rating category “Available-for-sale assets” the periodic revaluation to fair value consists of two components: the fair value difference and the foreign exchange results. Both components are deferred in equity. If a negative revaluation must be booked as an impairment, both components will be transferred from equity to the income statement.

On derecognition, non-monetary components in foreign currencies are converted into EUR 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 will 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, whereby the “projected unit credit” method is used;
(b) less any not-yet-recognised pension expenses for elapsed service time;
(c) less the fair value on the balance sheet date of any fund investments from which the liabilities must be settled directly.

The aforementioned fund investments can involve both assets and insurance contracts.

Assumptions and 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, in as much 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 will 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 will 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 can not be recovered, impairment is accounted for. This impairment is being reassessed at each closing date and adjusted, if needed, if additional information on the recoverability is obtained.

For accounting purposes netting takes place between deferred tax assets and deferred tax liabilities only inasmuch as the nature of the tax expense and the expiry date are similar for each fiscal entity.

For presentation purposes, netting between deferred tax assets and deferred tax liabilities takes place per fiscal entity.

The outstanding balance of the deferred tax assets or deferred tax liabilities is periodically revalued to take into account the changes in tax rates and/or tax legislation of the fiscal entity.

Assets or liabilities as a result of tax on profits are not discounted.

2.12 / Tangible and intangible fixed assets

2.12.1 / Tangible fixed assets

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 lower of the fair and cash value of the minimum lease payments. Initially directly assignable expenses related to the acquisition are also capitalised. Financing expenses are recognised in the 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:

— net carrying amount;
— 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 will 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 will 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 balance sheet date

Events after the balance sheet date that show circumstances that existed on the balance sheet date (for example, additional information about already-made estimates), will require **an adjustment** to the annual accounts, if 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 annual accounts from being misleading.

2.14.2 / Interim financial reporting

There is no specific interim financial reporting; the company only publishes its figures annually.

2.14.3 / Changes in 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

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 whereby the intention exists, as well as the financial possibility to be held until maturity; they are valued at amortised cost.

Loans and receivables:
All non-derived financial assets with fixed or definable payments that are not quoted in an active market; they are valued at amortised cost.

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 whereby all fair value fluctuations are recognised in the equity until realisation of the assets or until the time that depreciation occurs. In that case the cumulative rerating results are recognised in the profit-and-loss account.

Deposits and liabilities:
All non-derived financial liabilities that do not belong to one of the previous categories; they are valued at amortised cost.

information for one or more previous reporting periods, the new financial reporting policy is applied on the carrying amount of assets and liabilities from the start of the earliest period (the earliest period can be the reporting period) for which retroactive application is possible. For this period, the initial balance for each relevant component of the equity is adjusted accordingly.

If it is not practically feasible to determine the cumulative effect, at the beginning of the reporting period, of the application of a new accounting policy on all previous reporting periods, the comparative information is adjusted to apply the new financial reporting policy prospectively from the earliest time at which it is practically feasible.

In such cases additional relevant documentation is provided in the explanatory notes.

3 / APPLICATION OF IFRS BY AXA BANK EUROPE

3.1 / General

AXA Bank's consolidated annual accounts were drawn up in compliance with IFRS – including the International Accounting Standards (IAS) and Interpretations - at 31 December 2010 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 2010 given their negligible significance (see more about this under item 2.1 with respect to consolidation principles):

— Mofico nv;
— Beran nv.

Further information with respect to these companies was included under item 23 Investments in associated associates, subsidiaries and joint ventures.

3.2 / Application dates

Changes to standards and interpretations that apply as from 2010

The changes to standards and the interpretations that apply as from 1 January 2010 do not have an important impact on the consolidated financial statements.

Changes to IFRS 1 "First-time Adoption of International. Financial Reporting Standards" do not have an impact on AXA Bank Europe because none of the entities with the group has applied the IFRS for the first time in 2010.

The following changes within the IFRS and interpretations have not had an impact either on the annual accounts of AXA Bank Europe since the bank has not been active with regard to any of the underlying activities in 2010:

— Change to IFRS 2 "Share-based payments" regarding payments made in cash and based on shares allocated by the parent company;
— Change to IAS 32 regarding "rights issue";
— IFRIC 15 "Agreements for the Construction of Real Estate";
— IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

The improvements to the IFRS published on 16 April 2009 comprise amendments that are not a part of a large project. They are presented in one single document instead of a series of individual changes. The improvements comprise changes in the bases for financial reporting, changes in accounting estimates as well as changes to terminology and textual material with a minimum impact on the annual accounts.

Reviewed or new standards and interpretations that have not yet come into effect

The reviewed IAS 24 "Related Party Disclosures" published on 4 November 2009 and in effect since 1 January 2011 (earlier application is permitted) simplifies the provisions with regard to information provision when there is control (or significant influence) from the government. The definition of a related party is also clarified. The changes will not have a considerable impact on the consolidated financial statements of AXA Bank Europe.

IFRS 9 "Financial Instruments" published on 12 November 2009 and in effect as from 1 January 2013 (earlier application is permitted) comprises the first of the three phases of the project to replace IAS 39. IFRS 9 will have an important impact on future consolidated financial statements of AXA Bank Europe but, because the two other phases have not yet been coverted into definitive standards, the execution decisions within the AXA Group and the analysis of the impact have not yet been completed.

4 / RISK MANAGEMENT

4.1 / Strategy

In the past years the bank evolved from a retail bank structure, in which the commercial liabilities surplus on commercial assets was invested in treasury bills, into a bank that pursues greater asset diversification. The pure treasury bills portfolio was partially substituted throughout the years by credit spread bills. These portfolios furthermore benefit from the funding facilities offered by the repo and tripartite repo market.

The expansion of the bank towards the foreign branches was included in the administration during the course of 2009. A transparent funds transfer policy and inclusion of the branches including the related expansion to other currencies for commercial objectives were included in the ALCO (Assets and Liabilities Committee that meets twice a month).

The financial derivatives are used for both the hedging of specific balance sheet risks, such as, for example, the 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 subject 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.

The dealing room also evolved to a HUB activity linked to AXA Hedging Services. The market risk of the Variable Annuities that are sold by the AXA insurance companies must be covered by IRS and Swaptions. AXA Bank Europe is the broker between the AXA insurance companies and the other bank counterparties.

4.2 / Management

The management of the various risks at AXA Bank Europe is described in the general risk management charter and in the various risk charters, in which the role and responsibility of the various departments and bodies are described as is the organisation of risk management.

For example, there is an ALCO for the interest and liquidity risk and a credit committee for the counterparty risk.

These risk charters were validated by the bank's management committee.

In addition the various risks are regularly reported to various ad-hoc committees.

4.3 / Credit risk

AXA Bank Europe's core activities consist in the provision of savings and investment products and credits to retail, independent contractors and small enterprises (retail business). Retail activity also represents the largest portfolio in terms of the balance sheet.

The majority of the bank's credit risk results from this business. Credit risk also exists in items off the balance sheet account, such as credit lines.

Funding for the collection of savings exceeds the options for profitable reinvestment in retail activities. Hence the investment portfolio.

This investment portfolio was primarily made up of high-quality bonds such as government bonds, financial institution floating rate notes and asset backed securities with an AAA rating.

The financial crisis has mainly had 2 consequences:

- a weakening of the liquidity of bonds of financial institutions and ABS. The total liquidity of AXA Bank Europe, however, has never been at risk due to a strict liquidity management;
- downgrading of some bonds. If these bonds had excellent ratings initially, the downgrading has had a limited impact on the depreciations: AXA Bank Europe has realised depreciations for ten CDOs and financial institutions in 2008 and a few in 2009 but the rest of the ABS portfolio remained very stable with regard to quality;
- an impairment amounting to EUR 3 703 057.10 was recognised on one investment in 2010.

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 80% 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 20109, the dispute rate was 0.77% (0.69% at the end of 2009), the level of provision 0.35% (0.349% at the end of 2009) and the net loss EUR -9.5 million (EUR -13.6 million in 2009).

BASEL II

The capital that banks must retain as a buffer for unexpected losses is based on the Basel capital accord dating back to 1988. In June 2004 the final text of the new capital accord – referred to as Basel II – was presented. In September 2005 the European Parliament approved the Capital Requirement Directive, which is a translation of the Basel capital accord into European legislation. This currently forms the basis for national legislation in Member States.

The new capital accord aims to create more risk-sensitive capital requirements, under which banks under strict conditions, make use of internal risk appraisal systems for the calculation of the minimum capital to be retained. AXA Bank Europe has actively prepared for these updated regulations.

With respect to credit risk, AXA Bank Europe has submitted a request to apply the Internal Rating Based Approach to its retail portfolio. To this end AXA Bank Europe has developed internal scoring models, which exception for the calculation of the minimum capital requirements, are also deployed in the acceptance and management of credits. The credit risk of the investment portfolio with the exception of the mortgage backed securitisation positions that are being approached in accordance with IRB will follow the Standardised Approach (SA), as will the market risk. Operating risk follows the Basic Indicator Approach (BIA).

The credit risk is being calculated in accordance with SA for the branches. Since the Hungarian branch has retail credit activities, it will switch to IRB in the course of 2011.

Changes were implemented by the banking supervisor in the existing reporting system as agreed withn the "Committee of European Banking Supervisors" (CEBS) at the end of 2010.

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.

Retail credits are accepted on the basis of a set of acceptance standards and policy rules. The acquisition scoring models developed in the framework of Basel II play a supporting role here.

An essential component of the credit risk policy is represented by the bank debt recovery department, which takes measures to minimise the bank's risk, depending on the nature and seriousness of the problem. In addition the department determines the depreciations to be created per quarter.

Credit risk - Hungary

In Hungary, at the end of 2010, the level of default was 8.21% (4.37% in 2009), the level of provision was 4.67% (2.15% in 2009) and the net loss was EUR -48.8 million (EUR -18.5 million in 2009). The increase in this risk profile is the result of the financial crisis and the strengthening of the CHF with regard to the HUF (from 183 CHF/HUF in December 2009 to 222 in December 2010). An important characteristic of the Hungarian housing credit market is the credits in foreign currency. Due to this market practice, 82% (situation in December 2010) of the AXA Bank Hungary portfolio always consists of credits in Swiss Francs.

The strengthening of the CHF since 2008 has led to a reduction of the solvency of Hungarian borrowers. It also has a direct impact on the loan to value of the credits that will drop as the CHF becomes stronger.

This is the reason why an increased provision was started for credit losses in 2010.

To reduce the risk, the following precautions were taken: appointing a crisis management team, stopping FX loans (June 2010, see the impact in the graph below), hedging and temporary capping of the exchange rate for Hungarian clients.

Economic capital

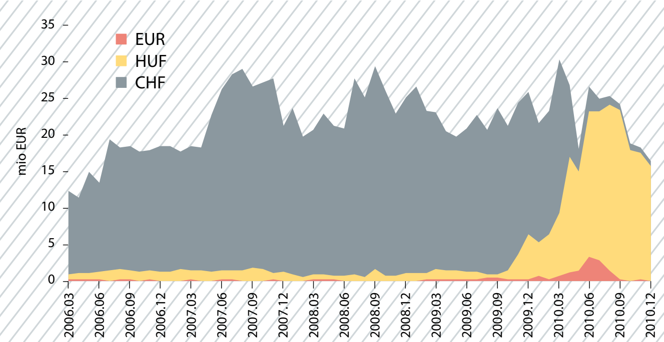
One of the most important parameters for risk management is "economic capital", which is the capital required to absorb the economic risks for all activities within a time period of one year. AXA Bank Europe uses a 99.9% confidence Level.

The current model has been in existence since 2009. A model for the Hungarian branch was developed and approved during the course of 2009.

The economic capital of credits related to retail in Belgium amounted to 11.70% of the total economic capital of the bank for correlation and that of Hungary amounted to 18.83%.

Regulartory capital buffer for Hungary

AXA Bank Europe also integrated an additional specific buffer of EUR 250 million in its capital requirements.



This buffer is linked to the risks, that is, mainly credit risks, of the Hungarian branch.

The buffer was imposed by the CBFA when the branch was integrated in the AXA Bank Europe figures.

It is being followed up by the CBFA and is subject to regular review.

This review is based on, for example, plans of action to reduce risks, provisioning, implementation of new risk models and scoring models.

The original buffer of EUR 410 million, for example, has already been reduced. AXA Bank Europe has requested that the CBFA review the buffer based on a full ICAAP file (that comprises all risks).

The decision related to this is expected soon and may possibly be applied retroactively to the regulatory capital of 31 December 2010.

4.3.2 / Credit risk of the investment portfolio

As described in 4.1 "Strategy", the pure treasury bills portfolio was partially substituted throughout the years by credit spread paper and more structured investments.

The development of this activity was coupled with the creation of a strict Limit framework as regards credit quality and stringent Approval Process for each investment (except for treasury bills). Since July 2010, structured investments were stopped whilst awaiting the results of the analysis of the new Basel 3 legislation. Moreover, the AXA Risk Management Group has implemented a stricter limit framework with regard to investments in treasury bills due to the critical economic situation in some European countries.

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:
High-quality Asset Backed Securities and Mortgage Backed Securities (only Senior Tranches, mostly AAA).

APPROVAL PROCESS

Each investment in the Credit Spread Portfolio must be submitted and approved by the Credit Committee and this purchase must be checked by Risk Management in relation to the AXA limit framework before investing in treasury bills.

Classification based on risk position category in mio EUR	Credit assessment	31.12.2010	Risk position 31.12.2010	31.12.2009	Risk position 31.12.2009
Central authorities	>=<AA>		2 315.3		1 416.9
	<A>		56.6		41.0
	<A-		11.7		109.1
	Total	**59.03%**	**2 383.6**	**48.41%**	**1 567.0**
Local authorities	>=<AA>		-		-
	<A>		-		-
	Total	**0.00%**	**-**	**0.00%**	**-**
Regulatory entities	AAA	0.00%	-	0.42%	13.6
Financial institutions	>=<AA>		168.8		117.7
	<A>		130.7		178.2
	<BBB>		27.4		33.4
	CC (Iceland)		-		0.1
	Total	**8.10%**	**326.9**	**10.18%**	**329.4**
Companies	>=<AA>		76.6		54.5
	<A>		105.3		65.9
	<BBB>		3.9		-
	Total	**4.60%**	**185.8**	**3.72%**	**120.4**
Institutions for collective investment	**Total**	**0.00%**	**-**	**0.00%**	**-**
Structured products	AAA		747.4		939.8
	AA		241.1		187.2
	A		104.2		43.6
	<A-		45.8		32.8
	None		3.0		2.9
	Total	**28.27%**	**1 141.5**	**37.27%**	**1 206.3**
TOTAL		**100.00%**	**4 037.8**	**100.00%**	**3 236.7**

4.3.3 / Counterparty risk of dealing room activity

The banks that are the counterparty for the dealing room as regards Treasury and Derivatives activity are selected on the basis of their external ratings by three rating agencies (Fitch, Moody's and Standard & Poor's). They must have a minimum AXA rating of A-. For all long-term derivatives a Collateral Settlement Agreement is required.

4.4 / Concentration risk

Geographically, the dealing room's credit risk is mostly limited to countries that are members of the OECD and EEC countries.

The activity of the dealing room is by its very nature targeted at the financial sector. Business relations with Corporate clients are very limited.

Country risk in mio EUR	31.12.2010	Risk position 31.12.2010	31.12.2009	Risk position 31.12.2009
EU	89.31%	5 215.6	89.96%	4 150.0
New EU	4.66%	272.1	1.74%	129.0
OESO non-EEC	5.77%	337.2	8.29%	613.0
Other (KY)	0.25%	14.7	0.00%	0.0
TOTAL	**100.00%**	**5 839.6**	**100.00%**	**4 892.0**

The difference between the disclosure with regard to the portfolio and the disclosure with regard to the country risk concern the products linked to "treasury and brokerage". The following are included in the products of T&B: repos and tripartite repos activities (with a risk weight of 2% and 10%, respectively), Derivatives such as IRS, swaptions, Cap and Floors, FX & Forwards FX, TBill (335 mio Belgian Tbills, 196 mio Spanish T-bills, 198 mio Italian T-bills and 198 mio Hungarian T-bills) and Corporate issues (24 mio). The minimum rating for treasury and derivative bank other parties is A-.

Overview of the balance sheet per geographical area:

Status as at 31 December 2010

Consolidated Balance Sheet - Assets

31.12.2010 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Cash and balances with central banks	623 347	517 292	64 314	41 741
Financial assets held for trading	2 862 765	28 357	1 541 267	1 293 141
Financial assets designated at fair value through profit or loss	71 663		48 453	23 210
Available-for-sale financial assets	4 993 190	1 595 860	2 791 580	605 750
Loans and receivables (including finance leases)	22 354 881	17 567 337	1 764 474	3 023 070
Held-to-maturity investments				
Derivatives - hedge accounting	48 521	900	11 406	36 215
Fair value changes of the hedged items in portfolio hedge of interest rate risk	135 225	135 225		
Tangible assets	49 554	48 973	61	520
— Property, Plant and Equipment	49 554	48 973	61	520
— Investment property				
Intangible assets	18 896	8 990	4 182	5 724
— Goodwill				
— Other intangible assets	18 896	8 990	4 182	5 724
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)				
Tax assets	122 459	118 923	161	3 375
— Current tax assets	955	341	6	608
— Deferred tax assets	121 504	118 582	155	2 767
Other assets	96 894	91 473	3 452	1 969
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	**31 377 395**	**20 113 330**	**6 229 350**	**5 034 715**

Consolidated Balance Sheet - Liabilities

31.12.2010 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	2 810 610	143 209	1 554 798	1 112 603
Financial liabilities designated at fair value through profit or loss	67 534	1 000	66 534	
Financial liabilities measured at amortised cost	19 842 991	14 046 520	3 606 393	2 190 078
— Deposits from Credit institutions	361 374	102 528	228 393	30 453
— Deposits from Other than credit institutions	15 749 338	12 351 341	2 153 471	1 244 526
— Debt certificates including bonds	1 829 785	1 081 725	747 894	166
— Subordinated liabilities	374 809	374 168	393	248
— Other financial liabilities	1 527 685	136 758	476 242	914 685
Financial liabilities associated with transferred assets	7 179 356	156 514	2 294 334	4 728 508
Derivatives - hedge accounting	386 297	42 178	175 878	168 241
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	-30 604		-30 604	
Provisions	178 984	178 476	7	501
Tax liabilities	30 227	27 655	700	1 872
— Current tax liabilities	27 655	27 655		
— Deferred tax liabilities	2 572		700	1 872
Other liabilities	61 382	43 064	6 606	11 712
Liabilities included in disposal groups classified as held for sale				
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	**30 526 777**	**14 638 616**	**7 674 646**	**8 213 515**

Consolidated Balance Sheet - Equity 31.12.2010 – 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	-172 581	-179 569	6 988	
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation	-1 362	-1 362		
— Cash flow hedges (effective portion)	-16 096	-16 096		
— Available for sale financial assets	-149 337	-156 325	6 988	
— Non-current assets and disposal groups held for sale				
— Other items	-5 786	-5 786		
Reserves (including retained earnings)	464 539	460 223	-3 238	7 554
<Treasury shares>				
Income from current year	12 342	12 342		
<Interim dividends>				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	**850 618**	**839 314**	**3 750**	**7 554**
TOTAL LIABILITIES AND EQUITY	**31 377 395**	**15 477 930**	**7 678 396**	**8 221 069**

Status as at 31 December 2009

Consolidated Balance Sheet - Assets

31.12.2009 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Cash and balances with central banks	151 855	115 579	7 054	29 222
Financial assets held for trading	1 685 944	11 343	888 604	785 997
Financial assets designated at fair value through profit or loss	65 908		47 082	18 826
Available-for-sale financial assets	3 664 927	604 679	2 382 284	677 964
Loans and receivables (including finance leases)	20 345 209	15 424 627	2 883 324	2 037 258
Held-to-maturity investments				
Derivatives - hedge accounting	9 525	554	3 296	5 675
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100	137 100		
Tangible assets	41 674	40 852	26	796
— Property, Plant and Equipment	41 674	40 852	26	796
— Investment property				
Intangible assets	18 558	12 596	87	5 875
— Goodwill				
— Other intangible assets	18 558	12 596	87	5 875
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)				
Tax assets	86 146	84 135	317	1 694
— Current tax assets	2 034	340		1 694
— Deferred tax assets	84 112	83 795	317	
Other assets	89 365	84 687	1 605	3 073
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	**26 296 211**	**16 516 152**	**6 213 679**	**3 566 380**

Consolidated Balance Sheet - Liabilities

31.12.2009 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	1 661 497	1 012	879 914	780 571
Financial liabilities designated at fair value through profit or loss	73 851		73 851	
Financial liabilities measured at amortised cost	18 905 483	14 454 972	3 077 347	1 373 164
— Deposits from Credit institutions	1 399 829	573 042	663 552	163 235
— Deposits from Other than credit institutions	15 465 575	12 516 925	2 409 339	539 311
— Debt certificates including bonds	971 733	828 108	1 176	142 449
— Subordinated liabilities	401 179	400 551	419	209
— Other financial liabilities	667 167	136 346	2 861	527 960
Financial liabilities associated with transferred assets	4 282 580	2 235 315	988 918	1 058 347
Derivatives - hedge accounting	265 939	36 887	72 876	156 176
Fair value changes of the hedged items in a portfolio hedge of interest rate risk				
Provisions	170 123	169 325	723	75
Tax liabilities	27 655	27 655		
— Current tax liabilities	27 655	27 655		
— Deferred tax liabilities				
Other liabilities	54 622	44 204	5 346	5 072
Liabilities included in disposal groups classified as held for sale				
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	**25 441 750**	**16 969 370**	**5 098 975**	**3 373 405**

Consolidated Balance Sheet - Equity

31.12.2009 – 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	-157 393	52 337	-173 141	-36 589
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation	-120	-120		
— Cash flow hedges (effective portion)	-12 116	-12 116		
— Available for sale financial assets	-144 423	65 307	-173 141	-36 589
— Non-current assets and disposal groups held for sale				
— Other items	-734	-734		
Reserves (including retained earnings)	475 311	477 264	-2 237	284
<Treasury shares>				
Income from current year	-9 775	-9 775		
<Interim dividends>				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	**854 461**	**1 066 144**	**-175 378**	**-36 305**
TOTAL LIABILITIES AND EQUITY	**26 296 211**	**18 035 514**	**4 923 597**	**3 337 100**

In order to complement the risk concentration, below is a table providing the counterparty risks, expressed in thousands of EUR.

Large exposures against counterparties 2010

Name	Country of origin	Claims and fixed income securities	Derivatives	Guaranteed part or part for which impairments and provisions have been made	Gross total of direct + indirect risks	Total risks, i.e. after weighting: Of which outside tradingbook	Total risks, i.e. after weighting: Total
AXA GROUP	FR	4 627 615	3 233	4 488 942	141 907	0	141 907
Crédit Suisse	CH	167 972	28 835	22 861	173 946	25 461	173 946
Barclays Bank	GB	225 130	108 508	251 332	82 306	3 103	82 306
Dexia	BE	200 004	0	200 004	0	0	0
KBC	BE	703 480	0	677 739	25 740	0	25 740
London Clearing House	GB	246 756	0	245 424	1 332	0	1 332
Morgan Stanley	GB	400 371	10 888	400 359	10 900	375	10 900

The positions are provided as net values in the above table taking into account the obtained derogation from the CBFA. This table was drawn up within the framework of the Capital Adequacy Requirements reporting and the exposures were covered through collateral.

Below you will also find the table with the specification of the counterparty risks expressed in thousands of EUR with a subdivision for the HUB activities (and the impacts for AXA Bank Europe).

Basel II.5

31.12.2010 – in mio EUR

Counterparty	Gross exposure(1)	Net exposure	Net exposure due to HUB activity	Net exposure due to other activities	Effective exposure (in % FP, limit = 25%)
Crédit Suisse	174	174	3	171	14.6%
AXA (repos, loans & derivatives)	4 630	141	3	138	11.8%
Barclays	334	82	55	27	6.9%
KBC	703	26	0	26	2.2%
Morgan Stanley	411	11	11	0	0.9%
LCH (repos)	247	1	0	1	0.1%
Dexia (repos)	200	0	0	0	0%

(1) Above 10% of own funds (excluding collateral received).

Included is an overview of the PIIGS exposure in December 2010 with a description of the investment types.

ABE

31.12.2010 – in mio EUR

Ultimate Country Issuer	Fixed Income Category	Exposure
Greece	Financial institutions	6 998 865
	RMBS	15 337 004
Greece Total		**22 335 869**
Ireland	CDO	41 587 998
	Financial institutions	12 998 754
Ireland Total		**54 586 753**
Italy	ABS	7 216 598
	Commercial MBS	8 609 231
	Corporate	29 966 475
	Financial institutions	36 992 075
	RMBS	114 353 015
	Sovereign	151 632 661
Italy Total		**348 770 055**
Portugal	Corporate	4 481 452
	Financial institutions	16 995 231
	RMBS	76 970 600
	Sovereign	15 260 806
Total Portugal		**113 708 090**
Spain	ABS	24 856 977
	CDO	8 036 315
	Commercial MBS	2 410 505
	Corporate	21 385 685
	Covered Bonds	9 995 884
	Financial institutions	17 998 477
	RMBS	285 038 803
Spain Total		**369 722 645**
GRAND TOTAL		**909 123 411**

4.5 / Market risk

The dealing room works with a strict limit framework, approved by the management committee.

This framework is based on sensitivity analyses and Value-at-Risk, both monitored by the Risk Management Team on a daily and "intraday" basis. The new HUB activity of the dealing room is subjected to its own specific "Value-at-Risk" but this is included in the global limit framework that was approved by the management committee.

The economic capital of the market risk represents 0.59% of the bank's total economic capital before correlation.

Status as at 31 December 2010

Consolidated Balance Sheet - Assets
31.12.2010 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk: +100bp	Sensitivity Interest rate risk: -100bp	Sensitivity Price risk: +10%	Sensitivity Price risk: -10%
Cash and balances with central banks	623 347				
Financial assets held for trading	2 862 765				
Financial assets designated at fair value through profit or loss	71 663	-46 407	53 290		
Available-for-sale financial assets	4 993 190	-99 662	110 988	232	-232
Loans and receivables (including finance leases)	22 354 881	-629 953	632 146		
Held-to-maturity investments					
Derivatives - hedge accounting	48 521				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	135 225				
Tangible assets	49 554				
— Property, Plant and Equipment	49 554				
— Investment property					
Intangible assets	18 896				
— Goodwill					
— Other intangible assets	18 896				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)					
Tax assets	122 459				
— Current tax assets	955				
— Deferred tax assets	121 504				
Other assets	96 894				
Non-current assets and disposal groups classified as held for sale					
TOTAL ASSETS	**31 377 395**	**-776 022**	**796 424**	**232**	**-232**

Consolidated Balance Sheet - Liabilities

31.12.2010 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk: +100bp	Sensitivity Interest rate risk: -100bp	Sensitivity Price risk: +10%	Sensitivity Price risk: -10%
Deposits from central banks					
Financial liabilities held for trading	2 810 610	4 448	-6 585		
Financial liabilities designated at fair value through profit or loss	67 534	-2 432	2 576		
Financial liabilities measured at amortised cost	19 842 991	-801 273	833 759		
— Deposits from Credit institutions	361 374	-2 964	2 895		
— Deposits from Other than credit institutions	15 749 338	-714 569	739 457		
— Debt certificates including bonds	1 829 785	-68 725	75 491		
— Subordinated liabilities	374 809	-15 015	15 916		
— Other financial liabilities	1 527 685				
Financial liabilities associated with transferred assets	7 179 356	-3 907	3 405		
Derivatives - hedge accounting	386 297	-168 992	170 914		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	-30 604				
Provisions	178 984				
Tax liabilities	30 227				
— Current tax liabilities	27 655				
— Deferred tax liabilities	2 572				
Other liabilities	61 382	-1 128	2 016		
Liabilities included in disposal groups classified as held for sale					
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	**30 526 777**	**-973 284**	**1 006 085**		

Status as at 31 December 2009

Consolidated Balance Sheet - Assets

31.12.2009 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk: +100bp	Sensitivity Interest rate risk: -100bp	Sensitivity Price risk: +10%	Sensitivity Price risk: -10%
Cash and balances with central banks	151 855				
Financial assets held for trading	1 685 944				
Financial assets designated at fair value through profit or loss	65 908	-29 432	33 922		
Available-for-sale financial assets	3 664 927	-88 071	99 028	232	-232
Loans and receivables (including finance leases)	20 345 209	-565 313	574 813		
Held-to-maturity investments					
Derivatives - hedge accounting	9 525				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100				
Tangible assets	41 674				
— Property, Plant and Equipment	41 674				
— Investment property					
Intangible assets	18 558				
— Goodwill					
— Other intangible assets	18 558				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)					
Tax assets	86 146				
— Current tax assets	2 034				
— Deferred tax assets	84 112				
Other assets	89 365				
Non-current assets and disposal groups classified as held for sale					
TOTAL ASSETS	**26 296 211**	**-682 816**	**707 763**	**232**	**-232**

Consolidated Balance Sheet - Liabilities

31.12.2009 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk: +100bp	Sensitivity Interest rate risk: -100bp	Sensitivity Price risk: +10%	Sensitivity Price risk: -10%
Deposits from central banks					
Financial liabilities held for trading	1 661 497	-29 280	33 921		
Financial liabilities designated at fair value through profit or loss	73 851	-3 190	3 404		
Financial liabilities measured at amortised cost	18 905 483	-680 488	688 899		
— Deposits from Credit institutions	1 399 829	-2 851	2 163		
— Deposits from Other than credit institutions	15 465 575	-649 663	657 462		
— Debt certificates including bonds	971 733	-11 346	11 614		
— Subordinated liabilities	401 179	-16 628	17 660		
— Other financial liabilities	667 167				
Financial liabilities associated with transferred assets	4 282 580	-4 659	3 661		
Derivatives - hedge accounting	265 939	-156 417	154 599		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk					
Provisions	170 123				
Tax liabilities	27 655				
— Current tax liabilities	27 655				
— Deferred tax liabilities					
Other liabilities	54 622	-8 561	8 133		
Liabilities included in disposal groups classified as held for sale					
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	**25 441 750**	**-882 595**	**892 617**		

The net interest rate sensitivity of the derivative portfolio is presented as a liability under the heading "derivatives – hedge accounting".

AXA Bank Europe Solvency Indicator (S.I.): expresses the sensitivity of the market value of AXA Bank Europe on an upward parallel rate shift of the yield curve with 100 basis points.

In the case of a positive gap position (longer assets than liabilities) the solvency indicator quantifies the loss of market value of AXA Bank Europe.

4.6 / Currency risk

Status as at 31 December 2010

Consolidated Balance Sheet - Assets 31.12.2010 – in '000 EUR	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	Other
Cash and balances with central banks	623 347	581 156	206	141	7 134	26 060	8 149	501
Financial assets held for trading	2 862 765	2 586 318	5 625	10 092	25 870			234 860
Financial assets designated at fair value through profit or loss	71 663	65 402	6 261					
Available-for-sale financial assets	4 993 190	4 569 316	98 511	123 942		197 854		3 567
Loans and receivables (including finance leases)	22 354 881	20 447 442	104 568	2 942	1 342 831	315 506	19 997	121 595
Held-to-maturity investments								
Derivatives - hedge accounting	48 521	48 521						
Fair value changes of the hedged items in portfolio hedge of interest rate risk	135 225	135 225						
Tangible assets	49 554	49 034				368	152	
— Property, Plant and Equipment	49 554	49 034				368	152	
— Investment property								
Intangible assets	18 896	18 492			214	151	39	
— Goodwill								
— Other intangible assets	18 896	18 492			214	151	39	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)								
Tax assets	122 459	119 084				3 375		
— Current tax assets	955	347				608		
— Deferred tax assets	121 504	118 737				2 767		
Other assets	96 894	95 157	-38	-12	690	1 152	86	-141
Non-current assets and disposal groups classified as held for sale								
TOTAL ASSETS	**31 377 395**	**28 715 147**	**215 133**	**137 105**	**1 376 739**	**544 466**	**28 423**	**360 382**

Consolidated Balance Sheet - Liabilities 31.12.2010 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**CZK**	**Other**
Deposits from central banks								
Financial liabilities held for trading	2 810 610	2 553 118	5 651		22 261			229 580
Financial liabilities designated at fair value through profit or loss	67 534	67 534						
Financial liabilities measured at amortised cost	19 842 991	17 429 837	295 612	340 471	875 790	419 811	442 314	39 156
— Deposits from Credit institutions	361 374	287 008	67 213	7 121		32		
— Deposits from Other than credit institutions	15 749 338	14 138 435	152 414	240 374	381 667	356 551	441 539	38 358
— Debt certificates including bonds	1 829 785	1 829 785						
— Subordinated liabilities	374 809	374 809						
— Other financial liabilities	1 527 685	799 800	75 985	92 976	494 123	63 228	775	798
Financial liabilities associated with transferred assets	7 179 356	7 179 356						
Derivatives - hedge accounting	386 297	386 297						
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	-30 604	-30 604						
Provisions	178 984	178 483			317	184		
Tax liabilities	30 227	30 165			-131		193	
— Current tax liabilities	27 655	27 655						
— Deferred tax liabilities	2 572	2 510			-131		193	
Other liabilities	61 382	49 381	-92	2	3 299	7 039	1 295	458
Liabilities included in disposal groups classified as held for sale								
Share capital repayable on demand (e.g. cooperative shares)								
TOTAL LIABILITIES	**30 526 777**	**27 843 567**	**301 171**	**340 473**	**901 536**	**427 034**	**443 802**	**269 194**

Consolidated Balance Sheet - Equity

31.12.2010 – in ‘000 EUR

Consolidated Balance Sheet - Equity	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	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	-172 581	-150 529	-5 500	-14 738	-1 652	33	-96	-99
— Tangible assets								
— Intangible assets								
— Hedge of net investments in foreign operations (effective portion)								
— Foreign currency translation	-1 361	-23			-1 096	-146	-96	
— Cash flow hedges (effective portion)	-16 097	-16 097						
— Available for sale financial assets	-149 337	-129 179	-5 500	-14 738		179		-99
— Non-current assets and disposal groups held for sale								
— Other items	-5 786	-5 230			-556			
Reserves (including retained earnings)	464 539	465 753	-6 162	-30	-2 268	7 239		7
<Treasury shares>								
Income from current year	12 342	70 278			-14 867	-29 075	-13 994	
<Interim dividends>								
Minority interest								
— Revaluation reserves and other valuation differences								
— Other items								
TOTAL EQUITY	**850 618**	**931 820**	**-11 662**	**-14 768**	**-18 787**	**-21 803**	**-14 090**	**-92**
TOTAL LIABILITIES AND EQUITY	**31 377 395**	**28 775 387**	**289 509**	**325 705**	**882 749**	**405 231**	**429 712**	**269 102**

Status as at 31 December 2009

Consolidated Balance Sheet - Assets 31.12.2009 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**CZK**	**Other**
Cash and balances with central banks	151 855	129 539	317	125	4 634	17 153	41	46
Financial assets held for trading	1 685 944	1 575 110	6 568		645	642		102 979
Financial assets designated at fair value through profit or loss	65 908	62 377	3 531					
Available-for-sale financial assets	3 664 927	3 195 307	66 952	122 426		276 578		3 664
Loans and receivables (including finance leases)	20 345 209	18 041 749	48 190	43 249	1 897 986	275 152	18 461	20 422
Held-to-maturity investments								
Derivatives - hedge accounting	9 525	9 525						
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100	137 100						
Tangible assets	41 674	40 877				661	136	
— Property, Plant and Equipment	41 674	40 877				661	136	
— Investment property								
Intangible assets	18 558	17 467			257		834	
— Goodwill								
— Other intangible assets	18 558	17 467			257		834	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method - including goodwill)								
Tax assets	86 146	83 721				2 425		
— Current tax assets	2 034	340				1 694		
— Deferred tax assets	84 112	83 381				731		
Other assets	89 365	86 411			1 822	947	185	
Non-current assets and disposal groups classified as held for sale								
TOTAL ASSETS	**26 296 211**	**23 379 183**	**125 558**	**165 800**	**1 905 344**	**573 558**	**19 657**	**127 111**

Consolidated Balance Sheet - Liabilities

31.12.2009 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	Other
Deposits from central banks								
Financial liabilities held for trading	1 661 497	1 552 253	6 661		645			101 938
Financial liabilities designated at fair value through profit or loss	73 851	73 851						
Financial liabilities measured at amortised cost	18 905 482	16 635 314	140 569	20 804	465 020	1 578 283	11 490	54 002
— Deposits from Credit institutions	1 399 828	379 011	7 559	11 622	265 006	718 993		17 637
— Deposits from Other than credit institutions	15 465 575	14 745 873	132 755	8 609	197 709	333 782	11 490	35 357
— Debt certificates including bonds	971 733	971 733						
— Subordinated liabilities	401 179	401 179						
— Other financial liabilities	667 167	137 518	255	573	2 305	525 508		1 008
Financial liabilities associated with transferred assets	4 282 580	4 282 580						
Derivatives - hedge accounting	265 939	265 939						
Fair value changes of the hedged items in a portfolio hedge of interest rate risk								
Provisions	170 123	169 768			280	75		
Tax liabilities	27 655	27 655						
— Current tax liabilities	27 655	27 655						
— Deferred tax liabilities								
Other liabilities	54 623	46 555	478	2	1 651	4 759	1 178	
Liabilities included in disposal groups classified as held for sale								
Share capital repayable on demand (e.g. cooperative shares)								
TOTAL LIABILITIES	**25 441 750**	**23 053 915**	**147 708**	**20 806**	**467 596**	**1 583 117**	**12 668**	**155 940**

Consolidated Balance Sheet - Equity 31.12.2009 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**CZK**	**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	-157 393	-128 559	-5 011	-22 448	-812	-299		-264
— Tangible assets								
— Intangible assets								
— Hedge of net investments in foreign operations (effective portion)								
— Foreign currency translation	-120	81			-193	-8		
— Cash flow hedges (effective portion)	-12 116	-12 116						
— Available for sale financial assets	-144 423	-116 409	-5 011	-22 448		-291		-264
— Non-current assets and disposal groups held for sale								
— Other items	-734	-115			-619			
Reserves (including retained earnings)	475 312	480 851	-6 162	-30	-2 586	3 232		7
<Treasury shares>								
Income from current year	-9 775	4 358			-10 934	-211	-2 988	
<Interim dividends>								
Minority interest								
— Revaluation reserves and other valuation differences								
— Other items								
TOTAL EQUITY	**854 461**	**902 967**	**-11 173**	**-22 478**	**-14 332**	**2 722**	**-2 988**	**-257**
TOTAL LIABILITIES AND EQUITY	**26 296 211**	**23 956 882**	**136 535**	**-1 672**	**453 264**	**1 585 839**	**9 680**	**155 683**

4.7 / Cash flow and Fair Value Interest Rate risk

Description

Cash flow interest risks and fair value interest risks occur with interest fluctuations on the financial markets. Interest rate risk is the sensitivity of the bank to adverse movements in interest rates. Accepting and managing this risk belongs to a bank's normal management activities. Interest rate risk comes in many forms such as repricing risk, yield curve risk, base risk and optionality. It impacts the bank's income as well as its value.

On the asset side we note the following main headings for AXA Bank Europe:

— Mortgage loans, including the securitised portfolio, for approximately EUR 12.3 billion to be split into 38% fixed, 62% variable formulas;
— Other forms of credit are of the personal loan and investment credit type;
— The bond portfolio with fixed interest for EUR 1.2 billion covers the entire yield curve and can be split into the following buckets:
  - 53% less than 3 years;
  - 23% 3 to 7 years;
  - 24% more than 7 years.
— The credit spread portfolio for EUR 1.7 billion is of the variable interest type and is therefore short-funded.

On the liabilities side we note the following main balance sheet items:

— Savings account for EUR 10.5 billion with a modelised duration approach of approximately 1 year;
— The savings certificate/forward account portfolio with fixed interest and retail clients totalled approximately EUR 2.1 billion by December 2010;
— Treasury funding (including institutional clients) totalled EUR 10.5 billion by end December 2010;
— Derivatives such as swaps, futures and swaptions were used primarily to reduce the interest rate risk profile outlined above.

MEASURING INSTRUMENTS

Static analysis

Gap Analysis
Gaps express a difference between assets and liabilities that are repriced or expire.
Off-balance sheet products are considered as the combination of an investment and a loan.

Sensitivity analysis
Measures the impact of unfavourable interest movements on the bank's economy value. This analysis is based on the duration analysis.

Value-at-Risk (V@R)
Integrates the probability of interest movements into the sensitivity analysis.
The applied probability is 99.9%.

Dynamic analysis – scenarios

The dynamic analysis integrates expected future production figures into the analysis, verifying how the interest risk position will be impacted in the future.

Solvency indicator

In order to quantify cash flow interest risks and fair value interest risks, AXA Bank Europe developed an indicator referred to as "solvency indicator" within the group. This indicator calculates a sensitivity of the market value of the cash flows for interest fluctuations in the financial markets. The methodological development of the indicator is based on market value, convexity and duration of each balance sheet line. This indicator express is an absolute terms the impact of an adverse interest movement of 1% on the bank's economic value.

In relative terms this impact is related to the bank's equity (tier 1 and tier 2). This relative indicator is a major control instrument for the ALCO for the bank's interest rate risk management.

Solvency indicator in mio EUR	31.12.2010	31.12.2009
Absolute	384.0	312.4
Relative	30.00%	23.84%

Total positions (all currencies) 31.12.2010 – in mio EUR	Amount	Solvency Indicator
Commercial banks		**-324.1**
Belgium		-330.9
— Assets	13 020.0	-620.1
— Liabilities	-13 406.4	154.6
— Off Balance	5 989.5	134.6
Hungary		-0.2
— Assets	1 571.6	-1.3
— Liabilities	-905.0	1.1
Switzerland		3.2
— Liabilities	-380.8	3.2
Czech Republic		3.8
— Assets	0.0	0.0
— Liabilities	-441.7	3.8
Investment bank		**-55.0**
— Assets	4 045.7	-142.4
— Liabilities	0.0	0.0
— Off Balance	-1 957.1	87.4
Treasury bank		**-3.5**
— Assets	7 677.5	-12.1
— Liabilities	-10 155.8	6.9
— Off Balance	33.4	1.8
AXA Hedging Services		**-6.2**
— Swaps	33 194.7	-6.2
— Swaptions	2 788.4	0.0
SCF		**4.1**
— Liabilities: Covered Bond A	-750.0	61.2
— Off Balance: Swap	750.0	-57.2
TOTAL		**-384.8**

Integration of interest rate risks related to the branches

Interest rate risks (including those of the branches) are managed globally at head office level. The branches send files to head office. These files are processed in the central ALM tool there. This ensures that global indicators can be calculated that allow the interest rate risks to be managed. Provisions are made for specific reporting at the biweekly ALCO.

4.8 / Liquidity risk

Funding liquidity risk is the risk that the bank will not be able to adequately satisfy both expected and unexpected current and future cash flows without compromising daily transactions or the bank's financial status.

Market liquidity risk is the risk that the bank is unable to easily compensate for or eliminate a position at normal market price due to insufficient market depth or a disruption in the market.

AXA Bank Europe pays considerable attention to minimising this risk. AXA Bank Europe has a profile of shorter-term funding than the outstanding assets. The required attraction of liquidities is provided within the dealing room under the supervision of risk management and the biweekly ALCO. Funding sources are extensive and interbank and institutional funding is used as well as repos and tripartite repos.

The bank's liquidity risk policy consists or will consist of the following components, among others:

- The daily liquidity position per treasurer is determined in accordance with guidelines in the Liquidity Risk Charter. The instruments and techniques that can be used are the same as those for the Interest Rate risk;
- Acutely difficult situations must be carefully prepared since there is little opportunity for analysis when they occur;
- Adequate liquidity risk policy is proactive with a longer-term vision and takes into account: Strategy A/L alterations, Back-up liquidity, Asset Securitisation Programmes.

These topics are the responsibility of the ALCO and are regularly discussed in that committee.

All solutions are closely monitored.

The risk is measured by means of various scenarios – stress tests.

Total Bank	31.12.2010	31.12.2009
Liquidity consumption	25 873.8	16 115.9
Liquidity resources	30 345.5	15 626.6
Total BLE-I	**85.3%**	**77.2%**
Total BLE-i - no stress	**85.3%**	**77.2%**
Stress 1 Liquidity surplus/(shortage)	3 893.4	-2 729.5
Stress 1 = 10% instant withdrawal of savings + 10% incr. of last estim runoff + stress on repo capacity + 40% stress on CIFP	86.9%	84.4%
Stress 2 Liquidity surplus/(shortage)	3 893.4	-601.3
Stress 2 = Stress 1 with 33% instant withdrawal of savings instead of 10%	86.9%	95.3%

The following tables provide the term analysis for the respective assets/liabilities components.

The lack of liquidity can be completely resolved through securities eligible to the ECB or through repo operations.

Collateral Management takes place for OTC Derivatives and repos.

To mitigate the counterparty risk, AXA Bank Europe has signed legal framework contracts with counterparties, GMRA within the framework of repos and ISDA/CSA within the framework of OTC derivatives. For each counterparty/framework contract, the global exposure is examined that we have when compared to this counterparty each day. Global exposure means that the market value of all deals with this counterparty (who falls under that framework agreement) ± provide or receive collateral. Should exposure remain with regard to this counterparty, a related margin call is done so that we no longer are exposed for that day with regard to the counterparty.

Status as at 31 December 2010

Cash inflows (not cumulative) 31.12.2010 – 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	96 923	100 514	2	2	5	44	210
Credit institutions	1 258 280		340 825	24 821		26 328	
Non credit institutions (local governments, multilateral development banks, public sector entities...)	372	440	912	1 325	2 129	13 756	28 119
Private sector - other wholesale	24 571						
Private sector - other	26 882	37 297	101 080	150 552	297 884	1 821 640	5 590 493
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	410 418	366 359	438 557	55 972	104 218	558 583	1 406 066
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)	2 536 927	2 250 604	1 265 041	34	73	759	1 661
— 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	550 847	406 124	1 071 952	651 988	106 380	323	
— Derivatives on interest	5 801	341 225	84 704	97 183	169 155		
— Other derivatives							
Maximum additional net cash inflows							
— Derivatives on currency							
— Derivatives on interest							
— Other derivatives							
Scheduled cash inflows due to related parties (cf. IAS 24.9)							
Cash	928 161	1 779 822	1 182 287	681 175			
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	**87 988**	**167 637**	**98**	**544**	**3 073**	**91 196**	**4 111 321**

Cash outflows (not cumulative) 31.12.2010 – 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	-101 540	-20 000	-1	-30		-6 652	
— Credit institutions	-398 104	-6 639	-101 083	-112 618	-161 406	-3 229	
— Non credit institutions (local governments, multilateral development banks, public sector entities…)	-2 288 366	-130 911	-153 184	-240 741	-12 070	-26 173	-36 345
— Private sector - other wholesale							
— Private sector - other							
Current accounts/overnight deposits	-2 736 215						
Regulated deposits	-8 804 830						
Other deposits	-942 848	-131 892	-94 350	-51 410	-63 665	-1 010 990	-14 431
Customer saving certificates	-13 337	-21 603	-32 716	-43 966	-105 808	-270 119	-89
Debt certificates (issued by entity)		-2 424	-3 597	-2 548	-1 932	-97 917	-40 037
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	-2 536 927	-2 250 604	-1 265 041	-34	-73	-759	-1 661
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)	-10 418	-366 359	-438 557	-55 972	-104 218	-558 583	-1 406 066
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Contractual foreseen cash outflows							
— Derivatives on currency	-716 902	-410 341	-920 271	-651 898	-106 377		
— Derivatives on interest	-8 288	-336 929	-106 759	-124 634	-205 081		
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash							
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	-928 161	-1 779 822	-1 182 287	-681 175			
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other	**-3 814 710**	**104 989**	**100 926**	**288 845**	**469 665**	**1 406 466**	**5 397 025**

The above table was drawn up in accordance with IFRS 7 taking into account the contractual foreseen cancellation term for financial instruments (products with indefinite contractual terms are included in the "< 1 week" column while the perpetual loans are included in the "Other" column).

Status as at 31 December 2009

Cash inflows (not cumulative) 31.12.2009 – in '000 EUR	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	< 5 years	Other
Scheduled cash inflows related to credit without liquid financial assets as collateral							
Central governments							
Credit institutions	571 780	129 315	82 883	137 332	20 825	5 000	899 785
Non credit institutions (local governments, multilateral development banks, public sector entities...)	357	716	985	1 096	2 389	14 640	37 977
Private sector - other wholesale							
Private sector - other	29 923	40 933	108 217	163 504	321 451	2 055 407	5 924 271
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	9 412	13 142	35 097	51 878	106 622	555 046	2 460 140
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	174	513	1 655	2 380	5 115	55 140	5 232 079
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Planned and potential net cash inflows related to derivatives instruments (excl. credit derivatives)							
Contractual foreseen cash inflows							
— Derivatives on currency							
— Derivatives on interest	1 006	333 407	61 534	17 796	32 695		
— Other derivatives							
Maximum additional net cash inflows							
— Derivatives on currency							
— Derivatives on interest							
— Other derivatives							
Scheduled cash inflows due to related parties (cf. IAS 24.9)							
Cash					4 418 570		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)							
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other	**357 231**					**84 403**	**1 989 401**

Cash outflows (not cumulative)

31.12.2009 – in '000 EUR

	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	< 5 years	Other
Scheduled cash outflows related to financing without liquid financial assets as collateral							
Deposits and customer saving certificates							
— Central governments	-3 642	-28 380	-1		-3	-4 800	
— Credit institutions	-1 488 283	-313 330	-82 857	-56 874	-1 848	-2 989	-1 286
— Non credit institutions (local governments, multilateral development banks, public sector entities…)	-2 215 078	-296 692	-270 066	-276 311	-11 048	-5 140	-3 093
— Private sector - other wholesale							
— Private sector - other							
Current accounts/overnight deposits	-2 019 342						
Regulated deposits	-9 022 584						
Other deposits	-579 982	-263 790	-210 946	-95 532	-98 754	-443 202	-13 228
Customer saving certificates	-14 869	-16 702	-43 667	-71 810	-140 989	-373 808	-228
Debt certificates (issued by entity)	-209 986	-1 807	-2 873	-3 807	-13 708	-86 105	-48 525
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	-174	-513	-1 655	-2 380	-5 115	-55 140	-5 232 079
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	-9 412	-13 142	-35 097	-51 878	-106 622	-555 046	-2 460 140
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Contractual foreseen cash outflows							
— Derivatives on interest	-2 364	-329 225	-68 884	-49 710	-92 211		
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash							
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)					-4 418 570		
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other	**-2 818 972**	**-31 196**			**38**	**80 224**	**5 706 024**

4.9 / Fair value of financial assets and liabilities

4.9.1 / Fair value in relation to retail activity

Fair value hedges
In order to clarify the close link between fixed mortgage loans and their related hedges through payor swaps in accounting reporting, a fair value hedge model is used that was developed specially for this purpose.

Fair value calculation
Commercial cash flows are subjected to the swap curve for the fair value calculation. In this calculation all cash flows known today per type of balance sheet line are subjected to a commercial spread. For products without known cash flows, such as, for example, savings and current accounts, the carrying amount is taken as the market value due to their directly demandable nature. Financial products are valued at normal market principles.

The fair value of retail credits (mortgage loans/investment credits/instalment credits) is calculated in a number of steps:

— First the credits' future cash flows are calculated on the basis of their features (interest rate, frequency of repayment, etc.);
— These cash flows are subsequently adjusted in order to take into account early repayments (4% on an annual basis for housing and investment credits; 10% on an annual basis for instalment loans);
— Lastly, the (adjusted) cash flows are discounted on the basis of the IRS curve. The IRS curve Is increased by a cost spread in order to take into account expenses for the management of the credit portfolios.

4.9.2 / Fair value with respect to financing activities (treasury)

The fair value of financial instruments of level 1 is determined on the basis of market prices in an active market.

If the market for a specific instrument is not active or market prices are not or not regularly available, rating techniques are used based on the updated value of future cash flows and the price determination of option models for financial instruments of level 2. These rating techniques make use of market data such as interest curves and volatility data. In some cases we make use of external prices provided by a reliable intermediary. These prices are then subject to a internal validation or we value these instruments by means of internal rating techniques.

The following components are included:

Assets

Receivables from other bankers
Receivables from other bankers include interbank investments and reverse repo transactions.

The estimated fair value is based on discounted cash flows at current market conditions.

Loans and receivables from clients
These loans and receivables are recognised for their net 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 31.12.2010 – in '000 EUR	Carrying amount (if different from fair value)	Recognised or disclosed fair values	Level 1	Level 2	Level 3	Of which: amount recognised in P&L using a valuation technique during the period (level 3) (1)
Trading assets		2 862 765	33 777	2 828 988		
Financial assets designated at fair value through profit or loss		71 663	21 545	50 118		
Available-for-sale financial assets		4 993 190	3 334 803	1 651 862	6 525	
Loans and receivables	22 354 881	23 722 850				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		2 810 610	42 745	2 767 865		
Financial liabilities designated at fair value through profit or loss		67 534		67 534		
Financial liabilities at amortised cost	19 812 387	19 827 737				
Other financial liabilities	7 179 356	7 179 356				

(1) Only applied if such valuation technique is based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

In the case of the shares, the price drop of 10% will have a negative impact of EUR 653 000 and a price rise of 10% will have a positive impact of EUR 653 000.

Level 3 fair value of financial assets/ liabilities

31.12.2010 – in '000 EUR

	RW Level 3 OPENING BALANCE (*)	(a) Net profits and losses included in: P&L	OCI	(b) Settlements	(c) Net transfers in and out Level 3	RW Level 3 CLOSING BALANCE	Level 3 Total impact on W&V for 2010
Assets available for sales (7120)	15 620 032.99	-1 202.40	-474.55	-285 555.40	-8 807 759.99	6 525 040.65	1 830 447.70
Financial assets designated at fair value through profit or loss (7110)	2 314 001.76				-2 314 001.76	0.00	0.00
Financial assets held for trading (7100)	100 515 544.31			-1 601.12	-100 513 943.19	0.00	0.00
Financial liabilities held for trading (7160)	-99 271 383.46				99 271 383.46	0.00	0.00
TOTAL OF LEVEL 3 FINANCIAL ASSETS/ LIABILITIES	**19 178 195.60**	**-1 202.40**	**-474.55**	**-287 156.52**	**-12 364 321.48**	**6 525 040.65**	**1 830 447.70**

(*) The initial balance sheet also includes the changes in the application area because of the introduction of the level 1, 2 and 3 changes in relation to IFRS 7.

(a) Matches the realised and unrealised W&V and OCI during the period of financial assets/liabilities classed as level 3 at the start (including the impact due to the exchange result, interest result, impairments and debit entries as definitive losses).

(b) Settlements during the period of financial assets/liabilities classed as level 3 at the start (refund of securities).

(c) The net transfers in and out of Level 3 comprise the following movements: transfers from Level 3 to Level 2 for the full amount of EUR 12 364 321.48 due to the automation and the availability of market data.

Assets / Liabilities

31.12.2009 – in '000 EUR

	Carrying amount (if different from fair value)	Recognised or disclosed fair values	Level 1	Level 2	Level 3	Of which: amount recognised in P&L using a valuation technique during the period(level 3) (1)
Financial assets held for trading		1 685 944	18 880	1 565 549	100 516	100 516
Financial assets designated at fair value through profit or loss		65 908	21 418	42 176	2 314	957
Available-for-sale financial investments		3 664 927	1 977 895	1 671 411	15 620	-2 231
Loans and receivables	20 345 209	20 313 363				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		1 661 498	13 077	1 549 149	99 271	99 271
Financial liabilities designated at fair value through profit or loss		73 851		73 851		
Financial liabilities at amortised cost	18 905 484	18 925 238				
Other financial liabilities	54 623	54 623				

(1) Only applied if such valuation technique is based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

The shifts from level 1 to level 2 mainly have their origin in the degradering of the rating of Portugal while the shifts from level 2 to level 1 arise because a quote on an active market has become available.

Valuation technique based on market data:

The large majority of the positions classified under this point are valuated using mark to model prices calculated by AXA IM.

The base is always the mark to market which is corrected in order to eliminate the liquidity premium it contains.

The remaining part is priced using prices found in Bloomberg, Reuters, Markt and/or Interactive Data or communicated by counterparties after being checked in order to assess their reliability.

4.9.3 / Day one profits

AXA Bank Europe has deferred a "day one profit" with regard to a CDO for an amount of EUR 388 909.47 as on 31 December 2010. This amount will be spread over the duration of the instrument.

4.10 / Capital management

At AXA Bank Europe, capital management goes beyond the simple management of equity. The main objectives are the following:

- Compliance with capital requirements imposed by the supervisor;
- Safeguarding of interests of shareholders, clients and foreign capital;
- Maintenance of a sound capital foundation to support the development of its activities;
- Guarantee that the available capital is sufficient to meet the bank's capital requirements, on the basis of the underlying corporate strategy.

Regularly, AXA Bank Europe submits a "forecast" of its capital requirements to ALCO (Assets & Liabilities Committee), for the current year, the following year as well as the long term, on a corporate and consolidated basis. This measure allows the implementation of adjustments in a timely manner.

In practice, AXA Bank Europe is also affected by the EU's solvency requirements. These European regulations have been included in Belgian legislation and the CBFA monitors compliance. The required information is transmitted on a quarterly basis.

The supervisor requires that each bank apply a minimum solvency ratio of 8%, defined as the relationship between statutory capital and the weighted risk volume.

The statutory capital is broken down into three tiers:

- Tier 1 capital: share and reserve capital including reinvested earnings. Affected provisions, overfunding of pension commitments and unrealised depreciation of the fixed available-for-sale income portfolio are deducted;
- Tier 2 capital: subordinated loans, perpetual subordinated debts and unrealised surplus values of the fixed available-for-sale income portfolio;
- Tier 3 capital only to cover market risk.

The changes to the calculation of the equity that were imposed by the banking supervisor as from 31 December 2010 do not have an impact on the equity of AXA Bank Europe.

The regulatory capital differs depending on the approach to credit risk. If the Internal Ratings-Based (IRB) approach is applied, a distinction must be made between IRB provisions and IRB estimates of anticipated losses on the off balance sheet items. A surplus of provisions may be included in the Tier 1 capital. A shortage of provisions must be deducted from the regulatory capital (50% Tier 1, 50% Tier 2).

The weighted risk volume for the Belgium retail credit portfolio credit risk is determined according to the IRB. The necessary models were developed to this end. Securitisation positions (mortgage backed) are also processed according to the IRB approach.

The Standard Approach (SA) is applied on the remaining assets, primarily the investment portfolio, 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.

When the internal models of the Hungarian branch have been developed and validated completely, it will switch to the IRB.

The market risk is determined according to the SA.

The requirement for operational risk follows the BIA (basic indicator approach).

AXA Bank Europe obtained permission from the banking supervisor to apply bilateral netting under specific conditions for calculating the risk position values at the end of 2010. This results in a slight drop of the total weighted risk volume when compared to 2009.

In order to evaluate to what extent the capital is sufficient, account is also taken of the economic risks linked to subordinated activities, which are valued on the basis of the economic capital. The risks of pillar 2 that are not covered by pillar 1 are also dealt with. The impact of the diversification between the various risk types and the various Business Lines must be taken into account in the calculation of the economic capital. A quarterly report is provided to the Management Board.

in '000 EUR	31.12.2010	31.12.2009
Tier 1 capital		
Paid in capital	546 318	546 318
Reserves including retained earnings	472 745	485 831
minus: other intangible assets	-18 896	
minus: loss of financial year		-9 775
minus: charges foreseen for wich no provisons where composed		
minus: overfunding pension commitments		
minus: adjustment reserves pursuant to revaluation of cash flow hedges	-16 097	-12 116
minus: valuation differences in FVO financial liabilities (own credit risk)	-1 867	-3 962
Total tier 1 capital	**982 203**	**1 006 295**
Tier 2 capital		
Positive fair value revaluation reserve on available for sale equities	576	614
Perpetuel subordonated debts	185 763	178 090
Subordated debts	144 244	157 032
Total tier 2 capital	**330 584**	**335 736**
minus: participations		
minus: subordinated advances on participations		
minus: IRB provision shortfall (-)	-37 455	-33 296
net trading book profits	4 434	2 383
TOTAL CAPITAL	**1 279 767**	**1 308 735**
TOTAL WEIGHTED RISK VOLUME	**4 433 303**	**4 999 646**
BASEL RATIO	**28.87**	**26.18**

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 judgemenets 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;
  - Tangible fixed assets.

— 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 (e.g., models) are used, they are checked and validated periodically. All models are also validated before they are applied and adjusted in order to always include the latest data and comparable market data. For more information, please to the point 4.9 Fair value of financial assets and liabilities.

— 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 the 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 lossess 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.
A non-realisable loss is a temporary difference that only arises from the mark-to-market adjustment of debt instruments through the other comprehensive income. Such unrealised losses are related to market conditions and is by definition only temporary.
AXA BANK Europe does not expect that this loss will be realised in the future. Should this be the case anyway, AXA BANK Europe must include this loss/impairment through an impairment in the income statement. The loss would then be regarded as a structural loss and on a long-term basis.
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 through the income statement.
A deferred tax asset is recognised insofar future accounting profit will be available to recuperate the deferred tax asset.
The following Belgian tax profits are available based on the forecast performed by AXA Bank Europe.

- Tax losses carried forward.
The acknowledgment of deferred taxes for an amount of EUR 32 959 is the result of a change of estimation by management of the future taxable profit expectations.
In accordance with the profit expectations, there would be sufficient future tax profits available within the contemplated period for the settlement of the unused part of the notional interest deduction. This is the reason for including a notional interest deduction deferred tax due amount. Based on the same profit expectataions, the notional interest deduction for 2007 related to this (residual part) was included up to notional interest deduction 2010.
On the other hand, there are insufficient tax profits available for the settlement of the Belgian transferred tax losses and, consequently, a deferred tax due amount was not included for this part.
Management is following profit expectations closely and the realisability of the deferred tax due amount is officially covered and documented at least twice a year.
AXA Bank Europe had a total potential deferred tax due amount of EUR 31 634 413.33 of which EUR 2 947 811.87 was included at the end of 2009 with regard to the notional interest deduction. If we take into account the changes in the tax carrying amounts and the estimate of the end of 2010, AXA Bank Europe has included a deferred tax due amount for an overall amount of EUR 32 959 391.68 with regard to the notional interest deduction.

— Determination of the expected service life and residual value of tangible fixed assets and intangible assets.

— Actuarial assumptions relating to the rating of pension liabilities and pension assets (see more about this under section 33 Post-employment benefits and other long-term staff expenses).

— Estimation of existing liabilities resulting from events in the past when recognising provisions.

For a detailed description about the working method used in these valuations we refer to Section 2. Financial reporting policies.

6 / NET FEE AND COMMISSION INCOME

Fee and commission income and expenses

in '000 EUR

Fee and commission income and expenses	31.12.2010	31.12.2009
Fee and commission income		
Securities	16 301	16 307
— Issued	16 301	16 307
— Transfer orders		
— Other		
Clearing and settlement		
Trust and fiduciary activities	1 315	1 188
— Asset management		
— Custody	1 315	1 188
— Other fiduciary transactions		
Loan commitments	1 508	365
Payment services	11 887	11 773
Structured finance		
Servicing fees from securitization activities		
Other	9 486	6 333
TOTAL	**40 497**	**35 966**
Fee and commission expenses		
Commissions to agents (acquisition costs)	29 995	42 995
Custody		
Clearing and settlement	13	10
Servicing fees for securitization activities		
Other	12 217	12 707
TOTAL	**42 225**	**55 712**

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

31.12.2010 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	27 608	15 579	12 029
Loans and receivables (including finance leases)	6 736		6 736
Held-to-maturity investments			
Financial liabilities measured at amortised cost		883	-883
Other			
TOTAL	**34 344**	**16 462**	**17 882**

Net income from financial instruments not classified as fair value through profit or loss

31.12.2009 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	2 970	20 850	-17 880
Loans and receivables (including finance leases)	4 994		4 994
Held-to-maturity investments			
Financial liabilities measured at amortised cost		786	-786
Other			
TOTAL	**7 964**	**21 636**	**-13 672**

8 / NET INCOME FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Net income from financial instruments designated at fair value 31.12.2010 – in '000 EUR	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	9 173	5 523	3 650
Financial liabilities designated at fair value through profit or loss	5 486	5 370	116
TOTAL	**14 659**	**10 893**	**3 766**

Net income from financial instruments designated at fair value 31.12.2009 – in '000 EUR	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	16 334	10 865	5 469
Financial liabilities designated at fair value through profit or loss	6 778	13 556	-6 778
TOTAL	**23 112**	**24 421**	**-1 309**

9 / NET INCOME FROM HEDGING ACTIVITIES

Net income from hedging activities 31.12.2010 – in '000 EUR	Realised gains	Realised losses	Net
Fair value hedges	14 474	14 455	19
— Fair value changes of the hedged item attributable to the hedged risk	14 216		14 216
— Fair value changes of the hedging derivatives (Including discontinuation)	258	14 455	-14 197
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	101 887	92 921	8 966
— Fair value changes of the hedged item	92 195		92 195
— Fair value changes of the hedging derivatives	9 692	92 921	-83 229
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	**116 361**	**107 376**	**8 985**

Net income from hedging activities

31.12.2009 – in '000 EUR

	Realised gains	Realised losses	Net
Fair value hedges	697	616	81
— Fair value changes of the hedged item attributable to the hedged risk	697		697
— Fair value changes of the hedging derivatives (Including discontinuation)		616	-616
Cash flow hedges			
— Fair value changes of the hedging derivatives - ineffective portion			
Hedges of net investments in a foreign operation			
— Fair value changes of the hedging derivatives - ineffective portion			
Fair value hedge of interest rate risk	49 624	34 788	14 836
— Fair value changes of the hedged item	49 624		49 624
— Fair value changes of the hedging derivatives		34 788	-34 788
Cash flow hedge of interest rate risk			
— Fair value changes of the hedging instrument - ineffective portion			
Discontinuation of hedge accounting in the case of a cash flow hedge			
TOTAL	**50 321**	**35 404**	**14 917**

Including the amortization of the fair value change of the hedged position.

10 / OTHER OPERATING INCOME AND EXPENSES

in '000 EUR	31.12.2010	31.12.2009
INCOME	**42 096**	**35 777**
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	42 096	35 777
EXPENSES	**1 928**	**5 882**
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	1 375	5 018
Other	553	864
TOTAL	**40 168**	**29 895**

11 / STAFF EXPENSES

in '000 EUR	31.12.2010	31.12.2009
Wages and salaries	86 228	79 299
Social security charges	37 020	35 679
Pension and similar expenses	2 213	1 016
Share based payments		
Other	2 646	1 907
TOTAL	**128 107**	**117 901**

12 / OTHER OPERATING EXPENSES

in '000 EUR	31.12.2010	31.12.2009
Marketing expenses	8 856	7 666
Professional fees	49 413	23 278
IT expenses	11 127	10 021
Rents to pay or to receive	498	-1 833
Other	96 819	108 699
TOTAL	**166 713**	**147 831**

13 / INCOME TAX EXPENSE (CURRENT AND DEFERRED TAXES)

AXA Bank Europe makes use of the notional interest deduction.

The notional interest deduction represents a fundamental change in the calculation structure of corporate taxes applicable from 2007 financial 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 reduces the taxable base on which the corporate taxes are calculated.

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 determining the basis on which the notional interest deduction is calculated, this amount is multiplied by a percentage which represents the average of the monthly published reference indexes for linear bonds over 10 years, every two years before the relevant tax year.

If the accounting profit of the financial year is insufficient in order to fully aply the notional interest deduction, the undeducted portion can be carried forward for seven consecutive years.

For the financial year 2010, the taxable profit does not lead to corporate taxation, taking into account the notional interest deduction as described above. The notional interest deduction increased to an amount of EUR 32 275 220.89 during 2010, but part of the increase was offset by the taxable profit. Based on the budget analyses performed by AXA Bank Europe, a deferred tax asset was recognised for the overall amount of EUR 32 959 391.68, accounting for the notional interest deduction of the current and previous years.

Law of 22 June 2005, published in the Belgian Official Gazette of 30 June 2005. Its implementing order was approved on 17 September 2005 and published in the Belgian Official Gazette of 3 October 2005.

The law of 22 June 2005 was further improved by Article 115 of the law of 23 December 2005 on the Generation pact, published in the Belgian Official Gazette of 30 December 2005.

Reconciliation of statutory tax to effective tax

31.12.2010 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-4 662	
— 1.1. Net profit before taxes	-13 715	
— 1.2. Statutory tax rate		33.99%
2. Tax impact of rates in other jurisdictions	6 979	
3. Tax impact of non taxable revenues	5	
4. Tax impact of non tax deductible expenses	332	
5. Tax impact of utilisation of previously unrecognised tax losses		
6. Tax impact on tax benefit not previously recognised in profit or loss	5 554	
7. Tax impact from reassessment of unrecognised deferred tax assets	21 827	
8. Tax impact of change in tax rates	-3 764	
9. Tax impact from under or over provisions in prior periods		
10. Other increase (decrease) in statutory tax charge	2 444	
11. Tax expense using effective rate	-26 057	
— 11.1. Net profit before taxes	-13 715	
— 11.2. Effective tax rate		189.99%

Reconciliation of statutory tax to effective tax

31.12.2009 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-4 921	
— 1.1. Net profit before taxes	-14 479	
— 1.2. Statutory tax rate		33.99%
2. Tax impact of rates in other jurisdictions	3 250	
3. Tax impact of non taxable revenues	2 078	
4. Tax impact of non tax deductible expenses	2 682	
5. Tax impact of utilisation of previously unrecognised tax losses		
6. Tax impact on tax benefit not previously recognised in profit or loss		
7. Tax impact from reassessment of unrecognised deferred tax assets	3 652	
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	15	
11. Tax expense using effective rate	-4 704	
— 11.1. Net profit before taxes	-14 479	
— 11.2. Effective tax rate		32.49%

The tax claim recognized by AXA Bank Europe includes taxable reserves and provisions as well as tax claims on temporary differences due to IFRS restatements and the notional interest deduction. 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 31.12.2010 – in '000 EUR	Net deferred tax assets	Net deferred tax liabilities	Net deferred taxes
Deferred taxes through result	79 092	44 725	34 367
Deferred taxes through revaluation reserve for financial assets available for sale	83 195	4 208	78 987
Deferred taxes through cash flow hedge revaluation reserve	2 821	0	2 821
Deferred taxes through profit and losss on defined benefit plans	2 756	0	2 756
TOTAL DEFERRED TAXES	**167 864**	**48 933**	**118 931**

Analysis of deferred tax assets and liabilities 31.12.2009 – in '000 EUR	Net deferred tax assets	Net deferred tax liabilities	Net deferred taxes
Deferred taxes through result	20 719	12 169	8 550
Deferred taxes through revaluation reserve for financial assets available for sale	74 757	25	74 732
Deferred taxes through cash flow hedge revaluation reserve	771	0	771
Deferred taxes through profit and losss on defined benefit plans	59	0	59
TOTAL DEFERRED TAXES	**96 306**	**12 194**	**84 112**

Deferred tax assets per expected date of utilization 31.12.2010 – in '000 EUR	Deferred tax asset - expected date of utilization 1 year	Deferred tax asset - expected date of utilization 2 year	Deferred tax asset - expected date of utilization 3 year	Deferred tax asset - expected date of utilization 4 year	Deferred tax asset - expected date of utilization 5 year	Deferred tax asset - expected date of utilization 6 year	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	185	2 414	1 021	0	0	0	155	0	3 775
Other deferred tax assets	14 792	9 090	20 973	11 198	4 259	11 349	30 076	62 353	0	164 089
TOTAL DTA	**14 792**	**9 275**	**23 387**	**12 219**	**4 259**	**11 349**	**30 076**	**62 508**	**0**	**167 864**

Deferred tax assets per expected date of utilization 31.12.2009 – in '000 EUR	Deferred tax asset - expected date of utilization 1 year	Deferred tax asset - expected date of utilization 2 year	Deferred tax asset - expected date of utilization 3 year	Deferred tax asset - expected date of utilization 4 year	Deferred tax asset - expected date of utilization 5 year	Deferred tax asset - expected date of utilization 6 year	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	731	0	0	0	0	0	0	317	1 048
Other deferred tax assets	5 336	1 272	870	2 542	2 195	4 520	16 595	61 929	0	95 258
TOTAL DTA	**5 336**	**2 003**	**870**	**2 542**	**2 195**	**4 520**	**16 595**	**61 929**	**317**	**96 306**

Deferred tax assets as on the last use date

31.12.2010 – in '000 EUR

	DTA last use date 1 year	DTA last use date 2 year	DTA last use date 3 year	DTA last use date 4 year	DTA last use date 5 year	DTA last use date 6 year	DTA last use date Between 7 and 11 years	DTA last use date > 11 years	DTA last use date No due date	Total
DTA on taxable transferred losses	0	0	0	0	0	0	0	0	3 775	3 775
Other deferred tax assets	1 120	1 833	3 153	2 872	12 452	25 140	41 451	51 743	24 326	164 089
TOTAL DTA	**1 120**	**1 833**	**3 153**	**2 872**	**12 452**	**25 140**	**41 451**	**51 743**	**28 101**	**167 864**

Deferred tax assets as on the last use date

31.12.2009 – in '000 EUR

	DTA last use date 1 year	DTA last use date 2 year	DTA last use date 3 year	DTA last use date 4 year	DTA last use date 5 year	DTA last use date 6 year	DTA last use date Between 7 and 11 years	DTA last use date > 11 years	DTA last use date No due date	Total
DTA on taxable transferred losses	0	0	0	0	0	0	0	0	1 048	1 048
Other deferred tax assets	2 198	-57	851	2 092	2 173	4 510	17 012	51 440	15 040	95 259
TOTAL DTA	**2 198**	**-57**	**851**	**2 092**	**2 173**	**4 510**	**17 012**	**51 440**	**16 088**	**96 307**

Income tax expense (income), current and deferred

in '000 EUR

	2010	2009
Current income tax expense, net	-4	-99
Deferred tax expense, net	-26 053	-4 605

AXA Bank Europe's equity contains tax free reserves (for an amount of EUR 235 083 484.12) for which no deferred tax asset is recognised. In case these reserves would be paid out, they would be taxed. As long as the bank is a going concern, these reserves are required as part of the equity capital for the operations of the bank and there is no intention to pay them out.

14 / CASH AND BALANCES WITH CENTRAL BANKS

in '000 EUR	31.12.2010	31.12.2009
Current accounts with central banks	558 236	82 777
— Available credit balances with central banks	558 236	82 777
Mandatory reserve deposits with central banks	0	37
TOTAL	**558 236**	**82 814**

This section includes EUR 444 574.32 in accrued interests.

15 / LOANS AND RECEIVABLES

Counterparty breakdown 31.12.2010 – in '000 EUR	Unimpaired assets	Impaired assets (total carrying amount)	Allowances for individually assessed financial assets	Allowances for collectively assessed financial assets(1)	Total net carrying amount
Debts instruments issued by					
— Central governments					
— Credit institutions					
— Non credit institutions					
— Corporate					
— Retail					
Loans and receivables to	21 994 397	494 952	118 613	15 855	22 354 881
— Central governments	1 124				1 124
— Credit institutions	2 983 509				2 983 509
— Non credit institutions	4 829 204				4 829 204
— Corporate	38 200	21 799	12 379		47 620
— Retail	14 142 360	473 153	106 234	15 855	14 493 424
Accrued income (if accounted for separately)					
TOTAL	**21 994 397**	**494 952**	**118 613**	**15 855**	**22 354 881**

Counterparty breakdown 31.12.2009 – in '000 EUR	Unimpaired assets	Impaired assets (total carrying amount)	Allowances for individually assessed financial assets	Allowances for collectively assessed financial assets(1)	Total net carrying amount
Debts instruments issued by					
— Central governments					
— Credit institutions					
— Non credit institutions					
— Corporate					
— Retail					
Loans and receivables to	20 265 936	205 972	115 210	11 490	20 345 209
— Central governments					
— Credit institutions	2 071 423				2 071 423
— Non credit institutions	4 634 183	1 203	856		4 634 531
— Corporate	881 103	62 591	53 029		890 665
— Retail	12 679 227	142 178	61 325	11 490	12 748 590
Accrued income (if accounted for separately)					
TOTAL	**20 265 936**	**205 972**	**115 210**	**11 490**	**20 345 209**

(1) The strong fluctuation of the term loans between companies and private individuals compared to 2009 is due to the refining of the reporting tool where a shift occurred from SME's to private individuals.

Loans and receivables (excluding credit institutions)
31.12.2010 – in '000 EUR

Loans and receivables (excluding credit institutions)	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		4 577 774		
Consumer Credit			11 207	868 289
Mortgage loans				11 478 355
Term loans		192 644	26 313	2 078 000
Current accounts		2 254	10 046	57 087
Other	1 124	56 532	53	11 694
TOTAL	**1 124**	**4 829 204**	**47 619**	**14 493 425**

Loans and receivables (excluding credit institutions)
31.12.2009 – in '000 EUR

Loans and receivables (excluding credit institutions)	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		4 418 570		
Consumer Credit		4 971	5 061	816 409
Mortgage loans		46 969	1 055	10 528 593
Term loans		159 038	855 412	1 027 375
Current accounts		2 215	28 970	28 864
Other		2 767	167	347 349
TOTAL		**4 634 530**	**890 665**	**12 748 590**

16 / FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Counterparty breakdown

31.12.2010 – in '000 EUR

	Total (carrying amount)
Equity instruments	2 541
— Quoted	2 541
— Unquoted but FV determinable	
Debt instruments issued by	69 122
— Central governments	
— Credit institutions	40 725
— Non credit institutions	28 397
— Corporate	
— Retail	
Loans and advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income if accounted for separately	
TOTAL	**71 663**

Counterparty breakdown

31.12.2009 – in '000 EUR

	Total (carrying amount)
Equity instruments	2 887
— Quoted	2 887
— Unquoted but FV determinable	
Debt instruments issued by	63 021
— Central governments	
— Credit institutions	39 062
— Non credit institutions	23 315
— Corporate	644
— Retail	
Loans and advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income if accounted for separately	
TOTAL	**65 908**

17 / AVAILABLE FOR SALE FINANCIAL INVESTMENTS

Counterparty breakdown

31.12.2010 – in '000 EUR

	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	6 734	2 898	9 632	2 236
— Quoted	140	2 865	3 005	2 178
— Unquoted but FV determinable	6 594	33	6 627	58
— Equity instruments at cost				
Debt instruments issued by	4 970 871	12 688	4 983 558	13 128
— Central governments	3 169 055		3 169 055	
— Credit institutions	501 148	1	501 149	
— Non credit institutions	1 100 020	12 687	1 112 707	13 128
— Corporate	200 648		200 648	
— Retail				
Loans and advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	**4 977 605**	**15 586**	**4 993 190**	**15 364**

Counterparty breakdown

31.12.2009 – in '000 EUR

	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	5 518	4 322	9 840	3 415
— Quoted	121	2 931	3 052	2 178
— Unquoted but FV determinable	5 397	1 391	6 788	1 237
— Equity instruments at cost				
Debt instruments issued by	3 649 640	5 447	3 655 086	45 803
— Central governments	1 866 043		1 866 043	
— Credit institutions	475 140	76	475 216	4 092
— Non credit institutions	1 168 556	5 371	1 173 926	41 711
— Corporate	139 901		139 901	
— Retail				
Loans and advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	**3 655 158**	**9 769**	**3 664 926**	**49 218**

18 / TRADING ASSETS

Counterparty breakdown

31.12.2010 – in '000 EUR

	Carrying amount
Derivatives held for trading	2 852 814
Equity instruments	9 950
— Quoted	9 950
— Unquoted but FV determinable	
— Equity instruments at cost	
Debt instruments issued by	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Loans and advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income (if accounted for separately)	
TOTAL	**2 862 764**

Counterparty breakdown

31.12.2009 – in '000 EUR

	Carrying amount
Derivatives held for trading	1 685 314
Equity instruments	628
— Quoted	1
— Unquoted but FV determinable	627
— Equity instruments at cost	
Debt instruments issued by	2
— Central governments	
— Credit institutions	
— Non credit institutions	2
— Corporate	
— Retail	
Loans and advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income (if accounted for separately)	
TOTAL	**1 685 944**

19 / IMPAIRMENT CHARGE FOR CREDIT LOSSES

31.12.2010 – 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					2 898	2 236		
— Quoted					2 865	2 178		
— Unquoted but FV determinable					33	58		
— Equity instruments at cost								
Debt instruments					12 687	13 128		
— Central governments								
— Credit institutions								
— Non credit institutions					12 687	13 128		
— Corporate								
— Retail								
Loans and advances	685 301	1 044	356	336	371 302	118 613	5 037	
— Central governments	131							
— Credit institutions								
— Non credit institutions	16 899	13		1				
— Corporate	52 853	88	211	49	9 855	12 379		
— Retail	615 418	943	145	286	361 447	106 234	5 037	
Bills & own acceptances								
Finance leases								
Securitized loans								
Consumer Credit	83 029	2			17 322	9 691	234	
Mortgage loans	507 570	759			153 269	26 744	3 777	
Term loans	18 058	17			186 115	61 659	581	
Current accounts	6 761	165	145	286	4 741	8 140	445	
Other								
Other financial assets					838	3 304		
TOTAL	**685 301**	**1 044**	**356**	**336**	**387 725**	**137 281**	**5 037**	
Allowances for incurred but not reported losses on financial assets							10 817	
Non specifically attributable collaterals								

31.12.2009 – 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					4 322	3 415		
— Quoted					2 931	2 178		
— Unquoted but FV determinable					1 391	1 237		
— Equity instruments at cost								
Debt instruments					5 446	45 803		
— Central governments								
— Credit institutions					75	4 092		
— Non credit institutions					5 371	41 711		
— Corporate								
— Retail								
Loans and advances	908 022	1 212	322	464	90 763	115 211		
— Central governments	123							
— Credit institutions								
— Non credit institutions	18 804			1	347	856		
— Corporate	70 562	398	148	63	9 563	53 029		
— Retail	818 533	814	174	400	80 853	61 326		
Bills and own acceptances								
Finance leases								
Securitized loans								
Consumer Credit	112 325	86			16 825	9 529		
Mortgage loans	676 686	575			35 851	16 635		
Term loans	22 406				24 943	27 888		
Current accounts	7 115	153	174	400	3 234	7 274		
Other	1							
Other financial assets					998	3 519		
TOTAL	**908 022**	**1 212**	**322**	**464**	**101 529**	**167 948**		
Allowances for incurred but not reported losses on financial assets							11 490	
Non specifically attributable collaterals								

Overview of impairment

31.12.2010 – in '000 EUR

	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	117 491	50 824	66 667
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	11 918	8 036	3 882
— Loans and receivables measured at amortized cost (including finance leases)	105 573	42 788	62 785
— 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	**117 491**	**50 824**	**66 667**
Interest income on impaired financial assets accrued in accordance with IAS 39			262

Credit exposure

31.12.2010 – in '000 EUR

	Maximum credit exposure
Equity	22 122
Debt instruments	5 052 680
Loans and advances	23 154 176
Derivatives	2 901 337
Other	96 894
TOTAL	**31 227 209**
Carrying amount of financial assets pledged as collateral for	6 826 374
— Liabilities	6 813 744
— Contingent liabilities	12 630

Allowances movements for credit losses

31.12.2010 – 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	167 947	23 715	72 740	47 383	-27 271		142 318	3 775	41 879
Allowances for incurred but not reported losses on financial assets	11 490		2 871	3 441	-104		10 816		
TOTAL	**179 437**	**23 715**	**75 611**	**50 824**	**-27 375**		**153 134**	**3 775**	**41 879**

Overview of impairment

31.12.2009 – in '000 EUR

Overview of impairment	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	55 332	33 233	22 099
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	3 441	19 677	-16 236
— Loans and receivables measured at amortized cost (including finance leases)	51 891	13 556	38 335
— Held to maturity investments measured at amortized cost			
Impairment on			
— Property, plant and equipment			
— Investment properties			
— Intangible assets			
Goodwill			
Other			
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
TOTAL	**55 332**	**33 233**	**22 099**
Interest income on impaired financial assets accrued in accordance with IAS 39			122

Credit exposure

31.12.2009 – in '000 EUR

Credit exposure	Maximum credit exposure
Equity	13 355
Debt instruments	3 718 109
Loans and advances	21 173 006
Derivatives	1 694 840
Other	89 365
TOTAL	**26 688 675**

Allowances movements for credit losses

31.12.2009 – in '000 EUR

Allowances movements for credit losses	Opening balance	Write-down taken against the allowance	Amounts set aside for estimated probable loan losses	Amounts reversed for estimated probable loan losses	Other adjustments	Transfers between allowances	Closing balance	Recoveries directly recognized in profit or loss	Charge-offs directly recognized in profit or loss
Specific allowances for individually assessed financial assets and specific allowances for collectively assessed financial assets	153 073		52 100	32 160	-5 066		167 947		18 784
Allowances for incurred but not reported losses on financial assets	7 605		2 639	1 073	2 319		11 490		
TOTAL	**160 678**		**54 739**	**33 233**	**-2 747**		**179 437**		**18 784**

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.

Collateral for personal credits

These guarantees are the following:

- **real**: relate to a property, movable or immovable, with an intrinsic value;
- **personal**: consist of a right to 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.

Real guarantees

- Mortgage and mortgage subscription;
- Authentic pledging of business;
- Subrogation to the benefit of the seller of real estate;
- Pledging of securities;
- Pledging account balance;
- Transfer of all “traditional life insurance” rights;
- Transfer of all insurance policy rights Branch 21, 23;
- Transfer of salary.

Personal or moral guarantees

- Security;
- Mortgage mandate;
- Irrevocable commitment by a third party.

Collateral for instalment loans

For consumer credits only one type of guarantees is used:

Transfer of debt collection or act of relinquishment of wages and other income.

Treasury and derivatives guarantees

At this time the only guarantees received by AXA Bank Europe are those regarding repo activities or derivatives, in function of the fluctuation of the market value of the deals.

In the framework of the “Global master repurchase agreement”, (GMRA) AXA Bank Europe only accepts government bonds. Since August 2007, however, we have concluded one GMRA with AXA IM in which we also accepted “non-governmental” paper. This kind of paper is only accepted if it is accepted as collateral by the ECB.

In repo activities we distinguished two types of collateral: on the one hand the collateral received at the time a new deal is concluded; on the other hand the collateral asked during the term of the deals in function of the fluctuation of the market value of the initially provided collateral. For French counterparties this additional collateral will always be settled in cash (at EONIA commission). This in contrast, however, to the time of the deal initiation when only securities are accepted as collateral. We also have tripartite repo activities whereby Clearstream or Euroclear ensures that we receive sufficient collateral at all times from our counterparties insofar as said collateral is included in our “collateral basket”.

In derivatives activities currently the general rule applies that collateral is actively requested. Only cash (at Eonia compensation) and Belgian, German, Italian, French and UK government bonds with a residual term of at least one year and at the most 10 will be considered. An exception to this rule is the American counterparties. For these counterparties, American securities will also be accepted in CSAs with a minimum term of one year and a maximum term of 10 years. For 1 counterparty, AXA Reinsurance Ireland, we also accept government bonds in Japanese yen.

20 / DERIVATIVES

Derivatives 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 periodically checked 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 in October 2010 has been covered by 3 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 of OCI (unrealised results) can be transferred to the profit and loss account.

Cash-Flow hedge

This strategy includes the coverage of current liabilities which will end in 2018. It involves a strict micro-hedge construction aimed at insuring the bank regarding flows to be paid.

Voluntary designation at fair value through profit and loss (Fair value option)

The "fair value option" is applied in a number of cases:

- The "fair value option" is applied for asset swaps under IFRS in some portfolios, whereby 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 31.12.2010 – in '000 EUR	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
Interest rate	Option / Cap / Floor / Collar / Swaption	8 564 222	186 719	161 369
	IRS	65 171 999	2 423 385	2 391 397
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option	4 923	58	58
	Warrant			
	Other	3 422 950	215 294	215 040
Currency (FX)	FX forward	2 806 118	23 827	42 745
	FX future			
	Cross currency swap			
	FX option	138 448	3 531	1
	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		**80 108 660**	**2 852 814**	**2 810 610**

By nature 31.12.2009 – in '000 EUR	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
Interest rate	Option / Cap / Floor / Collar / Swaption	8 744 966	170 071	145 616
	IRS	40 786 118	1 395 831	1 403 533
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other	3 730 751	100 514	99 271
Currency (FX)	FX forward	1 515 526	18 253	13 077
	FX future			
	Cross currency swap			
	FX option	448 326	645	
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
Accrued income/expenses (if accounted for separately)				
TOTAL		**55 225 687**	**1 685 314**	**1 661 497**

Derivatives – administrative treatment of hedging activities (micro hedging).

By type of risk 31.12.2010 – in '000 EUR	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
FAIR VALUE HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	7 039	118 015	2 083 000
	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		**7 039**	**118 015**	**2 083 000**
CASH FLOW HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	28	34 411	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		**28**	**34 411**	**200 000**
Hedges of a net investment in a foreign operation				
TOTAL		**7 067**	**152 426**	**2 283 000**

By type of risk 31.12.2009 – in '000 EUR	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
FAIR VALUE HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	3 413	37 026	857 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity 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		**3 413**	**37 026**	**857 000**
CASH FLOW HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	16	28 436	200 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity 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		**16**	**28 436**	**200 000**
Hedges of a net investment in a foreign operation				
TOTAL		**3 429**	**65 462**	**1 057 000**

Hedging of interest rate risk on portfolio level (macro hedging).

Portfolio hedge of interest rate risk 31.12.2010 – in '000 EUR	Carrying amount Assets	Carrying amount Liabilities	Notional amount
Fair value hedges	41 454	233 871	3 552 101
Cash flow hedges			

Portfolio hedge of interest rate risk 31.12.2009 – in '000 EUR	Carrying amount Assets	Carrying amount Liabilities	Notional amount
Fair value hedges	6 096	200 477	2 237 000
Cash flow hedges			

Disclosure on "gain and losses" on existing cash flow hedges	Carrying amount CFH derivative	Unrealized Gains/Losses - During the period	Cumulative Unrealized Gains/Losses	Release from equity (CFH) to P&L
Cash flow hedges - Assets				
Cash flow hedges - Liabilities				
CASH FLOW HEDGES - INTEREST RATE CONTRACTS - LIABILITIES				
CF hedges - Interest rate contracts - OTC - Swaps - Liabilities	-8 451	-6 030	-8 299	6 030

CFH derivate carrying amount = Revenue of the swap in 2010.

Unrealised gains or losses – During the reporting period = Variation of the clean Fair Value of the swap in 2010.

Accumulated unrealised gains or losses = Fluctuation of the clean Fair Value of the swap since the introduction of the hedge model.

Recycling from equity to the income statement = Hedging operations in the income statement for 2010.

Disclosure on the periods when the hedged transaction's cashflows occur	RMM0-1 < 1 month	RMM1-3 > 1 month, < 3 months	RMM3-12 > 3 months, < 12 months	RMY 1-5 > 1 year, < 5 years	RMY5 > 5 years
Cash flow hedges - Assets					
Cash flow hedges - Liabilities		-354			
CASH FLOW HEDGES - INTEREST RATE CONTRACTS - LIABILITIES					
CF hedges - Interest rate contracts - OTC - Swaps - Liabilities		-354			

The future outgoing cash flows that result from the financing of the loans and advances by the bank are hedged on a quarterly basis. This financing is carried out every three months with an external counterparty. The amount specified on this page matches the next cash flow issued in March 2011.

21 / OTHER ASSETS

Carrying amount in '000 EUR	**31.12.2010**	**31.12.2009**
Employee benefits	78 422	72 012
Servicing assets for servicing rights		
Prepaid charges	6 793	4 685
Accrued income (other than interest income from financial assets)	4 770	4 732
Precious metals, goods and commodities		
Other advances	1 454	2 716
Other	5 455	5 220
TOTAL	**96 894**	**89 365**

22 / INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

AXA Bank Europe has the following limited number of subsidiaries:

— AXA Belgium Finance bv (NL);
— Mofico nv;
— Beran nv;
— AXA Hedging Services Limited;
— AXA Bank Europe SCF (Société de Crédit Foncier).

AXA Bank Europe holds a participation of 10% in the SPV Royal Street.

In addition, it also holds a 20% stake in Brand & Licence Company. Alongside AXA Bank Europe, four other banks, each own 20% in this company. The firm aims to manage and license intellectual property rights, whether or not related to payment schemes with cards and all other related transactions.

Each shareholder is, for each 20% tranche of shares held, entitled to one director and the decisions by the Board of Directors must be ratified by 4/5 majority. Because of its low materiality, this company is not included in the consolidation scope.

AXA Belgium Finance bv was included in the consolidation circle. This is a Dutch private limited company, which issues securities and other debt instruments on the Luxembourg securities market.

Changes in the consolidation circle during the financial year 2010:

— A branch was established in France (AXA Bank Europe Paris Branch) in 2010;
— 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;
— After an initial securitisation operation in 2008 through Royal Street NV, a second operation was started in 2010 that has led to the final issue of covered bonds through AXA Bank Europe SCF (also see page 11 regarding this issuance);
— 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;
— Sofifo SARL, Imopole SA en Société Foncière de l'hexagone SARL were liquidated on 23 December 2010.

Entity 31.12.2010 – in '000 EUR	Accumulated equity interest (%)	Assets	Liabilities	Profit or loss	Reporting date
Accounted for by using full consolidation:					
AXA Belgium Finance	100.00%	75 773	72 964	-13	31.12.10
Royal Street sic	10.00%	4 287 137	4 246 029	597	31.12.10
ALEHS	100.00%	13 254	7 387	2 220	31.12.10
SCF	100.00%	1 515 593	1 513 457	-19 128	31.12.10

Entity 31.12.2010 – in '000 EUR	Accumulated equity interest (%)	Assets	Liabilities	Profit or loss	Reporting date
Not accounted for by using full consolidation:					
Beran	100.00%	2 135	10	-15	31.12.10
Mofico	100.00%	8 025	4 297	618	31.12.10
Brand & Licence Cy	20.00%	159	9	19	31.12.10

Disclosures on these companies and planned actions for further simplification of the structure of the AXA Bank Europe group

Motor Finance Company
Is the vehicle in which investments in self-banking devices are housed, which are leased to agents.

Beran
On 22 January 2008 Beran NV bought the residual rights and the ground lease for the real estate located in Berchem, 214 Grote Steenweg, resulting in the termination of co-ownership with Fortis.

23 / GOODWILL AND OTHER INTANGIBLE ASSETS

AXA Bank Europe currently has no goodwill.

During 2010 investments were made for the bank in Belgium in internal projects for an amount of EUR 1 671 906.07. In addition, EUR 2 193 792.78 was spent on the management of accountancy applications by the branches.

Intangible assets accounted for by using the cost model
31.12.2010 – in '000 EUR

	Good-will	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance			**18 530**		**28**	**18 558**
Additions from internal development		1 672				1 672
Additions from separate acquisition			2 194		131	2 325
Adjustments from business combinations						
Retirement & disposals						
Transfers to and from non-current assets Held for Sale			20			20
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized		35	4 095		30	4 160
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			343			343
Other movements			178			178
Ending balance		**1 637**	**17 130**		**129**	**18 896**
Amortization financial year		35	4 095		30	
Amortization previous year			3 934		1 001	
Cumulated Amortization		**35**	**8 044**		**1 031**	
Recoverable amount						
Gross amount of impairment of goodwill						
Accumulated impairment of goodwill						
Assets held under a finance lease						
Assets subject to an operating lease						

Intangible assets accounted for by using the cost model 31.12.2009 – in '000 EUR	Good-will	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance			**10 033**		**339**	**10 372**
Additions from internal development						
Additions from separate acquisition			11 250			11 250
Adjustments from business combinations						
Retirement & disposals						
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized			2 784		311	3 095
Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity						
Impairment recognized in profit or loss						
Impairment reversed in profit or loss						
Foreign currency translation effects			31			31
Other movements						
Ending balance			**18 530**		**28**	**18 558**
Amortization financial year			2 784		311	
Amortization previous year			1 149		690	
Cumulated Amortization			**3 934**		**1 001**	
Recoverable amount						
Gross amount of impairment of goodwill						
Accumulated impairment of goodwill						
Assets held under a finance lease						
Assets subject to an operating lease						

24 / PROPERTY, PLANT AND EQUIPMENT

Status as at 31 December 2010

PPE measured after recognition using the cost model 31.12.2010 – in '000 EUR	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
Opening balance	**37 521**	**626**	**1 644**	**1 883**	**41 675**
Additions	8 407	417	1 536	298	10 658
Acquisition through business combinations					
Disposals				187	187
Disposals through business combinations					
Depreciation	1 582	272	333	209	2 396
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects		2		-19	-17
Transfers					
— To and from non-current assets held for sale					
— To and from investment property					
Other changes				-178	-178
Closing balance	**44 346**	**773**	**2 847**	**1 588**	**49 554**
Accumulated depreciation	**18 692**	**3 364**	**4 063**	**1 636**	**27 755**
Financial year	**1 582**	**272**	**334**	**209**	**2 397**
Previous year	**17 111**	**3 092**	**3 729**	**1 427**	**25 359**
— Assets held under a finance lease					
— Assets subject to operating lease					

Status as at 31 December 2009

PPE measured after recognition using the cost model 31.12.2009 – in '000 EUR	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
Opening balance	**16 646**	**736**	**1 096**	**1 224**	**19 703**
Additions	21 876	239	808	311	23 234
Acquisition through business combinations		39	6	548	593
Disposals				24	24
Disposals through business combinations					
Depreciation	993	389	266	196	1 844
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects				25	25
Transfers					
— To and from non-current assets held for sale					
— To and from investment property					
Other changes	-8			-4	-12
Closing balance	**37 521**	**625**	**1 644**	**1 884**	**41 674**
Accumulated depreciation	**17 111**	**3 092**	**3 729**	**1 468**	**25 400**
Financial year	**993**	**389**	**266**	**196**	**1 844**
Previous year	**16 118**	**2 703**	**3 462**	**1 272**	**23 555**
— Assets held under a finance lease					
— Assets subject to operating lease					

The investments in 2009 and 2010 in sites and buildings for our own use concern the investments in the company's building in Antwerp Berchem.

The disposals of other materials concern the sale of cars at the Hungarian and Czech branches.

25 / FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

In the debt certificates we find an issue programme started in 2006 of EMTNs (European Medium Term Note) through AXA Belgium Finance. Here, AXA Bank Europe opted for the so-called fair value option and has therefore recognised these issuances at fair value in the balance sheet.

As at 31 December 2010 this fair value totalled EUR 66 533 895.49 and the nominal amount to be repaid was EUR 73 219 518.04.

The share of own credit risk in the amount of the fair value had a positive impact and resulted in a decrease in fair value on liabilities of EUR 3 371 590.16.

Until 2008, the share of our own credit risk on the fair value was calculated based on the margin applied by AXA Bank Europe on the retail issuances. Since there were no issuances in 2009 and 2010, this was calculated based on the Credit Default Swap on AXA S.A. in 2009 and 2010.

The new method calculates the difference between the spread of the Credit Default Swap on AXA S.A. when the issue takes place for the same duration and the spread of the Credit Default Swap on AXA S.A. on conclusion based on the remaining duration.

This difference leads to the determination of cash flows on each coupon date that are updated to finally determine the share of our own credit risk for each issue.

Counterparty breakdown

31.12.2010 – 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)	1 000		
— Current accounts/overnight deposits			
— Deposits with agreed maturity	1 000		
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	66 534	3 372	6 686
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	66 534	3 372	6 686
Convertible			
Non-convertible	66 534	3 372	6 686
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	**67 534**	**3 372**	**6 686**

Counterparty breakdown 31.12.2009 – in '000 EUR	Carrying amount	Amount of cumulative change in fair values attributable to changes in credit risk	Difference between the carrying amount and the amount contractually required to pay at maturity
Deposits from credit institutions			
— Current accounts/overnight deposits			
— Deposits with agreed maturity			
— Deposits redeemable at notice			
— Other deposits			
Deposits (other than from credit institutions)	2 200		
— Current accounts/overnight deposits			
— Deposits with agreed maturity	2 200		
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	71 651	1 505	7 121
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	71 651	1 505	7 121
Convertible			
Non-convertible	71 651	1 505	7 121
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	**73 851**	**1 505**	**7 121**

26 / DEPOSITS

Counterparty breakdown

31.12.2010 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					361 374
— Current accounts/overnight deposits					2 768
— Deposits with agreed maturity					358 574
— Deposits redeemable at notice					
— Other deposits					32
Deposits (other than from credit institutions)	13 923	2 549 792	2 384 821	10 800 802	15 749 338
— Current accounts/overnight deposits	6 137	127 445	955 258	1 837 953	2 926 793
— Deposits with agreed maturity	7 684	2 392 685	400 013	1 062 751	3 863 133
— Deposits redeemable at notice					
— Other deposits	102	29 662	1 029 550	7 900 098	8 959 412
Special deposits		256	83 310	25 487	109 053
Regulated deposits	102	29 406	946 240	7 874 611	8 850 359
Mortgages related deposits					
Other deposits					
Deposit guarantee system					
Debt certificates (including bonds)					1 829 785
— Certificates of deposits					458 033
— Customer saving certificates (also when dematerialised)					624 875
— Bonds					746 877
Convertible					
Non-convertible					746 877
— Other					
Subordinated liabilities					374 809
Other financial liabilities					1 527 685
Accrued expenses (if accounted for separately)					
TOTAL					**19 842 991**

Counterparty breakdown

31.12.2009 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					1 399 829
— Current accounts/overnight deposits					3 669
— Deposits with agreed maturity					1 395 982
— Deposits redeemable at notice					
— Other deposits					178
Deposits (other than from credit institutions)	102 889	2 868 556	1 400 049	11 094 081	15 465 575
— Current accounts/overnight deposits	12 401	125 231	717 657	1 247 901	2 103 190
— Deposits with agreed maturity	90 307	2 712 425	601 737	799 196	4 203 665
— Deposits redeemable at notice					
— Other deposits	181	30 900	80 655	9 046 984	9 158 720
Special deposits	104	131	79 127	5 536	84 898
Regulated deposits	77	30 769	1 528	9 041 448	9 073 822
Mortgages related deposits					
Other deposits					
Deposit guarantee system					
Debt certificates (including bonds)					971 733
— Certificates of deposits					142 099
— Customer saving certificates (also when dematerialised)					829 634
— Bonds					
Convertible					
Non-convertible					
— Other					
Subordinated liabilities					401 179
Other financial liabilities					667 167
Accrued expenses (if accounted for separately)					
TOTAL					**18 905 483**

27 / SUBORDINATED LIABILITIES

Maturity date 31.12.2010 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		10 751		
Current year +2		17 962		
Current year +3		28 569		
Current year +4		30 794		
Current year +5		22 918		
Current year +6		10 160		
Current year +7		46 089		
Current year +8		12 299		
Current year +9		1 491		
Current year +10		3 588		
More than current year +10		13		
Perpetuals		190 175		
TOTAL		**374 809**		

Maturity date 31.12.2009 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		22 725	24 960	
Current year +2		10 845		
Current year +3		17 995		
Current year +4		28 622		
Current year +5		30 851		
Current year +6		22 960		
Current year +7		10 179		
Current year +8		46 175		
Current year +9		1 685		
Current year +10		1 478		
More than current year +10				
Perpetuals		182 704		
TOTAL		**376 219**	**24 960**	

28 / TRADING LIABILITIES

Counterparty breakdown

31.12.2010 – in '000 EUR

	Carrying amount
Deposits from credit institutions	
— Current accounts/overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Derivatives held for trading	2 810 610
Short positions	
— In equity instruments	
— In fixed income instruments	
Deposits (other than from credit institutions)	
— Current accounts/overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Debt certificates (including bonds)	
— Certificates of deposits	
— Customer saving certificates (also when dematerialised)	
— Bonds	
Convertible	
Non-convertible	
— Other	
Other financial liabilities	
Accrued expenses (if accounted for separately)	
TOTAL	**2 810 610**

Counterparty breakdown

31.12.2009 – in '000 EUR

	Carrying amount
Deposits from credit institutions	
— Current accounts/overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Derivatives held for trading	1 661 497
Short positions	
— In equity instruments	
— In fixed income instruments	
Deposits (other than from credit institutions)	
— Current accounts/overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Debt certificates (including bonds)	
— Certificates of deposits	
— Customer saving certificates (also when dematerialised)	
— Bonds	
Convertible	
Non-convertible	
— Other	
Other financial liabilities	
Accrued expenses (if accounted for separately)	
TOTAL	**1 661 497**

29 / OTHER LIABILITIES

Carrying amount in '000 EUR	31.12.2010	31.12.2009
Employee benefits		
Social security charges	28 437	26 219
Servicing liabilities for servicing rights		
Leasing liabilities		
Accrued charges (other than from interest expenses on financial liabilities)	13 347	9 241
Income received in advance	1 975	1 912
Other debts	17 411	16 695
Other	210	555
TOTAL	**61 380**	**54 622**

30 / PROVISIONS

31.12.2010 – 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	**731**	**33 876**	**2 365**	**125 290**	**3 656**		**4 206**	**170 124**
Additions	87		715	8 851	14		546	10 213
Amounts used			105	1 814	3			1 922
Unused amounts reversed during the period	575		396	9 186	3 312		138	13 607
Acquisitions (disposals) through business combination								
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences				19			6	25
Other movements		-3 984		14 158			3 978	14 153
Closing balance	**243**	**29 892**	**2 579**	**137 318**	**355**		**8 598**	**178 985**

31.12.2009 – in '000 EUR	Re-structuring	Provisions for Tax litigation	Pending legal issues	Pensions and other post retirement benefit obligations	Loan commitments and guarantees	Onerous contracts	Other provisions	Total
Opening balance	**1 009**	**33 876**	**2 628**	**116 458**	**3 300**		**6 584**	**163 855**
Additions	10		392	3 998	15		2 644	7 059
Amounts used			196	2 230	1		1 903	4 330
Unused amounts reversed during the period	288		96	9 233	30		1 197	10 844
Acquisitions (disposals) through business combination								
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences							-74	-74
Other movements			-364	16 298	372		-1 849	14 457
Closing balance	**731**	**33 876**	**2 364**	**125 291**	**3 656**		**4 205**	**170 123**

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 2010 there was a release of EUR 575 415.65.

Ongoing legal disputes

This includes a provision for disputes involving agents and former agents (EUR 2 558 634.24). Two important new disputes occurred in 2010 for EUR 1 605 642.36.

In addition there is a provision for disputes with clients or third parties as a result of the credits extended by the bank (EUR 20 792.75). No major new disputes arose in 2010.

Predictions vary about the period of settlement of these disputes and are sometimes difficult to estimate.

Provisions for tax disputes

This section includes provisions as part of additional taxes charged to the bank, which are contested by the bank. In this context a number of clients claimed compensation from the bank, for which provisions were also recognised.

In the short term no major development is expected in these cases.

Pensions and other benefit liabilities on the basis of allocated pension schemes

The majority involves the provision in accordance with IAS19 (EUR 106 628 892.45). For further details we refer to the Section “Post-employment benefits and other long-term expenses”.

Here the collective scheme is also recognised with respect to the social liabilities referred to under “Reorganisation” (EUR 632 467.57). These will expire at the latest by 2011.

During the financial year 2010 new provisions were created (EUR 7 552 702.36) with respect to exit regulations created as a result of the merger with Winterthur, including a release of EUR 7 505 122.88, increasing the provision to EUR 24 596 857.45 as at 31 December 2010. The provisions are included in the CLA of 7 May 2007 and in the extension of the CLA of 25 November 2009. Since employees aged 50 and over (who meet the criteria) are able to benefit from this regulation, this item will continue to exist for 10 years.

There is, furthermore, one more provision for EUR 1 972 154.06 as on 31 December 2010 for paying time credit. EUR 231 269.46 of this was added and EUR 709 950.27 was released.

Loan and guarantee liabilities

Involves guarantees provided in 1999 to the purchaser of a large real estate credit portfolio on the part of the bank.

One dispute is still pending. In view of the favourable evolution in 2010, the previously started provision of EUR 3 300 000 was reversed.

Other provisions

Primarily involves a provision as part of stock monitoring reconciliation of bearer bonds (EUR 1 473 000).

In addition to an amount of EUR 334 282.33 for the provision for compensation claims from clients or third parties by virtue of the credit operations performed by the bank.

31 / CONTINGENT LIABILITIES AND COMMITMENTS

Off-balance sheet commitments - Notional Amounts

in '000 EUR

	31.12.2010	31.12.2009
Loan commitments	-25 292 336	-18 981 988
— Given	940 271	888 844
— Received	26 232 607	19 870 832
Financial guarantees	-2 251 603	-2 075 561
— Given	24 081	32 200
— Guarantees received	2 275 684	2 107 761
— Credit derivatives received		
Other commitments (e.g. note issuance facilities, revolving underwriting facilities...)	7 590 763	5 074 656
— Given to another counterparty	10 417 251	5 674 200
— Received from another counterparty	2 826 488	599 544

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:

— EUR 358 million relates to credit offers (not yet signed by the client);
— EUR 150 million relates to credit lines on current accounts;
— EUR 432 million relates to the still available client margin on the credit lines granted by the bank.

The risk here is very limited given the diversification of the portfolio and primarily the fact that the credits provided are themselves guaranteed by the client. These can be found under received liabilities, for the most part intangible guarantees (EUR 19 804 million).

Financial guarantees

Here we find EUR 2 276 million in received personal guarantees as part of personal as well as professional credits.

Other liabilities

This primarily involves the assets given by the bank as guarantee in the framework of its repo activity (EUR 8 189 million) and compulsory collateral in favour of the National Bank as part of its banking activities (EUR 2 230 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.

This security at the disposal of private individuals, associations and small- and medium-sized enterprises was raised to EUR 100 000 due to the Act authorising the government to take measures involving expenditure covering several financial years of 23 December 2009.

Financial institutions must pay an admission contribution to the Special Protection Fund of 10 basis points calculated on the outstanding amounts of these credit amounts. The payment takes place in 2 scales spread 2010 and 2011. In addition, an annual contribution must be paid as from 2011 of 15 basis points. It is important to note that this contribution only amounted to 1.75 basis points previously (before 2008).

The admission contribution that was estimated in 2010 was fully accounted for in the income statement.

Currently, negotiations are taking place with regard to the already existing "Protection fund for deposits and financial instruments" to refund the credit amounts of the fund to the financial institutions as a form of compensation for the increased contributions. Since currently there is still great uncertainty regarding the timing and the exact restitution modalities, nothing was included in the books of AXA Bank Europe regarding this refund.

Existing ANHYP plan before 1 July 1983

Managed in the form of group insurance.
— Plan of the "goal to be reached" type;
— Capital = (N/60 x T – N/40 x F) x 8.15
where:
- N = number of service years (YY;MM) to age 65;
- T = salary without ceiling;
- F = fixed sum.

— Financing only through bonuses by means of successive one-off premiums.

Existing ANHYP plan as of 1 July 1983

Managed in the form of a pension fund.
— Plan of the "goal to be reached" type;
— Capital at age 65 equals: N/40 x (1.5 T_1 + 7 T_2)
where:
- N = number of service years (YY;MM) to age 65;
- T_1 = salary bracket with ceiling;
- T_2 = salary bracket above ceiling and limited to a second ceiling.

— Mixed financing contribution/bonus in annual premiums. Contribution is fixed at 0.5% T_1 + 5% T_2.
The contribution is paid to the pension fund.

32 / POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM STAFF EXPENSES

Pension commitments

The entire bank population is managed by four plans, each in the form of a committed pension scheme:

— Existing ANHYP plan prior to 1 July 1983;
— Existing ANHYP plan after 1 July 1983 (pension fund);
— Existing IPPA plan;
— New AXA Bank plan;

As a reminder: at the time of the introduction of a new plan those employees still working for the company had the choice between staying with their existing plan or enrolling in the new plan, which explains the existence of these four plans.

The assets included in the plans represent, with the exception of the pension fund below, the reserves of the group insurance taken out with AXA Europe.

The forecasted long-term return of this type of asset is a guaranteed interest of 3.25% (or 4.75% for premiums paid before 1999) + profit sharing.

In the long term we expect an average return of 4.50% for the coming years.

The choice of 4.50% matches the expected yield in the long term of the hedging assets, that is, (primarily) the contracts for group insurances. This figure consists of the interest assured by the insurer (3.25% or 4.75% depending on the issue date of the contracts) increased by the expected profit share of the insurer and with discounts due to concessions.

Since this concerns a hypothesis in the long term, this hypothesis does not have to be changed each year. Should it however emerge that year-after-year this yield is no longer systematically attained (which would mean that there are systematic actuarial losses on the assets), it would be better to correct this hypothesis for the future.

From an historical perspective, should we examine the history of the “gains and losses on assets” of the last years for all group insurance plans for AXA staff in Belgium jointly, there is again nothing that points to the fair yield significantly deviating from 4.50%.

With regard to the pension fund of the Bank, the same hypothesis was selected to ensure uniformity. Since the pension fund will be consolidated soon as far as I am aware to create the group insurances, this hypothesis continues to be plausible for the future.

The breakdown of assets with respect to the ANHYP pension fund is split into 81.28% cash and 18.72% Opportunities Hedges Funds. Here too we maintain a long-term yield of 4.50%.

Existing ANHYP plan before 1 July 1983

Managed in the form of group insurance.
— Plan of the “goal to be reached” type;
— Capital = (N/60 x T – N/40 x F) x 8.15
where:
- N = number of service years (YY;MM) to age 65;
- T = 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.
— Defined benefit plan;
— 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 = uncapped 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

	31.12.2010	31.12.2009
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	690	669
— 1.1.1. Present value of wholly or partially funded	2 006	1 830
— 1.1.2. (-) Fair value, defined benefit plan assets	1 316	1 161
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	1 316	1 161
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	**690**	**669**
2. Expense recognised in profit or loss, total	**85**	**76**
2.1. Current service cost	47	36
2.2. Interest cost	93	86
2.3. (-) Expected return on plan assets	-54	-46
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	58	38
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-73	-151
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	1 830	1 460
3.2. (-) Benefits paid	46	
3.3. Current service cost	47	36
3.4. Interest cost	93	86
3.5. Actuarial gains and losses, total	82	249
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants		
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	2 006	1 831
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	4.30%	5.00%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions		

ANHYP retirement pension fund

The reconciliation relating to these investments between the beginning and the end of the financial year looks like this:

in '000 EUR	31.12.2010	31.12.2009
Fair value of investments (beginning of financial year)	1 161	1 008
Income from investments	57	38
Contribution by employer	143	115
Contribution by employee	0	0
Paid benefits during year	-46	0
Fair value of investments (end of financial year)	1 315	1 161

Special events occuring during the year	
Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2010
Actives - count	23
Actives - average age	54
Actives - average service	34
Actives - average annual salary	49
Deferred - count	20
Deferred - average age	56
Deferred - average annual pension	1
Retirees - count	
Retirees - average age	
Retirees - average annual pension	

Assumptions	2010	2009
Discount rate	4.3%	5.0%
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)	*31/12/09*	*31/12/08*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/11*	*31/12/10*
Expected Average remaining service Life/EARSL	*7*	*11*

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**1 830**		**1 161**	**1 161**
Value at beginning of year	1 830		1 161	1 161
Service Cost	47			
Employee Contributions				
Interest Cost	93			
Expected Return on Assets (net of investment tax if any)			54	54
Actuarial Loss/Gain due to Experience	-5		3	3
Actuarial Loss/Gain due to Change in Assumptions	87			
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			143	143
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)	-46		-46	-46
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**2 006**		**1 315**	**1 315**

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)	2010 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**1 830**			**-151**	**1 830**		
Value at beginning of year	1 830			-151	1 830		
Service Cost	47				47	47	45
Employee Contributions							
Interest Cost	93				93	93	88
Expected Return on Assets (net of investment tax if any)						-54	-60
Actuarial Loss/Gain due to Experience	-5			-8	-5		
Actuarial Loss/Gain due to Change in Assumptions	87			87	87		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation/Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer in (out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)	-46				-46		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**2 006**			**-72**	**2 006**	**86**	**73**

Sensitivity analysis

Sensitivity analysis	2010
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-3.24%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	3.35%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	1.57%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	3.70%
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)	-3.14%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	3.24%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	5.00%
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)	1.78%

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)	2010
Estimated future benefits paid - year N+1	116
Estimated future benefits paid - year N+2	282
Estimated future benefits paid - year N+3	400
Estimated future benefits paid - year N+4	73
Estimated future benefits paid - year N+5	387
Cumulative estimated future benefits paid - From year N+6 to year N+10	1 118
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	706

	2011
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	52

Historical overview

Historical overview	2011	2010	2009	2008	2007	2006
Defined benefit obligation		2 006.00	1 830.30	1 459.75	1 401.93	2 456.80
Fair value assets		1 316.13	1 160.98	1 007.94	945.49	1 578.15
Surplus or deficit		689.87	669.32	451.82	456.44	878.65
Actuarial gain/loss		-4.92	93.38			
Gain/Loss due to change in assumptions		87.04	155.87			
Contributions in next year:						
— by the employer	51.70					
— by the employee	0.00					

Pension funds ANHYP - Defined benefit plans

in '000 EUR

	31.12.2010	31.12.2009
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	459	455
— 1.1.1. Present value of wholly or partially funded	12 475	12 006
— 1.1.2. (-) Fair value, defined benefit plan assets	12 016	11 551
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	12 016	11 551
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	**459**	**455**
2. Expense recognised in profit or loss, total	**197**	**192**
2.1. Current service cost	115	129
2.2. Interest cost	593	610
2.3. (-) Expected return on plan assets	-511	-547
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	854	44
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-168	-161
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	12 006	10 813
3.2. (-) Benefits paid	618	1 224
3.3. Current service cost	115	129
3.4. Interest cost	593	610
3.5. Actuarial gains and losses, total	336	1 639
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	43	39
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	12 475	12 006
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	4.30%	5.00%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions		

ANHYP benefit fund

The investments intended to cover future pension commitments for the ANHYP pension fund are broken down into the following compartments:

	31.12.2010	31.12.2009
Shares		
Bonds		
Real estate		
Other investments	100.00%	100.00%

The reconciliation relating to these investments between beginning and end of the financial year looks like this:

in '000 EUR	31.12.2010	31.12.2009
Fair value of investments (beginning of financial year)	11 551	12 603
Income from investments	854	44
Contribution by employer	187	88
Contribution by employee	43	39
Paid benefits during year	-618	-1 223
Fair value of fund investments (end of financial year)	12 017	11 551

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2010
Actives - count	102
Actives - average age	48
Actives - average service	22
Actives - average annual salary	51
Deferred - count	394
Deferred - average age	46
Deferred - average annual pension	2
Retirees - count	59
Retirees - average age	83
Retirees - average annual pension	3

Assumptions	2010	2009
Discount rate	4.3%	5.0%
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)	*31/12/09*	*31/12/08*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/11*	*31/12/10*
Expected Average remaining service Life/EARSL	*21*	*18*

Items in '000 EUR	**Reconciliation of Defined Benefit Obligation (DBO)** (a)	**Reconciliation of Fair Value of Plan Assets under IFRS** (b)	**Reconciliation of Fair Value of Separate Assets under IFRS** (c)	**Reconciliation of Total Assets** (d)=(b)+(c)
Previous year closing	**12 006**	**11 550**		**11 550**
Value at beginning of year	12 006	11 551		11 551
Service Cost	158			
Employee Contributions		43		43
Interest Cost	593			
Expected Return on Assets (net of investment tax if any)		511		511
Actuarial Loss/Gain due to Experience	-637	343		343
Actuarial Loss/Gain due to Change in Assumptions	973			
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		187		187
Employer Contributions to Separate Assets				
Benefits directly paid by the employer (enter as negative)				
Benefits paid from Plan Assets (enter as negative)	-618	-618		-618
Benefits paid from Separate Assets (enter as negative)				
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**12 475**	**12 017**		**12 017**

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)	2010 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**455**			**-162**	**455**		
Value at beginning of year	455			-161	455		
Service Cost	158				158	158	205
Employee Contributions	-43				-43	-43	-44
Interest Cost	593				593	593	534
Expected Return on Assets (net of investment tax if any)	-511				-511	-511	-530
Actuarial Loss/Gain due to Experience	-980			-980	-980		
Actuarial Loss/Gain due to Change in Assumptions	973			973	973		
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	-187				-187		
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)							
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**458**			**-168**	**458**	**197**	**165**

Sensitivity analysis	2010
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-6.04%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	6.43%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	2.38%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	4.77%
DBO's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-9.18%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	9.77%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	6.45%
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)	2.69%

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)	2010
Estimated future benefits paid - year N+1	2 676
Estimated future benefits paid - year N+2	684
Estimated future benefits paid - year N+3	1 052
Estimated future benefits paid - year N+4	798
Estimated future benefits paid - year N+5	882
Cumulative estimated future benefits paid - From year N+6 to year N+10	4 143
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	

	2011
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	

Historical overview	2011	2010	2009	2008	2007	2006
Defined benefit obligation		12 475.12	12 006.15	10 812.61	11 531.76	12 739.01
Fair value assets		12 016.46	11 551.02	12 602.93	15 048.19	14 969.06
Surplus or deficit		458.66	455.13	-1 790.32	-3 516.43	-2 230.06
Actuarial gain/loss		-636.89	611.21			
Gain/Loss due to change in assumptions		973.15	1 027.36			
Contributions in next year:						
— by the employer	0.00					
— by the employee	44.16					

Existing IPPA plan

Managed in the form of group insurance.

— Defined benefit plan;

— Capital at age 60 (maturity date of the contract) equals: N/40 x (2 T_1 + 7.35 T_2)
where:
- N = length of service (YY; MM) to age 60;
- T_1 = 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

IPPA - Defined benefit plans	31.12.2010	31.12.2009
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	4 469	4 957
— 1.1.1. Present value of wholly or partially funded	45 704	44 681
— 1.1.2. (-) Fair value, defined benefit plan assets	41 234	39 724
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	41 234	39 724
Of which: Property occupied or other assets used by the entity		
Of which: Financial instruments issued by the entity		
1.2. Present value of wholly unfunded defined benefit obligations		
1.3. Unrecognised actuarial gains (losses)		
1.4. Unrecognised past service cost		
1.5. Amounts not recognised as an asset, due to limits of para 58 (b)		
1.6. Fair value of any right to reimbursement recognised as an asset		
1.7. Other amounts recognized in the balance sheet		
Defined benefit plan obligation (asset), total	**4 469**	**4 957**
2. Expense recognised in profit or loss, total	**1 934**	**2 116**
2.1. Current service cost	1 501	1 457
2.2. Interest cost	2 225	2 414
2.3. (-) Expected return on plan assets	1 792	-1 755
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	1 290	1 553
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-1 110	-2 309
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	44 681	41 543
3.2. (-) Benefits paid	3 400	4 246
3.3. Current service cost	1 501	1 457
3.4. Interest cost	2 225	2 414
3.5. Actuarial gains and losses, total	696	3 514
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	45 704	44 682
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	4.30%	5.00%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions		

The existing IPPA plan is an insurance contract concluded with AXA Belgium Insurance.

As part of the management of its insurance activities, AXA Belgium invests the paid premiums of AXA Bank Europe in various types of investments. The investment relating to payments by AXA Bank Europe and are recognised in the AXA Belgium balance sheet consist primarily of shares, bonds and real estate.

The reconciliation relating to these investments between beginning and end of the financial year looks like this:

in '000 EUR	31.12.2010	31.12.2009
Fair value of investments (beginning of financial year)	39 724	39 791
Income from investments	1 289	1 553
Contribution by the employer	3 621	2 627
Contribution by the employee		
Paid benefits during the year	-3 400	-4 246
Fair value of investments (end of financial year)	41 234	39 724

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2010	2009
Actives - count	390	389
Actives - average age	53	52
Actives - average service	29	28
Actives - average annual salary	55	55
Deferred - count		
Deferred - average age		
Deferred - average annual pension		
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions	2010	2009
Discount rate	4.3%	5.0%
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)	*31/12/09*	*31/12/08*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/11*	*31/12/10*
Expected Average remaining service Life/EARSL	*7*	*7*

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	**44 681**		**39 725**	**39 725**
Value at beginning of year	44 681		39 724	39 724
Service Cost	1 501			
Employee Contributions				
Interest Cost	2 225			
Expected Return on Assets (net of investment tax if any)			1 792	1 792
Actuarial Loss/Gain due to Experience	-1 210		-503	-503
Actuarial Loss/Gain due to Change in Assumptions	1 906			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation/Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer in (out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets			3 621	3 621
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)	-3 400		-3 400	-3 400
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**45 703**		**41 234**	**41 234**

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)	2010 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**44 682**			**-2 309**	**44 682**		
Value at beginning of year	44 681			-2 309	44 681		
Service Cost	1 501				1 501	1 501	1 512
Employee Contributions							
Interest Cost	2 225				2 225	2 225	2 000
Expected Return on Assets (net of investment tax if any)						-1 792	-1 890
Actuarial Loss/Gain due to Experience	-1 210			-707	-1 210		
Actuarial Loss/Gain due to Change in Assumptions	1 906			1 906	1 906		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation/Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer in (out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)	-3 400				-3 400		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**45 703**			**-1 110**	**45 703**	**1 934**	**1 622**

Sensitivity analysis	**2010**
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-3.10%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	3.19%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.21%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	6.20%
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)	-3.92%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	3.97%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.50%
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)	4.00%

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)	2010
Estimated future benefits paid - year N+1	2 582
Estimated future benefits paid - year N+2	5 510
Estimated future benefits paid - year N+3	7 053
Estimated future benefits paid - year N+4	4 472
Estimated future benefits paid - year N+5	6 623
Cumulative estimated future benefits paid - From year N+6 to year N+10	17 677
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	36 170

	2011
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	2 974

Historical overview

Historical overview	2011	2010	2009	2008	2007	2006
Defined benefit obligation		45 703.77	44 680.75	41 543.32	41 039.15	41 973.82
Fair value assets		41 234.46	39 723.55	39 790.69	37 197.93	37 293.10
Surplus or deficit		4 469.31	4 957.21	1 752.63	3 841.22	4 680.72
Actuarial gain/loss		-1 209.59	1 085.39			
Gain/Loss due to change in assumptions		1 906.34	2 428.50			
Contributions in next year:						
— by the employer	2 974.43					
— by the employee	0.00					

New AXA Bank Europe plan

Managed in the form of group insurance.

Two plans exist alongside each other: a plan for staff (a) and a plan for directors (b).

(a) Defined benefit plan

— Capital at age 60 (maturity date 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. Contributions depend on seniority and are determined at: 1.5% or 2% or 2.5% or 3% x T_1 + 5% x T_2 depending on seniority per 10-year period.

(b) Plan of “goal to be reached” type

— Capital at age 60 year equals:
  $N/40 \times (2.2\ T_1 + 8.8\ T_2)$
  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

NASH - Defined benefit plans	31.12.2010	31.12.2009
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	15 057	9 834
— 1.1.1. Present value of wholly or partially funded	48 944	38 978
— 1.1.2. (-) Fair value, defined benefit plan assets	33 886	29 144
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	33 886	29 144
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	**15 057**	**9 834**
2. Expense recognised in profit or loss, total	**2 195**	**1 946**
2.1. Current service cost	1 517	1 116
2.2. Interest cost	2 070	2 010
2.3. (-) Expected return on plan assets	-1 391	-1 180
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	1 155	1 067
Actual return on reimbursement rights recognised as assets		
sed income and expense	5 438	-345
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	38 978	32 675
3.2. (-) Benefits paid	127	1 236
3.3. Current service cost	1 517	1 116
3.4. Interest cost	2 070	2 010
3.5. Actuarial gains and losses, total	5 547	3 524
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	959	888
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	48 944	38 977
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	4.30%	5.00%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions		

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	31.12.2010	31.12.2009
Fair value of investments (beginning a financial year)	29 144	24 391
Income from investments	1 155	1 067
Contribution by employer	2 755	4 034
Contribution by employee	959	888
Paid benefits during the year	-127	-1 236
Fair value of investments (end of financial year)	33 886	29 144

Special events occuring during the year	
Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2010	2009
Actives - count	684	660
Actives - average age	44	44
Actives - average service	17	17
Actives - average annual salary	57	55
Deferred - count	34	7
Deferred - average age	38	35
Deferred - average annual pension	3	2
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions	2010	2009
Discount rate	4.3%	5.0%
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)	*31/12/09*	*31/12/08*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/11*	*31/12/10*
Expected Average remaining service Life/EARSL	*13*	*14*

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**38 978**		**29 144**	**29 144**
Value at beginning of year	38 978		29 144	29 144
Service Cost	2 476			
Employee Contributions			959	959
Interest Cost	2 070			
Expected Return on Assets (net of investment tax if any)			1 391	1 391
Actuarial Loss/Gain due to Experience	2 857		-236	-236
Actuarial Loss/Gain due to Change in Assumptions	2 690			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation/Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer in (out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets			2 755	2 755
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)	-127		-127	-127
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**48 944**		**33 886**	**33 886**

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)	2010 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**38 978**			**-345**	**38 977**		
Value at beginning of year	38 978			-345	38 978		
Service Cost	2 476				2 476	2 476	2 960
Employee Contributions						-959	-993
Interest Cost	2 070				2 070	2 070	2 151
Expected Return on Assets (net of investment tax if any)						-1 391	-1 534
Actuarial Loss/Gain due to Experience	2 857			3 093	2 857		
Actuarial Loss/Gain due to Change in Assumptions	2 690			2 690	2 690		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation/Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer in (out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)	-127				-127		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**48 944**			**5 438**	**48 944**	**2 196**	**2 584**

Sensitivity analysis	2010
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-4.43%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	4.64%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	2.17%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.19%
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)	-8.98%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	5.10%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	9.63%
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)	3.35%

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)	2010
Estimated future benefits paid - year N+1	3 981
Estimated future benefits paid - year N+2	2 009
Estimated future benefits paid - year N+3	4 175
Estimated future benefits paid - year N+4	3 259
Estimated future benefits paid - year N+5	1 923
Cumulative estimated future benefits paid - From year N+6 to year N+10	22 384
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	135 757

	2011
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	3 228

Historical overview	2011	2010	2009	2008	2007	2006
Defined benefit obligation		48 943.67	38 977.86	32 675.48	29 095.84	30 224.17
Fair value assets		33 886.26	29 144.27	24 391.01	20 950.21	19 462.26
Surplus or deficit		15 057.40	9 833.59	8 284.46	8 145.63	10 761.90
Actuarial gain/loss		2 689.91	440.31			
Gain/Loss due to change in assumptions		2 857.02	3 083.83			
Contributions in next year:						
— by the employer	3 227.97					
— by the employee	992.51					

Other plans

Health Care - Defined benefit plans

in '000 EUR

	31.12.2010	31.12.2009
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	9 231	7 980
— 1.1.1. Present value of wholly or partially funded	9 231	7 980
— 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	**9 231**	**7 980**
2. Expense recognised in profit or loss, total	**573**	**527**
2.1. Current service cost	166	158
2.2. Interest cost	407	369
2.3. (-) Expected return on plan assets		
2.4. (-) Expected return on reimbursement rights recognised as asset		
2.5. Net actuarial loss (gain) recognised		
2.6. Past service cost		
2.7. Loss (gain) of any curtailments or settlements		
2.8. Effect of limit in par. 58 (b) when the net amount of the defined benefit obligation is negative		
Memorandum items		
Actual return on plan assets		
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	3 837	3 141
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	7 980	6 180
3.2. (-) Benefits paid	17	173
3.3. Current service cost	166	158
3.4. Interest cost	407	369
3.5. Actuarial gains and losses, total	696	1 446
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	9 231	7 980
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	4.30%	5.00%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases		
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate	3.50%	3.50%
4.7. Other material actuarial assumptions		
5. Effects of changes in the assumed medical trend rate	**Increase 1%**	**Increase 1%**
5.1. Current service cost and interest cost components of periodic medical cost	987	695
5.2. Accumulated obligation for medical cost	12 293	9 835
5. Effects of changes in the assumed medical trend rate	**Decrease 1%**	**Decrease 1%**
5.1. Current service cost and interest cost components of periodic medical cost	544	348
5.2. Accumulated obligation for medical cost	7 017	6 569

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2010
Actives - count	1 223
Actives - average age	47
Actives - average service	22
Actives - average annual salary	
Deferred - count	
Deferred - average age	
Deferred - average annual pension	
Retirees - count	459
Retirees - average age	72
Retirees - average annual pension	

Assumptions	2010	2009
Discount rate	4.3%	5.0%
Salary increase rate		
Rate of inflation	3.5%	3.5%
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)	*31/12/09*	*31/12/08*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/11*	*31/12/10*
Expected Average remaining service Life/EARSL	*13*	*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	**7 980**			
Value at beginning of year	7 980			
Service Cost	166			
Employee Contributions				
Interest Cost	407			
Expected Return on Assets (net of investment tax if any)				
Actuarial Loss/Gain due to Experience	-720			
Actuarial Loss/Gain due to Change in Assumptions	1 416			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation/Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer in (out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets				
Benefits directly paid by the employer (enter as negative)	-17			
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	**9 232**			

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)	2010 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**7 980**			**3 141**	**7 980**		
Value at beginning of year	7 980			3 141	7 980		
Service Cost	166				166	166	319
Employee Contributions							
Interest Cost	407				407	407	410
Expected Return on Assets (net of investment tax if any)							
Actuarial Loss/Gain due to Experience	-720			-720	-720		
Actuarial Loss/Gain due to Change in Assumptions	1 416			1 416	1 416		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation/Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer in (out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)	-17				-17		
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	**9 232**			**3 837**	**9 232**	**573**	**729**

Sensitivity analysis

Sensitivity analysis	2010
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-12.94%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	11.63%
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)	13.21%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-14.72%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	13.11%
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)	14.81%
Service cost's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)

Estimated Future Benefits Paid (for current active population, i.e. excluding new entrants)	2010
Estimated future benefits paid - year N+1	17
Estimated future benefits paid - year N+2	18
Estimated future benefits paid - year N+3	18
Estimated future benefits paid - year N+4	19
Estimated future benefits paid - year N+5	20
Cumulative estimated future benefits paid - From year N+6 to year N+10	108
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	587

	2011
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	

Historical overview

Historical overview	2011	2010	2009	2008	2007	2006
Defined benefit obligation		9 231.44	7 979.52	6 179.93	6 513.55	7 692.08
Fair value assets		0.00	0.00	0.00	0.00	0.00
Surplus or deficit		9 231.44	7 979.52	6 179.93	6 513.55	7 692.08
Actuarial gain/loss		-719.57	0.00			
Gain/Loss due to change in assumptions		1 415.54	1 445.54			
Contributions in next year:						
— by the employer	17.22					
— by the employee	0.00					

33 / SHARE-BASED PAYMENTS

Each year the AXA Group grants a number of equities to each country to be distributed among its employees.

This involves stock options on shares in the parent company AXA sa.

For the beneficiaries of equities (shares) for whom the allocation is random, a ratio (which may vary every year) is awarded in the form of stock options and the balance is granted in the form of Performance Units (PUs), and this on the basis of 1 PU for 2.5 equities (shares). This PU is the subject of a re-evaluation depending on the group's results . Up to and including the allocation in 2009, the re-evaluation amounted to 50% of the PU after 1 year based on the results of the year of allocation and the other 50% after 2 years based on the results of the following financial year after allocation. After 2 years these PUs give rise to the payment of the countervalue in cash, provided the number of PUs does not exceed 1 000. If the number of PUs, however, exceeds 1 000, 70% gives rise to payment in cash and 30% translates into shares ("AXA Shares"). The delivery of the shares is the subject of the reinvoicing of the group to the local entity and concerned an amount of EUR 34 147.22 by the end of 2010.

50% will be re-evaluated for 2010 based on the average closing rate of the AXA share during the 20 last stock exchange days prior to 19 March 2012 and they will be paid on 19 March 2012; the other 50% will be re-evaluated based on the average closing rate of the AXA share during the 20 last stock exchange days prior to 19 March 2013 and will either be paid or converted into AXA shares depending on the preference of the beneficiaries.

An estimate was made of the cost of the paid out advantages for 2010, which amounted to ± EUR 289 000.

Below is an overview related to the number of stock options granted to employees with an AXA Bank Europe contract.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Granted options	27 341	43 990	53 640	76 345	98 874	69 616	49 700	45 459	36 975	65 245	88 976	656 160
Exercised options												
Cancelled options							-523	-512	-359	-1 536	-1 150	-4 080
Expired options	-82 016											-82 016
Exercise price	**38.96**	**30.74**	**19.96**	**10.47**	**16.90**	**19.70**	**27.75**	**32.95**	**21.00**	**9.76**	**15.43**	
												570 064

Cancelled options involve employees who have left the company, thereby losing their right to exercise their options.

in '000 EUR	≥ 2000	≥ 2003
Options at 01.01.2010	**567 184**	**442 214**
Granted options in 2010	88 976	88 976
Exercised options in 2010		
Cancelled options in 2010	-4 080	-4 080
Expired options in 2010	-82 016	
Options at 31.12.2010	**570 064**	**527 110**

These outstanding options are exercisable over a period from 2 years after their grant and with a maximum term of 10 years after the grant.

34 / GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE

AXA Bank Europe receives structural deductions within the framework of social security. These deductions primarily involve two types:

- Structural one-off deductions calculated in compliance with the Royal Decrees of May 2003 and January 2004;
- Deductions related to the "older employees" target group (above the age of 57).

The amounts thus established totalled approximately EUR 3.0 million for 2010.

35 / EQUITY

Subscribed capital

in '000 EUR

	31.12.2010	31.12.2009
Subscribed capital	**546 318**	**546 318**
Revaluation reserves		
Revaluation of available-for-sale financial assets	-228 324	-219 155
Deferred tax	78 987	74 732
	-149 337	**-144 423**
Actuarial gains/losses relating to promised pension schemes	-8 752	-793
Deferred tax	2 966	59
	-5 786	**-734**
Foreign currency translation	-1 362	-120
Cash flow hedges	-24 385	-18 355
Deferred tax	8 288	6 239
	-16 097	**-12 116**
Other reserves (including results carried forward)	**464 539**	**475 311**
RESULT FOR THE FINANCIAL YEAR	**12 342**	**-9 775**

The issued capital amounts to EUR 546 318 241.47 and consists of 395 911 750 shares without making a reference to the nominal value.

It was paid up in full.

The section “Other reserves” includes the legal reserve, which totalled EUR 2 357 553.61 at the end of 2009. For 31 December 2010 we refer to point 36.

Other reserves also include the General Banking Risks Fund.

This reserve was created by the bank in order to cover unforeseen risks and future unexpected losses.

This fund totalled EUR 32 529 700.62 as at 31 December 2010 (remained unchanged compared to 31 December 2009).

36 / PROFIT ALLOCATION AND DIVIDENDS PER SHARE

The Board of Directors recommends to integrally transfer the profits to be distributed of the financial year for an amount of 12.3 million to the following financial year and, consequently, not to pay out dividends.

37 / CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of the period

in '000 EUR

	31.12.2010	31.12.2009
Components of cash and cash equivalents	**623 347**	**151 853**
On hand (cash)	590 212	130 135
Cash and balances with central banks	33 135	21 718
Loans and receivables		
Held-to-maturity investments		
Available-for-sale assets		
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other short term, highly liquid investments (Bank overdrafts which are repayable on demand, if integral part of cash management)		
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**623 347**	**151 853**

38 / RELATED-PARTY TRANSACTIONS

Income and expences from related-party transactions 31.12.2010 – 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			**4 154**			**1 262**	**5 163 446**	**5 168 862**
Current accounts								
Term loans			4 154				5 147 445	5 151 599
Finance leases								
Consumer Credit						14		14
Mortgage loans						1 248		1 248
Other							16 001	16 001
Equity instruments								
Trading securities								
Investment securities								
Other receivables			**10**				**10 031**	**10 041**
TOTAL ASSETS			**4 164**			**1 262**	**5 173 477**	**5 178 903**
Liabilities: deposits	**1 331**		**211**				**3 414 649**	**3 416 191**
Deposits	131		211				50 545	50 887
Other borrowings	1 200						3 364 104	3 365 304
Other financial liabilities							**450 000**	**450 000**
Debt certificates							450 000	450 000
Subordinated liabilities								
Share based payments								
— Granted								
— Exercised								
Other liabilities							**215 720**	**215 720**
TOTAL LIABILITIES	**1 331**		**211**				**4 080 369**	**4 081 911**
Derivatives (Notional amounts)								
Interest rate swaptions							51 623 264	51 623 264
Interest rate IRS							5 576 779	5 576 779
Equity instruments TRS							3 413 120	3 413 120
Ohter items off-balance-sheet								
Guarantees issued by the group							1 020 051	1 020 051
Guarantees received by the group							4 425 718	4 425 718
Provisions for doubtful debts								

Income and expences from related-party transactions

31.12.2010 – 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	45						233 916	233 961
Foreign exchange							3 591	3 591
Fees and commissions							8 584	8 584
Insurance premiums								
Rendering of services								
Purchase of goods, property and other assets								
Transfers								
Other			1				9 988	9 989
TOTAL EXPENSES	**45**		**1**				**256 079**	**256 125**
Income								
Interest Income			66				229 535	229 601
Foreign exchange								
Fees and commissions							6 243	6 243
Dividend income								
Insurance premiums								
Receiving of services								
Sales of goods, property and other assets								
Transfers								
Other							10 118	10 118
TOTAL INCOME			**66**				**245 896**	**245 962**
Expenses from current year in respect of bad or doubtful debts								

Section “Other related parties” also includes transactions with sister companies.

Amounts payable to and amounts receivable from, related parties

31.12.2009 – in '000 EUR

	Parent	Parent entities with joint control	Subsidiaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total
BALANCE SHEET								
Assets: loans and advances			**3 052**			**649**	**4 549 991**	**4 553 692**
Current accounts								
Term loans			3 052				4 541 000	4 544 052
Finance leases								
Consumer Credit						18		18
Mortgage loans						631		631
Other							8 991	8 991
Equity instruments								
Trading securities								
Investment securities								
Other receivables			**70**				**9 768**	**9 838**
TOTAL ASSETS			**3 122**			**649**	**4 559 759**	**4 563 530**
Liabilities: deposits	**19 417**		**424**				**4 575 103**	**4 594 944**
Deposits	417		424				48 104	48 945
Other borrowings	19 000						4 526 999	4 545 999
Other financial liabilities							**210 019**	**210 019**
Debt certificates							210 019	210 019
Subordinated liabilities								
Share based payments								
— Granted								
— Exercised								
Other liabilities	**726**						**145 523**	**146 249**
TOTAL LIABILITIES	**20 143**		**424**				**4 930 645**	**4 951 212**
Guarantees issued by the group							1 867 759	1 867 759
Guarantees received by the group							4 396 533	4 396 533
Provisions for doubtful debts								

Expenses and income generated by transactions with related parties

31.12.2009 – in '000 EUR

	Parent	Parent entities with joint control	Subsidiaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total
Profit or loss								
Expenses								
Interest expenses	500						150 579	151 079
Foreign exchange							31 519	31 519
Fees and commissions							9 063	9 063
Insurance premiums								
Rendering of services								
Purchase of goods, property and other assets								
Transfers								
Other	726						8 003	8 729
TOTAL EXPENSES	**1 226**						**199 164**	**200 390**
Income								
Interest Income	824		27				132 389	133 240
Foreign exchange								
Fees and commissions							5 998	5 998
Dividend income								
Insurance premiums								
Receiving of services								
Sales of goods, property and other assets								
Transfers								
Other			61				6 598	6 659
TOTAL INCOME	**824**		**88**				**144 985**	**145 897**
Expenses from current year in respect of bad or doubtful debts								

The "Other Related Parties" column also contains the transactions of the sister companies.

There is a repo reserve with AXA Belgium for an amount of EUR 3 454 million and a repo reserve with AXA France Vie for an amount of EUR 1 124 million on the asset that can be found in the "Long-term loans" column. These repo transactions are mainly collateralized by state bonds.

We also have a cash collateral of EUR 216 million with AXA Holdings Paris and a cash collateral of EUR 171 million with Equity Swap BNP.

The "Other loans" column under Liabilities is compiled as follows:

— Term investments of AXA Belgium for a total amount of EUR 253 million;

— Term investment of GIE AXA Trésorerie Paris (GIE AXA) for an amount of EUR 311 million;

— Term investment for an amount of EUR 1 093 million by AXA Investment Managers Paris;

— Cash-collateral of AXA Holding Paris voor EUR 274 million;

— Repos with AXA France Vie for EUR 1 117 million;

— Cash collateral with Equity swap BNP for EUR 103 million.

We would also like to note that AXA Bank Europe acts as a broker in 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. Cash is received as security. The net impact on the income statement of AXA Bank Europe is minimal.

Key management compensations

in '000 EUR

	31.12.2010	31.12.2009
Short-term employee benefits	**4 130**	4 118
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Share based payments	52	57
TOTAL	**4 182**	**4 175**

The figures relating to managers in key positions involve the members of the management committee of AXA Bank Europe.

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

31.12.2010 – 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	125				
> 1 year ≤ 5 years	3 710				
> 5 years	60				
TOTAL NOMINAL AMOUNT	**3 895**		**1 375**		

Assets held under an operating lease as a lessee

31.12.2009 – in '000 EUR

	Total of future minimum lease payments under non-cancelable operating lease	Total of future minimum sublease payments expected to be received under non-cancelable subleases	Minimum lease payments recognized as an expense	Contingent rents payments recognized as an expense	Sublease payments recognized as an expense
For the lessee - Residual maturity					
< 1 year	2 975				
> 1 year ≤ 5 years	3 083				
> 5 years	61				
TOTAL NOMINAL AMOUNT	**6 119**		**5 018**		

40 / REPURCHASE AGREEMENTS (REPO) AND REVERSE REPURCHASE AGREEMENTS (REVERSE REPO)

Status as at 31 December 2010

Transferor: Repo - No derecognition of transfers of financial assets out of: 31.12.2010 – in '000 EUR	**Equity instruments**	**Debt instruments**	**Loans and advances**	**Other**	**Total**
Financial assets held for trading		6 813 744			6 813 744
Financial assets designated at fair value through profit or loss					
Available-for-sale financial assets					
Loans and receivables (including finances leases)					
Held-to-maturity investments					
Other					
TOTAL		**6 813 744**			**6 813 744**

Transferor: Liabilities (financing obtained) 31.12.2010 – in '000 EUR	**Total**
Repo	
Credit institutions	6 055 732
Other than credit institutions	1 123 625

Transferee: Assets (financing granted) 31.12.2010 – in '000 EUR	**Total**
Reverse repo	
Credit institutions	1 494 704
Other than credit institutions	4 577 775

Status as at 31 December 2009

Transferor: Repo - No derecognition of transfers of financial assets out of: 31.12.2009 – in '000 EUR	Equity instruments	Debt instruments	Loans and advances	Other	Total
Financial assets held for trading		7 400 827			7 400 827
Financial assets designated at fair value through profit or loss					
Available-for-sale financial assets					
Loans and receivables (including finances leases)					
Held-to-maturity investments					
Other					
TOTAL		**7 400 827**			**7 400 827**

Transferor: Liabilities (financing obtained) 31.12.2009 – in '000 EUR	Total
Repo	
Credit institutions	2 331 140
Other than credit institutions	1 951 439

Transferee: Assets (financing granted) 31.12.2009 – in '000 EUR	Total
Reverse repo	
Credit institutions	1 244 159
Other than credit institutions	4 418 570

41 / FINANCIAL RELATIONSHIPS WITH AUDITORS

31.12.2010 – in '000 EUR	31.12.2010
Remuneration of the auditor(s)	787
Remuneration for exceptional activities or special commissions performed within the company by the auditor(s)	
— Other audit activities	170
— Advisory activities	
— Other activities outside audit activities	71
Remuneration for exceptional activities or special commissions performed within the company by persons associated with the auditor(s)	
— Other audit activities	
— Advisory activities	
— Other activities outside audit activities	

Notifications in application of Article 133, paragraph 6 of the Companies Code.

42 / SEGMENT INFORMATION

The segment information model contains both a split based on geographical segment and based on company segment.

The split based on geographical segment (that is to say, countries) is based on the location where the commercial services are being offered. These commercial services comprise the range of deposits and loans of private clients.

The Shared Services business unit (also referred to as head office) comprises the centralised ALM (asset and liability management), cash functions, the supportive functions, AXA Hedging Services and the Execution Desk Paris.

Transactions are carried out for business rates (principle of arm's length) between the different segments where mainly the following basic principles are applied:

- Service Level Agreements: The AXA Bank Europe branches outsource different services to the AXA Bank Europe head office regarding which the most important are risk management, internal audit, ALM and management of liquid resources/cash. The revenue generated by these services are allocated in accordance with the provisions and conditions agreed between head office and each branch. Internal service level agreements arrange in detail the tasks and responsibilities of these supportive services.
- Funds Transfer Pricing: Cash resources and ALM are centralised within AXA Bank Europe at a head office level. With a view to transfer the interest rate risk of the commercial activities to the centralised ALM, the Funds Transfer Pricing system is applied. This means that the deposits that are put into the custody of the commercial business segments, are re-invested at the central ALM and that the loans allocated by the commercial business segments are financed by the central ALM whilst applying the Funds Transfer Princing interest rate.
- Allocation of ALM revenue: As well as the commercial margin, AXA Bank Europe can apply a transformation margin for its retail activities. This is managed centrally within head office with a view to having optimal management of the annual account. The ALM revenue is entered in the commercial activities to allow an overall valuation at the level of each country. The parameters applied in this entry are the economic capital and the assets and liabilities of the retail activities.

Status as at 31 December 2010

AXA Bank Europe Net Income in '000 EUR	**Net Banking Product**	**Commissions**	**Adminis-trative Expenses**	**Loan Loss Provisions**	**Other**	**Taxes**	**Net Income**
Belgium	238.223	-30.137	-181.397	-4.422	0.005	4.313	26.586
Shared Services	84.790	0.000	-62.486	0.000	0.000	18.143	40.446
Belgium & Shared Services	**323.013**	**-30.137**	**-243.883**	**-4.422**	**0.005**	**22.456**	**67.032**
Hungary	59.150	-0.542	-38.200	-48.756	-0.187	3.765	-24.771
Switzerland	-3.182	-0.140	-10.676	0.000	0.000	0.012	-13.986
Czech Republic	-2.627	-0.434	-10.384	0.000	0.000	-0.176	-13.621
Slovakia	0.008	0.000	-2.319	0.000	0.000	0.000	-2.312
Poland	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AXA Bank Europe	**376.362**	**-31.253**	**-305.463**	**-53.178**	**-0.183**	**26.057**	**12.342**

Status as at 31 December 2009

AXA Bank Europe Net Income in '000 EUR	**Net Banking Product**	**Commissions**	**Adminis-trative Expenses**	**Loan Loss Provisions**	**Other**	**Taxes**	**Net Income**
Belgium	236.844	-41.697	-185.553	-10.487	-0.210	5.075	3.972
Shared Services	43.894	0.000	-52.044	0.000	0.000	-0.413	-8.563
Belgium & Shared Services	**280.738**	**-41.697**	**-237.597**	**-10.487**	**-0.210**	**4.662**	**-4.591**
Hungary	55.096	-0.367	-27.065	-18.460	-0.164	0.042	9.083
Switzerland	-0.903	-0.142	-11.052	0.000	1.162	0.000	-10.934
Czech Republic	-0.076	0.000	-2.912	0.000	0.000	0.000	-2.988
Slovakia	0.000	0.000	-0.344	0.000	0.000	0.000	-0.344
Poland	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AXA Bank Europe	**334.855**	**-42.206**	**-278.970**	**-28.946**	**0.788**	**4.704**	**-9.775**

43 / EVENTS AFTER THE BALANCE SHEET DATE

On 25 March 2011, the Board of Directors decided to propose to the General Meeting of Shareholders that its bank capital should be reduced by EUR 200 million. This proposal is justified from an economic point of view in so far as it will allow the structure of the bank's own funds to be optimised and costs reduced.

After this operation, the level of capital available to the bank will be maintained above the minimum required, both at Pillar 1 and Pillar 2 levels, whilst taking into account the outlook in the bank's strategic plan. The bank will also maintain a surplus of capital that will enable it to absorb any cyclical shocks.

On 25 March 2011, the Board of Directors assessed the annual accounts and approved their publication.

The annual accounts will be submitted for approval to the General Meeting of Shareholders on 28 April 2011.

Antwerp, 28 March 2011

Board of directors

Alfred Bouckaert, Chairman (till 15.04.2010)
Jacques de Vaucleroy, Chairman (since 20.04.2010)
Emmanuel de Talhouët , Vice-chairman(since 01.01.2010)
Jacques Espinasse
Philippe Eyben
Hervé Hatt (till 31.12.2010)
Noel Richardson (till 31.12.2010)
François Robinet
Patrick Vaneeckhout
Thomas Gerber
Patrick Lemoine (since 20.04.2010)
Irina Buchman (since 20.04.2010)
Marc Raisière (since 20.04.2010)
Jozef Van In (since 14.02.2011)

REPORT OF THE BOARD OF DIRECTORS
FISCAL YEAR 2010

SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS ON APRIL 28, 2011

MANAGEMENT BODIES

Board of Directors

- Alfred Bouckaert, Chairman (until 15 April 2010)
- Jacques de Vaucleroy, Chairman (since 20 April 2010)
- Emmanuel de Talhouët, (Vice-Chairman)
- Irina Buchmann (since 20 April 2010)
- Jacques Espinasse
- Philippe Eyben
- Thomas Gerber
- Hervé Hatt (until 31 December 2010)
- Jef Van In (since 14 February 2011)
- Patrick Lemoine (since 20 April 2010)
- Marc Raisière (since 20 April 2010)
- Noel Richardson (until 31 December 2010)
- François Robinet
- Patrick Vaneeckhout

Executive Committee

- Hervé Hatt, Chairman (until 31 December 2010)
- Jef Van In, Chairman (since 14 February 2011)
- Patrick Vaneeckhout, Vice-Chairman
- François Robinet, Vice-Chairman
- Irina Buchmann (since 20 April 2010)
- Philippe Eyben
- Noel Richardson (until 20 April 2010)

Audit Committee

- Jacques Espinasse, Chairman
- Emmanuel de Talhouët, Member (until 4 February 2010)
- Patrick Lemoine (since 20 April 2010)

Remuneration Committee

- Jacques de Vaucleroy, Chairman (since 20 April 2010)
- Alfred Bouckaert, Chairman (until 15 April 2010)
- Emmanuel de Talhouët, Member (until 4 February 2010)
- Jacques Espinasse, Member (since 8 February 2011)
- Patrick Lemoine (since 20 April 2010)

Auditor

PricewaterhouseCoopers Réviseurs d'entreprises, scrl, represented by Mrs Emmanuèle Attout and Mr Gregory Joos (registered auditors)

1 / AXA BANK EUROPE

1.1 / Key events in 2010

1.1.1 / A new branch in the Czech Republic

AXA Bank Europe successfully launched a new branch in the Czech Republic in February. AXA Bank launched the new banking activity via a high-yield savings account distributed both by internal and external distribution networks and by a completely updated internet site a **www.axa.cz**. Net collections[1] reached EUR 438 million at year end which was above expectations. Over 10 months, more than 34 000 customers chose to trust AXA Bank with their savings. The launch of this new branch was an important step in the development of AXA Bank Europe.

1.1.2 / Affirmation of our banking model

At the request of AXA Group, a complete strategic assessment was carried out in the second quarter to evaluate the commercial and organizational model of AXA Bank Europe. Following this exercise, the AXA Group Management Board re-affirmed the value of the existing model and re-affirmed the added value of banking activities as support activities for insurance. Our approach is based on the OneAXA model, that is, retail banking supports Life & Invest activities and Property-Casualty insurance.

1.1.3 / Many challenges in Hungary

Exchange rate volatility was a major challenge for Hungary in 2010. A crisis management plan was implemented to reduce customer risk and to limit the sensitivity of the portfolio and of credit production to significant swings in exchange rates.

1.1.4 / A covered bond program to back growth

AXA Bank Europe successfully launched its first covered bond program in October. The goal of this program was to diversify AXA Bank Europe financing sources and to take advantage of the favorable market conditions at the time to secure long-term sources of financing. This first covered bond program is a major step in supporting the growth of AXA Bank Europe and, more particularly, for the development of the mortgage loan market in Belgium.

1.2 / The economic and financial context

1.2.1 / General context

Led by emerging markets, the United States and Germany, GDP growth in 2010 was likely far more robust than had been forecast at the beginning of the year.

1. Includes changes in outstanding amounts on balance sheet products and the production of off-balance sheet products (mutual funds, third-party products) included in the branch's product range.

Growth in emerging countries was expected to be about 8.5% in 2010 with sustained domestic demand associated with increases in raw materials prices.

Industrialized countries and in particular the United States, experienced acceleration in business activity following GDP growth induced by the rebuilding of inventories at the beginning of the year. While the housing and labor markets remained listless, higher-than-expected consumption came as a surprise in the United States.

Central banks in industrialized countries also maintained their accommodating monetary policies.

1.2.2 / Investment climate

The most significant fund collections were in bonds and in stock products invested in emerging and international markets, in high-yield corporate bonds and absolute return products. In addition, investors left the currency markets and the growing fear of inflation, on top of worries created by lasting public debt in Europe, reduced the demand for government bonds.

New regulations have already begun to create opportunities and challenges for the sector after the crisis. Insurance companies and banks have continued the trend toward a more cautious approach consisting in allocating assets in line with Solvency II and Basel III provisions.

1.3 / Comments on results

1.3.1 / Production volumes

Net collections
in mio EUR

	2009[1]	2010[2]	Variation[3] (comparable FX)
Belgium	1 201	194	-84%
Hungary	181	76	-59%
Switzerland	185	142	-30%
Czech Republic		438	
TOTAL	**1 567**	**850**	**-48%**

Total AXA Bank Europe net collections were EUR 850 million compared to EUR 1 567 million in 2009. 2010 was marked by a drop in net collections in a climate of very low interest rates and a highly competitive market. The most significant drops were seen in Belgium and in Hungary. However, this was offset by the commercial start-up in the Czech Republic in February 2010.

Gross credit production
in mio EUR

	2009	2010	Variation (comparable FX)
Belgium	2 553	2 749	+8%
Hungary	277	285	+1%
TOTAL	**2 830**	**3 034**	**+7%**

Gross credit production reached EUR 3 034 million, an increase of 7% compared to 2009, mainly as a result of high volumes in Belgium.

1. Converted using the average annual exchange rate.
2. Converted using the average annual exchange rate.
3. The 2010 figures were converted using the 2009 exchange rate for the comparison calculation.

1.3.2 / Comments

Consolidated accounts (IFRS)
AXA Bank Europe consolidated accounts as of 31 December 2010 were drawn up in accordance with IFRS standards (International Financial Reporting Standards).

As of 31 December 2010, the consolidation scope of AXA Bank Europe included the following companies: AXA Bank Europe S.A., including the branches, AXA Hedging Services, Royal Street S.A., AXA Belgium Finance BV and SCF AXA Bank Europe, created in 2010.

AXA Bank Europe Group's net consolidated result, excluding branches, was EUR 72.9 million, compared to EUR 4.7 million the previous year. This increase was primarily due to higher net banking income from better commercial margins on loans, commissions earned by AXA Hedging Services, fewer commissions allocated to distribution due to lower net collections and to a non-recurring tax benefit in 2010. The increase was partially offset by higher costs resulting from the new deposit protection program.

Branch results, restated in accordance with IFRS standards and converted into EUR when the currency is different, are as follows:

- The Swiss branch: EUR -14.5 million compared to EUR -10.9 million the previous year, due primarily to continued development of Swiss activities;
- The Hungarian branch: EUR -29.49 million compared to EUR -0.2 million the previous year. This decrease was essentially due to the increase in provisions for credit losses resulting from a slowing real estate market, an unfavorable macro-economic environment and new taxes on the financial industry. In order to reduce the impact of the forint's depreciation, AXA Bank Europe eliminated the granting of loans in Swiss francs starting in July. A crisis management team was set up in mid-2010 to limit the effects of the crisis on our clients and to protect our portfolio;
- The Czech branch: EUR -14.0 million compared to EUR -3.0 million the previous year as a result of the commercial launch of the banking activity in 2010;
- The Slovak branch: EUR -2.3 million compared to EUR -0.3 million the previous year due to the set-up of banking activities;
- The Execution Desk Paris branch: EUR -0.3 million.

In the final analysis, AXA Bank Europe's consolidated net result amounted to a profit of EUR 12.3 million and the consolidated balance sheet totalled EUR 31 377 million. These figures are to be compared with a loss of EUR 9.8 million in 2009 and a consolidated balance sheet total of EUR 26 296 million.

Considering the limited scope of consolidation, readers are referred to the other sections of this report for comments on developments, risks and uncertainties. For comments and details on the application of IFRS standards, please see the annual consolidated accounts and the explanatory notes they contain.

Statutory accounts
AXA Bank Europe's statutory accounts are drawn up in accordance with Belgian accounting standards and take into consideration the specific provisions for credit institutions.

The accounts include the branch accounts. As of 31 December 2010, the balance sheet total stood at EUR 30 373 million and we recorded a net loss of EUR 20.5 million.

This result consists of the following (Belgian accounting standards):

- Belgian banking activity: EUR 33.84 million in profit;
- Correction of the result of internal sales between headquarters and the branches: EUR - 6.8 million;
- Hungarian banking activity: EUR -14.0 million;
- Swiss banking activity: EUR -16.6 million;
- Czech banking activity: EUR -14.2 million;
- Slovak result (still in start-up mode): EUR -2.3 million;
- Execution Desk Paris: EUR -0.3 million.

Appropriation of profit
The loss for the period was EUR 20 475 456.37.
The profit carried forward from 2009 was EUR 132 542 076.13.

Therefore, the profit for appropriation was EUR 112 066 619.75.

The Board of Directors has proposed carrying the profit forward again.

1.4 / Significant events occurring since 1 January 2011

In March, the Board of Directors decided to propose a EUR 200 million reduction in bank capital to the shareholders.

The proposal makes sense from an economic standpoint in that it will enable optimization of the structure of the bank's shareholder equity and a reduction in its cost.

After completion, the level of available bank capital will be maintained above the required minimums for both Pillar 1 and Pillar 2 while taking into account the outlook for the bank's strategic plan. The bank will also keep a capital surplus to enable it to absorb cyclical shocks.

1.5 / Governance

1.5.1 / Management Bodies: changes implemented in 2010 and since 1 January 2011.

Board of Directors:
- Appointment of Jacques de Vaucleroy as Chairman, effective 20 April 2010;
- Appointment of Emmanuel de Talhouët, already a board member, as Vice-Chairman, effective 1 January 2010;
- Appointment of Irina Buchmann, effective 20 April 2010;
- Appointment of Marc Raisière, effective 20 April 2010;
- Appointment of Patrick Lemoine, effective 20 April 2010;
- Appointment of Jef Van In, effective 14 February 2011;
- Resignation of Hervé Hatt, effective 31 December 2010;
- Resignation of Alfred Bouckaert (retired), effective 15 April 2010;
- Resignation of Noel Richardson, effective 31 December 2010.

Executive Committee:
- Appointment of Irina Buchmann, effective 20 April 2010;
- Renunciation by Noel Richardson, effective 20 April 2010;
- Appointment of Jef Van In, effective 14 February 2011;
- Resignation of Hervé Hatt, effective 31 December 2010.

Audit Committee:
- Renunciation by Emmanuel de Talhouët, effective 4 February 2010;
- Appointment of Patrick Lemoine, effective 20 April 2010.

Remuneration Committee:
- Renunciation by Alfred Bouckaert, effective 15 April 2010;
- Renunciation by Emmanuel de Talhouët, effective 4 February 2010;
- Appointment of Jacques de Vaucleroy, effective 20 April 2010;
- Appointment of Patrick Lemoine, effective 20 April 2010;
- Appointment of Jacques Espinasse, effective 8 February 2011.

1.5.2 / Competence and independence of the Audit Committee

The AXA Bank Europe audit committee consists of Jacques Espinasse, Chairman and Patrick Lemoine. Emmanuel de Talhouët was a member until 4 February 2010.

Jacques Espinasse was appointed an independent Director of AXA Bank Europe on 17 April 2008. He has a degree from the University of Michigan and a Master's in Business Administration. He has acquired considerable experience as an analyst and financial officer in several major corporations. He has served as a director for several companies.

Emmanuel de Talhouët was appointed a Director of AXA Bank Europe on 17 April 2008. He has a degree from the French polytechnic institute and studied management at INSEAD. He has extensive experience in financial and general management, including in the insurance industry.

Patrick Lemoine was appointed a Director of AXA Belgium on 01 January 2010. He is a graduate of the Ecole des Mines (EMSE). He received an Etude Comptable Supérieur (Higher Accounting Studies) diploma and an MBA from INSEAD. He is also an actuary. He began his career in 1981 with Credit Lyonnais and has since acquired significant experience as a technical director in property-casualty insurance and as a financial director in the insurance industry in France and Canada.

The Board of Directors is consequently in a position to demonstrate the *individual and collective competence* of the members of the audit committee, as required by the law of 17 December 2008 which requires an audit committee in financial institutions.

Since 2007, and until the law requiring an audit committee in listed companies and financial institutions took effect on 8 January 2009, AXA Group companies in Belgium used the independence criteria found in the AXA Group Corporate Governance Standards.

According to this document, in order to be considered independent, a director:

- Must not be, or have been during the past five years, an employee of the company or of a company with ties to the company;
- Must not be a partner or employee of the company's external auditor;
- Must have no family ties with any of the company's current directors;
- Must not have any significant direct or indirect business relations with the company or its affiliates.

These independence criteria were published in the 2009 Annual Reports of AXA Belgium and AXA Bank to enable directors appointed prior to the entry into effect of the law, and meeting these criteria, to sit as independent directors until 1 July 2011.

Since fiscal year 2009, all new appointments of independent directors meet the nine independence criteria described in Article 526c of the Company Code.

In addition, the Board pays special attention to the representative character of independent directors.

1.5.3 / Remuneration of Directors

General
The remuneration policy for directors used by AXA Bank Europe is based on AXA Group's remuneration policy while conforming to local rules and market practices.

The primary goal is to reconcile its principles and structure with healthy and effective management of company risk.

Remuneration policy structure
AXA Bank Europe executive remuneration consists of a fixed component and a variable component. The balance between the two varies depending on the level of responsibility, it being understood that the fixed component is always adequate in order to allow for a flexible remuneration policy on the variable component.

The variable component consists of two parts:

— A non-deferred variable component defined by an annual cash target;
— A deferred variable component.

Performance measurement for non-deferred variable remuneration
The variable non-deferred component is determined based on:

— individual performance measured by the achievement of short and longer-term objectives;
— the performance of the person's home entity;
— the performance of AXA Group as a whole.

Performance measurement for deferred variable remuneration
AXA has a long-term remuneration plan (AXA Equity plan). Its principles may be adjusted on a regular basis, notably based on changes in the international legal framework.

The remuneration method, which is based on long-term motivation of employees, enables deferral of a significant portion of variable remuneration and concurrent compliance with the requirements of national and international regulators. On average, this remuneration amounts to over 50% of total variable remuneration.

The goal is to reward employees and gain their loyalty by binding them both to the intrinsic performance of AXA Group, to that of their home entity and to the performance of AXA stock over the medium/long term. Beneficiary selection criteria are: the importance of the position held, how critical the holder is to the position, how critical the person is to the future and the quality of their individual contribution.

The deferred variable component consists of two main vehicles:

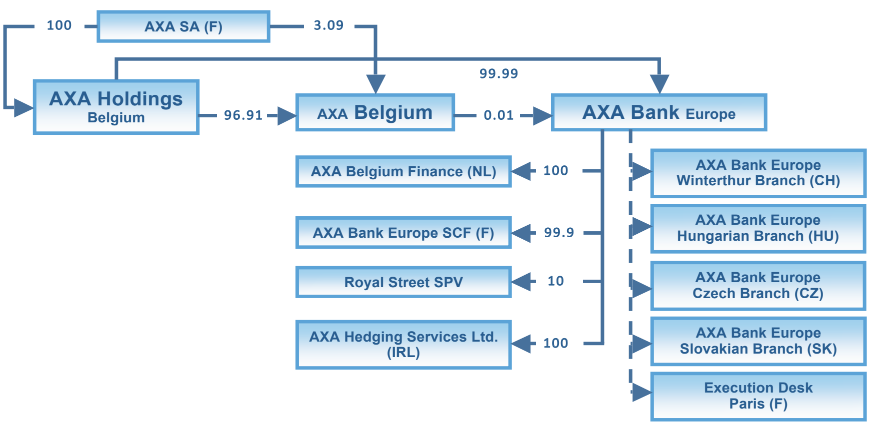
— stock options based on performance criteria with a total vesting period of four years and exercise within 10 years;
— performance Units based on performance criteria and paid in cash (or in shares, as selected by the beneficiary) after a vesting period of three years.

The principles listed above are also applicable to independent audit positions.

Governance
The remuneration policy is defined by a Remuneration Committee consisting of non-executive directors, at least one of which is independent as meant in the Company Code.

The committee prepares the decisions to be taken by the Board of Directors taking into account the repercussions on risk and the company's risk management, on one hand, and the long-term interests of the organization's stakeholders, on the other.

1.5.4 / Simplified AXA Bank Europe shareholding structure



2 / RETAIL ACTIVITY INDICATORS BY ENTITY

2.1 / AXA Bank in Belgium

2.1.1 / Market conditions

The improvement of the international economic situation which began in mid-2009 continued and strengthened throughout 2010.

In Belgium, this positive change was apparent in a 2.1% annual GDP recovery. The trend was favorable for job creation and enabled a return to pre-crisis levels. This created conditions favorable for the recovery of consumption during the last months of 2010, while maintaining substantial savings. On average, Belgians saved 17.1% of their income over the past year.

The Belgian real estate market came through the crisis practically unscathed. However, the recovery seems to be slowing despite the continuation of very favorable financing conditions. What's more, the main factors that contributed to growth over past few years will gradually disappear over the longer term.

2010 was uneven in terms of rate fluctuations. Long-term rates experienced an uninterrupted period of decline though the end of August (with the lowest historical OLO10 at 2.85%) then increased to about 4% after November. This abrupt increase was tied to the sovereign debt crisis. Credit spreads tended to be on sovereign debt rather than on corporate debt.

The rate curve experienced moderately positive change that, nevertheless, generated a positive transformation margin.

The OLO/IRS spread widened at the end of the year generating additional revenue when housing loans were re-priced.

Short-term rates reached particularly low levels. Competition in savings products was fierce in a very competitive market.

2.1.2 / Savings activities

Given the low market rates, it was essential to maintain our margins. Consequently, rates on all savings accounts were revised downwards a first time on February 1st. Rates on I+ and I+Welcome were decreased a second time on October 15th.

Net collections were in line with projections (+ EUR 13 million, but significantly lower than in 2008 and 2009). Three-year "certirente" shares were very positive (+ EUR 600 million) and I+Welcome shares (+ EUR 175 million) and Spaar + (+ EUR 442 million) were very favorable.

The change in outflows was in line with 2009 until mid-October (drop in I+ and I+Welcome rates). Inflows, on the other hand, were clearly below the 2009 level because of a lack of pricing power.

2.1.3 / Credit activities

Personal lending

There was a clear recovery in installment loans following a very marked slowdown in 2009. Production grew by EUR 47 million to reach EUR 398 million. AXA Bank was well-positioned in the market thanks to its attractive product offering. In addition to car financing, we also granted many green credits intended for the financing of energy saving investments.

The housing credit market also continued the recovery begun in 2009. Mortgage loan production increased by 10% to reach EUR 1 993 million. These favorable market conditions were the result of, among other things, a persistent trend for investment in real estate rather than in securities investments with less attractive yields or greater risk. In addition, historically low interest rates also certainly favored this trend.

Business lending

Business lending production fell slightly to EUR 358 million. This trend still reflects the direct impact of the economic crisis by, among other things, limiting the volume of investments agreed to by SMEs and the self-employed. This phenomenon was particularly evident in the long-term investment credit sector. The number of loans granted for the purchase of equipment and vehicles for professional use nevertheless held steady at the 2009 level.

Quality of the credit portfolio

Despite macroeconomic conditions that continue to be less favorable, and the persistent international phenomenon of higher credit risk, the global loan portfolio, consisting primarily of retail loans, remained fundamentally sound. In 2010, AXA Bank recorded a net loss ratio of +0.07%, that is, a decrease of two basis points compared to 2009.

2.1.4 / Daily Banking

In an extremely competitive market, AXA Bank persevered in growing its classic current accounts and its new internet-based current account, the Click Bonus. We should also point out that the debit card tied to this account is now organic since it can be entirely recycled. This was a first in the Belgian market and was also an accomplishment for our corporate responsibility. By mobilizing our agent networks and commercial campaigns, the portfolio grew by 12 533 active accounts and reached a total of 300 302 accounts. The total current account portfolio is now about 475 000 accounts. Account assets have reached EUR 1.44 billion.

The debit card portfolio (Bancontact/MisterCash – Maestro) increased by 5% to reach 395 364 cards. Card designs were revised and implemented in November.

Thanks to the many actions initiated in 2009, and continued in 2010, the downward trend in the credit cards portfolio was reversed. The result of these activities was an increase of 6% in our portfolio, that is, of 75 135 credit cards. Our market share is holding at 2.45%.

The number of active users increased (+22 736). This brought the total number of active users to 156 825, that is, growth of 17%. And since March, customers can check the status of their credit card spending via home banking.

AXA has become a MasterCard Principal Member and successfully migrated its Europay Affiliated Membership portfolio to its new Principal Membership status.

3D-Secure was implemented. This is a security protocol supported by Visa & MasterCard which increases the security of payments made by bank card (credit and debit) over the internet.

There are 483 cash machines in the network. Of these, 372 are accessible to holders of cards from other banks. We recorded 7.4 million withdrawals on an annual basis.

Preparations, studies and tests required for the implementation of a brand new web-based SelfService architecture were carried out with Diebold. This architecture is a first for the market. It includes dynamic web technologies, tools and a methodology created for the long-term, increased security, better integration (multi-access) and personalization of cash machines as well as lower costs for future developments (multiple banknotes, money recycling) and a full Open Multi-vendor architecture.

Several modifications were made in a special release at the end of November to adapt the consumer credit law to European directives, notably for the budgetplus account, installment loans and lines of credit on current accounts within the framework of issuing AXA Bank debit and credit cards.

The following projects were carried out as part of SEPA:

— availability of Sepa Direct Debit B2B for the self-employed and companies;
— implementation of the changes required by the rulebook for Sepa Credit Transfer.

2.2 / AXA Bank in Hungary

2.2.1 / Market conditions

The economy continued to grow in Hungary during the fourth quarter following a good third quarter, reaching 2% over the same period in 2009. Net exports continued to be the main engine of growth while household consumption rebounded during the third quarter to become the second engine. Despite the severe recession of 2009, which led to a decrease in GDP to 6.7%, Hungary saw a rate of growth of 1.2% last year. GDP growth could reach 2.7% in 2011. Following a long period with "no inflationary pressure", consumer prices shot up from October to December as a result of the shock in food and petroleum products. In addition to this, the upcoming implementation of crisis taxes led to rate increases in November and December. The unemployment rate receded by 100 bp starting in December, compared to a high of 11.8% recorded in April. The labor market recovery will continue to alternate between extreme moderation and months of stagnation.

While all credit agencies dropped their ratings of Hungarian credit to a minimum over the short-term, they did not go so far as to relegate it to junk category thanks to the announcement of a short-term fiscal adjustment program.

While the CHF/HUF fluctuation was contained between 175 and 190 until May 2010, it increased rapidly to reach a double peak above 220 in September and December. Aside from this high country risk, the dominant factor of this weakness was the strengthening of the Swiss franc. By comparison, EUR/HUF movement and volatility was far more restrained.

2.2.2 / Saving activities

AXA continued its strategy of increasing deposits in a volatile savings climate. The Hungarian market exclusively maintained its interest rate for current accounts therefore making deposit offerings uniquely competitive in terms of the interest rate offered. AXA entered this market with an on-line services offer for daily banking while high rates rewarded short-term deposits and long-term savings offers in the savings area. For daily banking, AXA offers an account with VISA cards that is managed via a call centre and over the internet. AXA increased its internet banking offer in 2010 thanks to a new version of its iBanq software which enables customers to manage their accounts, scheduled payments and bank card limits. During the last quarter of 2010, AXA launched a long-term savings account for three to five years with a tax incentive thanks to which customers can save on taxes due on interest if they keep their savings on the long-term savings account for five years or reduce their payment to 10% if they choose the three-year option.

AXA wants to intensify its savings activities in the Hungarian market in 2011 to increase its deposit volumes by applying the injection strategy created by AXA Bank Europe: offer excellent short-term rates while maintaining competitiveness over the long term. We would also like to more distinctly emphasize our card activity which is an important engine for our daily banking offer - we increased payment security in 2011 by converting all cards available from AXA to chip cards.

2.2.3 / Credit activities

The Hungarian loan market became more perilous because client mortgage loans are primarily in foreign currencies (mainly CHF) and because the HUF depreciated significantly compared to the CHF. AXA was the first market player in Hungary to redirect its activities to HUF mortgage loans (end of 2009). Our credit portfolio continued to be at the heart of our activity over the 2010 period. We launched a portfolio protection program (credit crisis program) intended to actively assist our customers in managing the situation in which the crisis had put them. Through this program, we focus on helping our customers to avoid an increase in litigation and on the restructuring of loans in litigation to stabilize the level of provisions. What's more, we initiated new product development to provide long-term structural solutions to our customers and to ensure risk control for our future production. We offer short-term assistance by helping customers obtain favorable CHF exchange rates that will enable them to maintain their monthly installments. We created a team of dedicated advisers for customers experiencing difficulties. They are tasked with personally meeting with customers, reviewing their contracts, helping them set up a monthly installment plan they can handle and making up past due amounts. Concurrently with this customer assistance, AXA has also withdrawn from markets with increased risk, such as credit refinancing, to minimize its exposure to the Hungarian market.

We will continue to focus on the portfolio in 2011. Relief will be provided through March. A second wave of face-to-face meetings will be held by the same team of advisers with another group of target customers. The new products, which redefine our credit palette in order to achieve the goal of better balance between local market needs and AXA Bank Europe's risk appetite, will be brought to market. The new products, based on the expertise gained by AXA Bank Europe in Eastern European markets are intended to stabilize our clients' monthly HUF payments. With this credit offering, we are attempting to become part of both the ongoing evolution of the legislative framework and our customers' personal situation: the combination of due date flexibility and the opportunity to adjust monthly payments will settle the mortgage relationship between customers and AXA. As part of our product offer renewal, we will be launching a new prevention program intended, first of all, for our most vulnerable customers. We will help them convert their foreign currency mortgage into a long-term loan, preferably in local currency. For new production, we are maintaining our presence in the market by targeting responsible loans based on long-term interest rate offers in HUF intended for the purchase of a home.

2.3. AXA Bank in the Czech Republic

2.3.1 / Market conditions

The economy began to accelerate during the third quarter of 2009, in step with the stabilization of the economies of primary commercial partners and the effects of government measures to support growth. The third quarter of 2010 recorded growth of 3% over the third quarter of 2009. The improvement in external conditions should translate into continued economic growth which, according to estimates, will reach 2.2% in 2010. In August 2010, the new centre-right government issued policy statements setting the following primary tasks: public finance (max. 3% deficit in 2013 and a balanced budget in 2016), pension system, health care and tertiary education system reform and an increase in the transparency of public tenders. The austerity policy implemented by the government should translate into a moderate slowdown in economic growth to 2.0% in 2011.

As for the evolution of prices in the economy, the average rate of inflation reached 1.5% in 2010, with a high of 2.2% in December. The impact of administrative measures was the primary reason for price increases. This impact still reflected the effects of government measures intended to consolidate general government and the growth of regulated prices.

2.3.2 / Savings activities

AXA Bank was created in February 2010. Its launch was backed by a large scale media campaign and public relations activities.

AXA Bank offers a savings account that is both simple and appealing with a loyalty premium, an e-banking system and a debit card tied to the account.

Interest per tranche:

— *For clients with a balance up to 1 million CZK, 2% interest + 0.5% loyalty premium;*
— *For clients with a balance in excess of 1 million CZK, 0.5% interest + 0.5% loyalty premium.*

The new bank was launched successfully in 2010: AXA Bank gained 17 000 customers during the campaign. AXA Bank acquired 34 000 new customers (of which 17 000 on-line) in just 10 months on the market and net collections of EUR 438 million.

2.4 / AXA Bank in Switzerland

2.4.1 / Market conditions

2010 was once again dominated by a low and even decreasing interest environment. The monetary policy of the Swiss National Bank decreased the 3 months CHF LIBOR from 0.25% at the beginning of the year to 0.17% at the end of 2010 with a low at 0.11% in the middle of the year. As a result of that Swiss customers were faced with up to two interest reductions on their savings accounts in the past year with most of the banks offering rates around 0.375% by the end of the year. AXA Bank maintained its claim “attractive interests and more” offering 1.4% till September 2010 and 1.1% afterwards on its flagship product “Sparkonto Plus”.

2.4.2 / Savings activities

AXA Bank in Switzerland continued to grow during its second year of business activity (+ 14 000 customers) increasing its client base by a greater proportion than in the previous year (nearly 13 000 customers) for a total of close to 27 000 customers. The growth in customer numbers is even more impressive when the high number of AXA employees who became customers of the bank in 2009 (about 2 500) is included. Nearly EUR 142 million in net collections was collected in 2010 compared to EUR 185 million the previous year. This reflects a slide in the product mix from term deposit products to savings accounts and the arrival at maturity date of high-rate term deposits in 2009. Given the economic and competitive situation (e.g., the rate climate, government guarantees) and reductions in marketing expenditures in 2010, the net collections growth recorded was as remarkable as it was encouraging.

Compared to 2009, the Sparkonto Plus (savings) account and the Vorsorgekonto 3a (savings-pension account) saw a net increase in new capital of EUR 163.3 million for the Sparkonto Plus and of EUR 18.7 million for the Vorsorgekonto 3a. Net inputs were EUR 41 million for term deposits (one-year term deposits). This was the result of consumer confidence and of interest rates substantially lower than in the first year and than the rate offered on the Sparkonto Plus account.

It is also clear that the various operational improvements implemented in 2010 contributed to the result. Since April 2010, customers and AXA Winterthur customer advisers can print their requests (i.e. at home) after filling out a form on the internet site. Over 3/4 of all requests received are printed this way, speeding up document circulation.

The two distribution channels (AXA Winterthur customer advisers and direct) were able to draw a greater number of customers than in the previous year. Slightly over 2/3 of AXA Bank customers became customers after contact with an AXA Winterthur adviser. In addition, the latter had greater leverage in terms of opportunities to reinvest life insurance policies reaching maturity in banking products than in 2009. There was an improvement over the previous year in attractive conversions of short-term savings accounts into long-term insurance savings.

Over the year AXA Bank increased the number of FTEs (full time equivalent) from 29 to 42 mirroring the increased customer base, our recognized high service delivery and also additional investments in the area of Sales Support, Product Management, Marketing and Projects.

3 / INVESTMENTS DIVISION INDICATORS

3.1 / ALM and Treasury

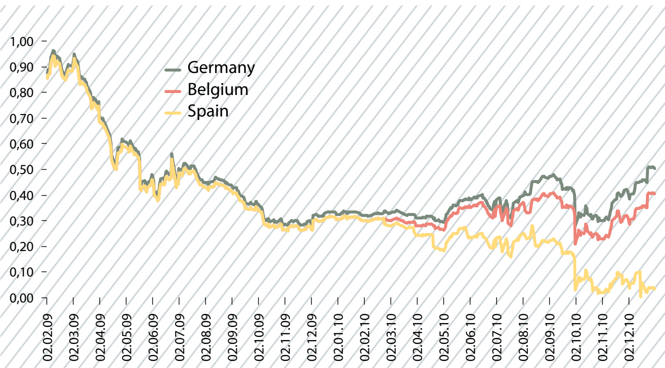
AXA Bank Europe's Asset Liability Management (ALM) provided a balance sheet management approach which has proved to be prudent especially during and after the recent liquidity & credit crisis. This was and is still being achieved through active balance sheet management & analytics, liquidity analysis, solvency, value & earnings analysis, future earnings forecast, mark to market valuation as well as scenario based methodologies. This ALM approach provided in depth understanding of AXA Bank Europe's risk positions and helped ALCO process to build effective hedging strategies and to manage value creation as well as complying with internal and regulatory limits.

With respect to balance sheet management, AXA Bank Europe demonstrated its prudential vision in a real-life stress scenario which revealed that there were no short-term liquidity problems. More precisely:

- AXA Bank Europe has extensive experience in monitoring stressed liquidity indicators and uses them to take strategic decisions;
- AXA Bank Europe has always ensured that it maintained high-quality liquidity buffers;
- In addition to access to personal savings thanks to its agent network, AXA Bank Europe also has direct access to liquidity thanks to institutional client funding.

Since the beginning of the credit and liquidity crisis, the principal indicator enabling evaluation of its seriousness has been the gap between guaranteed and non-guaranteed credit. Before 2010, sovereign debt with a rating above AA was sufficient to guarantee financing. There were few differences between the various European issuers. The gap between guaranteed and non-guaranteed credit now depends to a large extend on the issuer.

Change in the gap between German, Belgian and Spanish non-guaranteed and guaranteed credit



2010 saw an extension of the European Central Bank's policy on total liquidity allocation via weekly, monthly and quarterly auctions. In order to guarantee the liquidity of the government bond market, the ECB intervened in the government bond market as a buyer while freezing the liquidity injected.

In this context and in the context of increased external industry-wide regulatory requirements and ratios such as CBFA LI and Basel 3 LCR, AXA Bank Europe undertook a series of actions intended to improve its liquidity buffer and to reduce its structural liquidity gap.

As a first step, retail product strategies were reviewed to integrate balance sheet needs. Given this, ALM works very closely with Product Management to develop products to align balance sheet management and product strategies. It also took an active part in the product approval process.

The above-mentioned liquidity gap was then covered with a covered bond issue of EUR 750 million. This inaugural EUR 750 million, 10-year maturity, covered bond issue made under French law by the newly created ABE Société de Crédit Foncier (SCF) was carried out using an EMTN issue program that enables AXA Bank Europe to use the secured funding on a regular basis. The issue was rated AAA by S&P and Fitch. The initiative enabled AXA Bank Europe to further diversify its sources of funding and to take advantage of favorable market funding opportunities. For this issue in particular, the collateral pool consisted initially of senior RMBS notes issued by Royal Street SA/NV, Compartment RS-2. The bonds are backed by first rate Belgian mortgage loans originated by AXA Bank Europe.

The issuer (the French SCF) and the mother company (AXA Bank Europe) are not located in the same country which is a first for the French OF market. Since the guaranteed bond platform must still be created in Belgium, since the AXA brand is well-known in France, and since the French market is one of top markets in Europe, the decision to issue via the intermediary of a SCF was self-evident.

Thirdly, and as an example of its prudential liquidity management, AXA Bank Europe Treasury had and managed a bond buffer issued by European governments, on one hand, and securitization of residential mortgage loans issued by AXA Bank Europe, on the other. Thanks to the management of this cushion and the expertise gained in the repo market, the Treasury department was able to obtain cheap ongoing financing without having to resort to the facilities set up by the ECB.

Within the framework of the centralized funding configuration, this liquidity management gave way to management intended to ensure constant growth in retail banking customer numbers and volumes in Belgium, Switzerland, the Czech Republic and Hungary. In fact, AXA Bank Europe's Treasury department was able to maintain a sufficient liquidity margin to avoid any negative impact on the development of its commercial balance sheet.

While remaining liquid at all times, AXA Bank Europe was also able to take advantage of historically low interest rates and generate substantial transformation income of EUR 64.4 million in 2010.

AXA Group also translated its "re-use" recipe into the AXA Bank Europe environment by deciding to entrust the latter with an exchange and interest rate execution activity for part of its European and Asian life insurance activity. This Group activity was launched on the advice of AXA Hedging Services and it significantly increased rate swap and swaption volumes enabling AXA Bank Europe to mutualize the cost of its operations in the financial markets.

3.2 / Integration of AXA Hedging Services (AHS) and the creation of the Execution Desk Paris (EDP)

3.2.1 / Background

AXA Group decided to implement an innovative bank strategy which consists in developing banks in countries in which AXA insurance companies are already present. These banks focus primarily on a few new products, mainly via a direct banking model.

The Bank's European strategy will require in-depth reorganization of its activities in the capital markets:

— Given that the management of assets-liabilities and financing activities will be centralized in Brussels;
— Given that the Group wants to use the Bank as (among other things) a point of entry into the market.

Within this context, the integration of AXA Hedging Services in AXA Bank Europe in July 2008 was a first step in transforming AXA Bank Europe into an entry point for the coverage activities of AXA Group insurance companies outside of the United States. It consists of two distinct functions: analyses and recommendations for AHS coverage and market access provided by AXA Bank Europe Front Office.

3.2.2 / AXA Hedging Services & AXA Bank Europe

AXA Hedging Services, Inc. was created in 2006 to handle the Group's development of variable annuities (VA) (outside of the United States). It has been a 100% subsidiary of AXA Bank Europe since 2008. Its role was, and still is, to design variable annuities on behalf of AXA's operational entities and to implement a daily coverage process for AXA entities via advice and recommendations.

Thanks to the AXA Bank Europe and AXA Hedging Services partnership, the Group has a service offering for the Group's insurance companies. It offers consistent management, professional advice and trading activities as well as the ability to transform financial flows within the Group.

3.2.3 / Execution Desk Paris

EDP, which is part of AXA Bank Europe, is part of the latter's coverage activities' strategy for AXA Group insurance companies that negotiate insurance products based on VAs.

The second logical step taken by AXA Bank Europe to complete the integration of VA hedging activities for AXA Group entities was the launch of a reception and execution service for orders issued by AXA Group insurance companies active in the VA field (outside of the United States).

The services provided to AXA insurance companies by AXA Bank Europe Front Office follow the same scheme as the first order coverage services evaluated by the front office of AXA Bank Europe Brussels for futures, swaps and swaptions.

4 / COMMENTS ON RISK MANAGEMENT POLICIES

As are other banking institutions, AXA Bank Europe has to cope with strategic, credit, interest rate risk, liquidity, market, and operational risks that may impact its solvency, liquidity and earning objectives.

These risks are identified, measured, mitigated and continuously monitored through a well implemented internal risk appetite framework. With it, the bank's risk appetite objectives concerning these risks are translated into functional limits and hedging procedures.

During 2010, ABE specifically strengthened its risk appetite framework to further facilitate the bank's wide risk management through a constant monitoring and forecasting of key financial indicators and ratios on solvency, liquidity, earnings and value. All of ABE's material risks are taken into account in this comprehensive approach.

The following paragraphs will further define these risks.

They will highlight the key risk events of 2010 and will also provide an overview of the strategies and mitigation methods used by the bank to maintain these risks at desired levels.

Strategic risk

Strategic risk is the risk that the bank's main objectives (in terms of solvency, of liquidity, of profitability and of value creation) may not be attained due to strategic decisions required from its Board of Directors or from its Management Board. It refers to decisions required to adapt to the external business environment, to improve the internal organization or to seize new strategic opportunities.

The management of this risk has been strengthened in 2010, namely by enhancing ABE's risk appetite framework to ensure that risk mitigation objectives are taken into account within ABE's strategic decision making processes.

ABE's risk appetite framework is therefore an integral part (and supports) ABE's strategic reviews, annual strategic planning exercises, financial planning processes, product approval processes and the management of strategic projects.

Credit risk

Credit risk is the risk of loss associated with the default or the deterioration in the credit quality of counterparty exposures.

Retail credit risk

The bank is mainly exposed to retail credit risk through its portfolio of retail loans (consumer loans, mortgage loans and small enterprises' loans) in Belgium and to mortgage loans in Hungary.

AXA Bank Europe further strengthened its European management of retail credit risk in 2010 by setting up a specific retail risk management team at the Head Office level. Other improvements were made to retail risk management in Belgium and in Hungary (see below):

Retail credit risk in Belgium

The following mitigation measures were put in place in 2010:

— A new acquisition scoring model was implemented for mortgage loans early 2010;
— An improved economic capital model was independently validated by Ernst and Young and subsequently implemented to better measure and mitigate this risk.

Retail credit risk in Hungary

The credit portfolio of the Hungarian branch of ABE was kept under a very close watch in 2010 due to its vulnerability resulting from exchange rate fluctuations.

A number of new mitigation measures were put in place in 2010[(1)]:

— Provisions were increased as a precautionary measure to reflect the weakening of the HUF and a deteriorated economic environment in Hungary;
— Foreign currency denominated lending was suspended in June to adapt to the challenging situation faced in the country. On top of that, credit policies were also further tightened and stricter income and loan to value requirements were put in place;
— A new economic capital model was independently validated by Ernst and Young and subsequently implemented to better measure and mitigate this risk;
— A new acquisition scoring model was implemented in July 2010.

Non-retail counterparty credit risk

The bank's exposure to non retail credit risk is limited to selected investments (mostly well rated sovereigns, financial institutions and asset backed securities) and to high quality counterparties to hedge the derivatives done with AXA insurance companies.

AXA Bank Europe's entire bond portfolio is subject to limits on concentration risk and credit risk, which are monitored by a credit committee that ensures compliance with these limits. Impairments are registered in case of a credit event. However, when the liquidity of certain credit markets is no longer sufficient to ensure that market prices reflect the intrinsic value of securities, certain valuations were based on internal models ("marked-to-model" concept).

In 2010, AXA Bank Europe continued to act for AXA Group as a centralized platform to access financial markets[(2)]. The bank's exposures to derivatives therefore increased but continued to be mitigated through an extremely strict collateral requirement policy. An authorization to use netting for regulatory purposes was also approved by ABE's regulator.

AXA Bank Europe also launched a review of its investment policy to comply with expected upcoming Basel III requirements. The review is expected to be finalized in the 1Q2011.

Interest rate risk

AXA Bank Europe's business focus on retail banking means that the bank concentrates its credit exposures on lower risk prime mortgage loans. The corollary of this business strategy is that AXA Bank Europe is exposed to higher interest rate risk due to the long duration of a part of its mortgage portfolio.

Interest rate risk is itself defined as the risk of potential adverse changes to the fair value of interest sensitive positions after movements in interest rates.

AXA Bank Europe's ALM department reports to the ALCO on AXA Bank Europe's structural interest rate risk exposures. It proposes scenarios for interest rate risk management decisions.

(1) Measures mentioned in ABE's IFRS 2009 were continued: Strengthening of new loan acceptance policies, implementation of exchange rate hedges.
(2) AXA Bank Europe started acting as a hub to provide AXA insurance companies with hedging services for their variable annuities products.

AXA Bank Europe's Risk Management department independently monitors risk exposures and compliance with agreed risk appetite limits.

In 2010, efforts were made to strengthen the bank's balance sheet reconciliation processes. A Product Control Unit was setup to optimize data quality and to streamline reporting procedures.

A new economic capital model was also independently validated by Ernst and Young and implemented.

Finally, further investments in AXA Bank Europe's systems and tools (QRM) were made. They will enable to bank to develop even more precise risk indicators in 2011.

Liquidity risk

The management of structural liquidity risk is a priority for AXA Bank Europe.

This risk is defined as the risk that the structural, long term balance sheet can not be financed at reasonable cost and in a timely manner.

As an ALM risk, it is managed through the same governance that is used to manage interest rate risk (see above).

AXA Bank Europe also maintains (at all times) a buffer of liquid assets that allow it to resist stress scenarios consisting of assumptions of reduced liquidity on financial markets and significant withdrawals by customers.

In 2010, AXA Bank Europe issued with success a covered bond to improve its structural liquidity risk position. As stated previously, it also initiated a review of its investment policy to ensure its ongoing compliance with upcoming liquidity regulatory requirements.

Projects to fine-tune the bank's liquidity indicators are underway. They should be implemented early 2011.

Market risk

Market risk is usually composed of the following risks:

Risk	Definition
Interest Rate Risk (non structural, short term)	Risk of loss arising from potential adverse changes in the fair value of interest sensitive position after movements in interest rates.
Exchange Rate Risk	Risk of loss arising from potentially negative changes in fair position values (measured in home currency) due to exchange rate fluctuations.
Credit Spread Risk	Risk of losing money from market price movements of debt instruments that are caused by unexpected changes in credit spread.
Price Risk (Equity)	Adverse movements of exposures in stocks and other types of direct/indirect investments in enterprises that the bank is holding for trading activities.
Market Liquidity Risk	Risk that the firm cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption.

AXA Bank Europe's has a very conservative approach to market risk and does not engage in equity or commodities trading. As such, only the two first risks in the above list were considered material to AXA Bank Europe's activities in 2010.

AXA Bank Europe's ALCO is responsible to ensure that market risk management strategies are applied. It reviews market risk reports produced by the bank's Risk Management department and it monitors compliance with agreed risk appetite limits.

In 2010, AXA Bank Europe's Forex risk increased, mainly because of increasing retail activities in Hungary, in Switzerland, in Slovakia and in the Czech Republic.

Short term interest rate risk also increased because of the increasing use of derivatives to provide AXA insurance companies with hedging services for their variable annuities products.

Exposures to short term interest rate risk and exchange rate risk were nevertheless kept minimal through strict risk appetite limits.

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.

Early in 2010, AXA Bank Europe validated a new Operational Risk Management Charter to enhance the governance of this risk.

The outsourcing of this risk's management to AXA Belgium's Risk Management department was also ceased as AXA Bank Europe setup its own dedicated operational risk management team.

AXA's operational risk framework already implemented in Belgium was further deployed within AXA Bank Europe's Hungarian and Switzerland branches. A detailed operational risk cartography was also made for AXA Bank Europe's newly launched Czech Republic branch.

Finally, AXA Bank Europe continued its investments to develop a more advanced economic capital model to measure this risk.

For the Board of Directors

Jef Van In
25 March 2011

STATUTORY AUDITOR'S REPORT

FREE TRANSLATION

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY AXA BANK EUROPE SA AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of AXA Bank Europe SA and its subsidiaries (the "Group") as of and for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2010 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated statement of financial position amounts to EUR "000" 31 377 395 and the consolidated income statement shows a profit for the year (group share) of EUR "000" 12 342.

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 December 2010 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts.

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

— The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we do not express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that we have not identified contradictions between the information provided and the information we have acquired in the context of our appointment.

Sint-Stevens-Woluwe, 31 March 2011

The statutory auditor
PricewaterhouseCoopers Corporate auditors
Represented by:

Emmanuèle Attout
Accredited Auditor

Gregory Joos
Accredited Auditor

CHIEF PUBLISHER

Corporate Communications

CONTACT

AXA Bank Europe
25 Bd du Souverain
1170 Brussels
Tel.: +32 (0)2 678 61 11

PHOTO CREDITS

© Marc Gryson

PRODUCTION

CHRIS - Communication Agency
www.chriscom.be

www.axabankeurope.com

AXA Belgium Finance (NL) B.V.

Annual report for the year ended December 31, 2009

Statutory seat: **Amsterdam**
Address: Ginnekenweg 213
4835 NA Breda

Breda, June 16, 2010

Approved and adopted in the general meeting of shareholders dated June 21, 2010

Table of contents

Total number of pages in this report: 17

Management report

General

AXA Belgium Finance (NL) B.V. is a limited liability company ('Besloten Vennootschap met beperkte aansprakelijkheid') under the laws of the Netherlands. The Company is managed by a Management Board consisting of two managing directors. The Company has no staff and its Management Board members work on a part-time basis for the Company. There are no potential conflicts of interests between any duties to the Company of any of the Management Board members and their private interests and/or other duties.

The managing directors of the Company are Mr. Cees de Jong, Chairman, and Mr. Geert Van de Walle, Head of European Treasury, Investment and Asset Liability Management (ALM) of AXA Bank Europe S.A./N.V.

The Company is a wholly owned subsidiary of AXA Bank Europe S.A./N.V., which in its turn is held voor 100% by AXA Holdings Belgium S.A./N.V. The legal address of those parent companies is Boulevard du Souverain 25, 1170 Brussels (Watermael-Boitsfort, Belgium).

Financial information

The total interest margin decreased by EUR 63,000 due to lower interest income on bank accounts. The operating expenses show an increase of EUR 102,000. This is mainly caused by additional fees to be paid as a consequence of the fact that the annual accounts had to be extended and audited because of a change in legislation. The profit before tax decreased by EUR 165,000, resulting in a decrease of the net profit after taxation of EUR 132,000 from EUR 183,000 in 2008 to EUR 51,000 in 2009. The Management Board proposes to add this net profit 2009 to the 'other reserves'.

The total assets decreased by EUR 2,004,000 from EUR 107,999,000 in 2008 to EUR 105,995,000 in 2009.

Business overview

According to Article 2 of its Articles of Association, the Company's objects are:
- to finance other enterprices and companies;
- to found, to participate in any way in, to manage and to supervise enterprices and companies;
- to provide guarantees and to engage the Company or its assets for the benefit of connected enterprises and companies;
- to grant services to enterprises and companies;
- to lend, loan and raise funds, including the issue of bonds, IOUs or other securities, and conclude the connected agreements;
- obtaining, alienating, managing and exploiting of real estate and value properties in general;
- carrying out all sorts of industrial, financial and commercial activities.

Currently, the Company's activity consists of issuing notes programmes that are unconditionally and irrevocably guaranteed by its sole shareholder AXA Bank Europe S.A./N.V. (the Guarantor). The notes issued by the Company are mainly placed among European investors. The net proceeds of these notes are lent to AXA Bank Europe S.A./N.V., that uses the proceeds for its general corporate purposes. Apart from the Company's present not listed notes programmes, there is a EUR 25 million Subordinated Eurobond which is listed on the Luxembourg Stock Exchange. Notes issues can be subject to selling commissions, out-of-pocket expenses and are subject to paying agency fees. These not listed notes are governed by the laws of the Netherlands and they are issued in bearer form or in registered form. Pursuant to a selling restriction, the notes will not be offered, transferred or sold, whether directly or indirectly, as part of the initial distribution or at any time thereafter, to any individual or legal entity who or which is established, domiciled or resident in the Netherlands.

The first Notes Programme was issued in 2006, followed by a second Programme (Wholesale) in 2007. Supplementary to those 2006 and 2007 programmes, in 2008 the Company decided to issue a new notes programme for a maximum amount of EUR 300 million. The conditions of this programme are similar to the 2006 programme. On September 17, 2008, a first tranche under this new programme was issued under the name 'Inflation Proof+'. During 2009 notes with a total par value of EUR 2,112,000 have been repayed.

On December 31, 2009, the following par values of notes were outstanding:

1. Notes Programme dated May 9, 2006:
   - Serena Lift Up: EUR 30,948,000 (maturity: June 6, 2016)
   - Serena Upgrade: EUR 14,440,000 (maturity: September 29, 2014);
   - Serena Memoris: EUR 8,734,000 (maturity: December 15, 2016);
   - Serena Upside: EUR 14,022,000 (maturity: September 29, 2011).
2. Wholesale Debt Issuance Programme dated July 20, 2007:
   - Considering the turnmoil on the international financial markets, no notes were issued under this programme.
3. Notes Programme dated August 19, 2008:
   - Inflation Proof+: EUR 9,891,000 (maturity: November 21, 2011).
4. Subordinated Eurobond: EUR 25,000,000 (maturity: December 27, 2010).

Risk management

The main activity of the Company consists of lending the proceeds of issued notes to AXA Bank Europe S.A./N.V., where a maximum parallelism between the conditions of the notes and those of the loans to AXA Bank Europe is pursued, thus preventing the existence of substantial transformation risks.

As a finance Company, the Company could face a number of risks including, but not limited to credit risk, market risk, currency risk, operational risk, real estate risk and liquidity risk. In assessing the risk profile of the Company it is important to remind that all notes issued by the Company are unconditionally and irrevocably guaranteed by AXA Bank Europe S.A./N.V. in its latest review dated February 19, 2009.

Credit risk: as a finance Company, the Company is exposes to the creditworthiness of its counterparties where the Company may suffer losses related to the inability of its debtors or counterparties to meet their financial obligations. As all the proceeds of the notes are lent to the Guarantor, the significant credit risk is limited to the Guarantor.

Market risk: refers to the risk of loss relating to fluctuations in market prices and interest rates, their interactions and their leval of volatility. Due to the nature of its activity, the Company is prevented from assuming significant exposure to market risk.

Foreign currency risk: as the Company is not active in different currency zones or dealing with instruments in different currencies there are no currency risks.

Operational risk: is the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events (such as, but not limited to natural disasters and fires). It includes risk relating to information systems, litigation risk and reputation risk. The Company cannot provide assurances that such failures will not occur or, if they do occur that they will be adequately addressed. Operational, information and security risks are, however, actively managed through a common AXA Bank Europe framework that identifies measures and monitors the risks and its mitigating controls in the businesses of AXA Bank and it subsidiaries.

Liquidity risk: is the risk that the Company cannot meet its financial liabilities when they fall due, at reasonable costs and in a timely manner. We refer to the Guarantee by AXA Bank Europe S.A./N.V. that unconditionally and irrevocably guarantees the due and punctual payment of the principal of and interest on the issued notes as well as of any additional amounts which may be required to be paid by the Company.

Generally, the risks are based on contingencies which may or may not occur and neither the Company, nor the Guarantor, is in a position to express a view on the likelihood of any such contingency occurring.

Corporate social responsibility

The Company is a member of the AXA group that is active at the crossroads between social development, respect for the environment and economic performance. As such, the AXA group has developed a sustainable development strategy focusing on the specific nature of its financial protection business and the responsible behaviour commensurate with its status as a major international group. This is why the AXA group is committed to carrying out its activities as a responsible corporation, managing its direct impact on its various stakeholders:

- Employees: continually strengthening their skills and commitment with a view to improving performance, with a priority focus on diversity and equal opportunities.
- Clients: consistently delivering efficient services and adapted solutions, while adhering to the highest standard of professional conduct.
- Shareholders: achieving industry-leading operating performance levels in order to create lasting value, and providing them with transparent information.
- Suppliers: assessing their commitment to sustainable development and human rights when selecting suppliers, with AXA's purchasers upholding strict rules of professional conduct.

- The community: developing corporate philanthropy actions focusing on prevention, social volunteering, local development and the fight against exclusion.

Investments

Since the date of the closing of the financial year, there have been no principal investments made. Moreover, the Company has not planned any principal future investments, except for the onlending of the proceeds of the notes under the present programmes. Considering that there are no firm commitments for future investments, no information regarding the anticipated sources of funds needed to fulfill them is provided.

Future developments

There has been no material adverse change in the financial position or prospects of the Company since December 31, 2009. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for the current financial year.

Breda, June 16, 2010

Cees de Jong, Chairman of the Management Board

Geert van de Walle, Member of the Management Board

Balance sheet at 31 december 2009

(after appropriation of profit)

A s s e t s

	2009		2008	
	EUR	EUR	EUR	EUR
Fixed assets				
Financial fixed assets (1)				
Amounts receivable from group companies		102,996,198		105,078,894
Current assets				
Receivables(2)				
Taxes and social security charges	2,195		48,079	
Other amounts receivable, prepayments and accrued income	367,638		367,778	
		369,833		415,857
Cash at bank and in hand (3)		2,628,719		2,503,774
Total assets		105,994,750		107,998,525

Shareholders' equity and liabilities

	2009		2008	
	EUR	EUR	EUR	EUR
Shareholders' equity (4)				
Issued share capital	1,768,459		1,768,459	
Other reserves	885,021		833,798	
		2,653,480		2,602,257
Long-term liabilities (5)				
Other bond loans and private loans		103,058,483		105,158,008
Current liabilities				
Trade creditors/suppliers	27,676		192	
Taxes and social security charges	1,680		1,664	
Other liabilities, accruals and deferred income	253,431		236,404	
		282,787		238,260
Total shareholders' equity and liabilities		105,994,750		107,998,525

PricewaterhouseCoopers Accountants N.V.
Uitsluitend voor identificatiedoeleinden

Profit and loss account for the year ended 2009

	2009		2008	
	EUR	EUR	EUR	EUR
Other operating expenses		217,645		115,294
Operating income		(217,645)		(115,294)
Income from amounts receivable forming part of the fixed assets and from securities (6)	2,170,348		3,555,454	
Interest income and similar income (7)	17,901		96,967	
Interest expense and similar charges	(1,906,619)		(3,308,077)	
Financial income and expense		281,630		344,344
Profit/(loss) before taxation		63,985		229,050
Income taxes		12,762		45,801
Profit/(loss) after taxation		51,223		183,249

Cash flow statement for the year ended 2009

The cash flow statement has been drawn up using the indirect method.

	2009		2008	
	EUR	EUR	EUR	EUR
Cash flow from operating activities				
Operating loss	(217,645)		(115,294)	
Changes in working capital:				
– Movements in amounts receivable	46,024		1,610,427	
– Movements in current liabilities (excluding amounts payable to credit institutions)	44,527		(1,633,929)	
	(127,094)		(138,796)	
Income from amounts receivable forming part of the fixed assets and from securities	2,141,042		3,526,150	
Interest income	17,900		96,967	
Interest expense	(1,894,143)		(3,296,201)	
Income taxes	(12,762)		(45,801)	
Cash flow from operating activities		124,943		142,319
Cash flow from financing activities				
Decrease/(increase) in amounts receivable from group companies	1,986,104		(10,000,000)	
Issue of other bond loans and private loans	–		9,992,000	
Repayment of other bond loans and private loans	(1,986,102)		–	
Cash flow from financing activities		2		(8,000)
Movements in cash at bank and in hand		124,945		134,319

Accounting policies used for the company financial statements

General information

The Company's financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Because the Netherlands Act on Financial Supervision is applicable due to the fact that the company has issued securities that are traded on a regulated market, no reporting exemptions can be issued. The financial statements were prepared on April 29, 2010.

Axa group and related parties

Axa Belgium Finance (NL) B.V. is a wholly owned subsidiary of AXA Bank Europe N.V., Brussels, Belgium. The ultimate parent is AXA S.A., Paris, France.
In the financial statements these companies are considered to be related parties.

Going concern

The accounting policies used in these financial statements are based on the expectation that the company will be able to continue as a going concern. The bases presumes that funds are available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Business overview

Objects of the company

According to article 2 of its articles of association, the company's objects are:

- to finance other enterprises and companies;
- to found, to participate in any way in, to manage and to supervise enterprises and companies;
- to provide guarantees and to engage the company or its assets for the benefit of connected enterprises and companies;
- to grant services to enterprises and companies;
- to lend, loan and raise funds, including the issue of bonds, IOUs or other securities, and conclude the connected agreements;
- obtaining, alienating, managing and exploiting of real estate and value properties in general;
- carrying out all sorts of industrial, financial and commercial activities.

Operations

Currently, the company's activity consists of issuing notes programmes that are unconditionally and irrevocably guaranteed by its sole shareholder AXA Bank Europe S.A./N.V. (the Guarantor). The notes issued by the company are mainly placed among European investors. The net proceeds of these notes are lent to AXA Bank Europe S.A./N.V., that uses the proceeds for its general corporate purposes. Apart from the company's present not listed notes programmes, there is a EUR 25 million subordinated eurobond which is listed on the Luxembourg Stock Exchange. Notes issues can be subject to selling commissions, out-of-pocket expenses and are subject to paying agency fees. The not listed notes are governed by the laws of the Netherlands and they are issued in bearer form or in registered form. Pursuant to a selling restriction, the notes will not be offered, transferred or sold, whether directly or indirectly, as part of the initial distribution or at any time thereafter, to any individual or legal entity who or which is established, domiciled or resident in the Netherlands.

Notes programmes

The first Notes Programme was issued in 2006, followed by a second Programme (Wholesale) in 2007. Supplementary to those 2006 and 2007 programmes, in 2008 the company decided to issue a new notes programme for a maximum amount of EUR 300 million. The conditions of this programme are similar to the 2006 notes programme. On September 17, 2008, a first trance under this new programme was issued under the name 'Inflation Proof+'. During 2009 notes with a total par value of EUR 2,112,000 have been repayed.

On December 31, 2009, the following par values of notes were outstanding:

1. Notes Programme dated May 9, 2006:
   - Serena Lift Up: EUR 30,948,000 (maturity: June 6, 2016)
   - Serena Upgrade: EUR 14,440,000 (maturity: September 29, 2014);
   - Serena Memoris: EUR 8,734,000 (maturity: December 15, 2016);
   - Serena Upside: EUR 14,022,000 (maturity: September 29, 2011).
2. Wholesale Debt Issuance Programme dated July 20, 2007:
   - Considering the turnmoil on the international financial markets, no notes were issued under this programme.
3. Notes Programme dated August 19, 2008:
   - Inflation Proof+: EUR 9,891,000 (maturity: November 21, 2011).
4. Subordinated Eurobond: EUR 25,000,000 (maturity: December 27, 2010).

General

Financial fixed assets

Receivables

Receivables under financial fixed assets are carried at the lower of face value and recoverable amount (being the higher of value in use and fair value less costs to sell). Discounts and premiums on loans granted or acquired are taken to the profit and loss account during the term of the receivable, calculated on a straight-line basis. For that purpose, the face value of the loan is decreased or increased by the discount or premium, respectively, still to be taken to the profit and loss account. The outcome of the straight-line method is to be considered not materially different than the outcome using the effective interest method.

Receivables

Receivables are carried net of a provision for doubtful debts.

Cash at bank and in hand

Cash and cash equivalents are carried at their face value.

Financial instruments

A financial instrument or its separate components are classified in the financial statements as liability or as equity in accordance with the substance of the contractual agreement underlying the financial instrument. In the company financial statements, a financial instrument is classified in accordance with the legal reality. Interest, dividends, income and expenses relating to a financial instrument, or part of a financial instrument, are included in the financial statements in accordance with the classification of the financial instruments as liabilities or equity.

Unless stated otherwise, the financial instruments included in the financial statements are carried at their face value.

Taxes

Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt and partly or completely non-deductible expenses.

Liabilities

Liabilities are carried at face value unless stated otherwise. Discounts and premiums on loans granted or acquired are taken to the profit and loss account during the term of the debt, calculated on a straight-line basis. For that purpose, the face value of the loan is decreased or increased by the respective discount or premium, still to be taken to the profit and loss account.

Income

Interest

Interest income is recognised pro rata in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received.

Expenses

General

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised in they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Interest

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts, are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.

Notes to the balance sheet

Related party transactions

Related party transactions between the company and its related party AXA Bank Europe N.V. were as follows:

- Amounts receivable from group companies, refer to Note 1;
- Guarantees provided, refer to Note 5;
- Income from amounts receivable forming part of the fixed assets, refer to Note 6;
- Interest income and similar income, refer to Note 7.

Financial fixed assets (1)

Amounts receivable from group companies

This item represents loans to the parent company AXA Bank Europe N.V. with a total par value of EUR 103,035,000 (2008: EUR 105,147,000). Part of the interest rates are fixed between 5.20% and 6.20% and part of the interest rates are variable and are equal to the medium term notes issued by the company, increased with margins from 0.20%. The loans fall due:

- < 1 year EUR 0 (2008: EUR –);
- 1 - 5 years EUR 47,606,000 (2008: EUR 49,718,000);
- > 5 year EUR 55,429,000. (2008: EUR 55,429,00).

These loans are subordinated for a total par value of EUR 25,000,000 (2008: EUR 25,000,000).

Receivables (2)

The amounts receivable have a validity shorter than a year.

Cash at bank and in hand (3)

This item includes deposits amounting to EUR 0 (2008: EUR 2,050,000 with a maturity date of February 9, 2009 and an interest rate of 4.40%).
There are no other restrictions on the availability of cash and cash equivalents.

Shareholders' equity (4)

	2009	2008
	EUR	EUR
Paid-up and called-up share capital		
3,897 ordinary shares with a par value of EUR 453.80	1,768,459	1,768,459

The company's authorised capital amounts to EUR 4,000,247.

PricewaterhouseCoopers Accountants N.V.
Uitsluitend voor identificatiedoeleinden

	2009	2008
	EUR	EUR
Other reserves		
Balance at January 1	833,798	650,549
Profit appropriation	51,223	183,249
Balance at December 31	885,021	833,798

Long-term liabilities (5)

This item represents medium term note and bond liabilities with a total par value of EUR 103,035,000 (2008: EUR 105,147,000). The loans are fully guaranteed by the parent company AXA Bank Europe N.V. Part of the interest rates are fixed between 5.00% and 6.00% and part of the interest rates are variable. The loans fall due:

- < 1 year EUR 0 (2008: EUR –);
- 1 - 5 years EUR 47,606,000 (2008: EUR 49,718,000);
- > 5 year EUR 55,429,000 (2008: EUR 55,429,000).

A loan with a par value of EUR 25,000,000 (2008: EUR 25,000,000) is subordinated and is quoted at the Luxembourg Stock Exchange under ISIN code XS0159413599.

Financial instruments

General

The main activity of the Company consists of lending the proceeds of issued notes to AXA Bank Europe S.A./N.V., where a maximum parallelism between the conditions of the notes and those of the loans to AXA Bank Europe is pursued, thus preventing the existence of substantial transformation risks.

As a finance Company, the Company could face a number of risks including, but not limited to credit risk, market risk, currency risk, operational risk, real estate risk and liquidity risk. In assessing the risk profile of the Company it is important to remind that all notes issued by the Company are unconditionally and irrevocably guaranteed by AXA Bank Europe S.A./N.V. Standard&Poor's Ratings Service affirmed the AA - credit of AXA Bank Europe S.A./N.V. in its latest review dated February 19, 2009.

Generally, the risks are based on contingencies which may or may not occur and neither the Company, nor the Guarantor, is in a position to express a view on the likelihood of any such contingency occurring.

Foreign currency risk

As the Company is not active in different currency zones or dealing with instruments in different currencies there are no currency risks.

Operational risk

Is the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events (such as, but not limited to natural disasters and fires). It includes risk relating to information systems, litigation risk and reputation risk. The Company cannot provide assurances that such failures will not occur or, if they do occur that they will be adequately addressed. Operational, information and security risks are, however, actively managed through a common AXA Bank Europe framework that identifies measures and monitors the risks and its mitigating controls in the businesses of AXA Bank and its subsidiaries.

Market risk

Refers to the risk of loss relating to fluctuations in market prices and interest rates, their interactions and their level of volatility. Due to the nature of its activity, the Company is prevented from assuming significant exposure to market risk.

Credit risk

As a finance Company, the Company is exposed to the creditworthiness of its counterparties where the Company may suffer losses related to the inability of its debtors or counterparties to meet their financial obligations. As all the proceeds of the notes are lent to the Guarantor, the significant credit risk is limited to the Guarantor.

Liquidity risk

Is the risk that the Company cannot meet its financial liabilities when they fall due, at reasonable costs and in a timely manner. We refer to the Guarantee by AXA Bank Europe S.A./N.V. that unconditionally and irrevocably guarantees the due and punctual payment of the principal of and interest on the issued notes as well as of any additional amounts which may be required to be paid by the Company.

Notes to the profit and loss account

Staff members

The average number of staff employed by the company in 2009 was – (2008: –).

Financial income and expense

Income from amounts receivable forming part of the fixed assets and from securities (6)

This item includes intra group interest for an amount of EUR 2,170,348 (2008: EUR 3,555,454).

Interest income and similar income (7)

This item includes intra group interest for an amount of EUR 9,772 (2008: EUR 90,357).

Other information

Articles of Association provisions governing profit appropriation

Profit is appropriated in accordance with Article 14 of the Articles of Association, which states that the profit is at the disposal of the General Meeting of Shareholders.

Appropriation of profit 2009

In accordance with article 14 of the Articles of Association the profit is at the disposal of the General Meeting of Shareholders.

The Board of Management proposes to add the result of EUR 51,223 to the other reserves.

Declaration section 5:25C

As required by section 5:25c of the Wet op het financieel toezicht (Dutch Financial Supervision Act), the Managing Directors declare that, to the best of their knowledge,

1. the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

2. the management report gives a true and fair view of the important events and their impact on the financial statements and as well as major related parties transactions that have occurred during the financial year together with a description of the principal risks and uncertainties that the Company faces.

Breda, June 16, 2010

Cees de Jong, Chairman of the Management Board

Geert van de Walle, Member of the Management Board

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam
P.O. Box 90357
1006 BJ Amsterdam
The Netherlands
Telephone +31 (0) 20 568 66 66
Facsimile +31 (0) 20 568 68 88
www.pwc.com/nl

To the shareholders of General Meeting of Shareholders of AXA Belgium Finance (NL) B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying 2009 financial statements of AXA Belgium Finance (NL) B.V., Breda ("the Company") as set out on pages 5 to 15 which comprise the balance sheet as at December 31, 2009, the profit & loss account for the year then ended and the notes.

Management's responsibility
Management of the Company is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The comparative financial information in these financial statements is derived from the financial statements of previous year on which a disclaimer opinion has been issued, based upon the following:

We were unable to form an opinion retrospectively about whether the balance sheet as at December 31, 2007, gives a true and fair view of the financial position, which opinion would serve as a basis for the audit of the financial statements for the year 2008. If the amounts shown in the balance sheet as at December 31, 2007, were to require adjustment, this would directly affect the result reported for the year 2008. Both the composition and the amount of the result for 2008 therefore remain uncertain.

These circumstances are not applicable to the current financial year, but do apply to the comparative financial information.

Qualified opinion

In our opinion, except for the possible effect on the comparative financial information of the matter described in the Basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, June 16, 2010
PricewaterhouseCoopers Accountants N.V.

E.L. Rondhout RA

AXA Belgium Finance (NL) B.V.

Annual report for the year ended December 31, 2010

Statutory seat:	**Amsterdam**
Address:	Ginnekenweg 213
	4835 NA Breda

Breda, May 27, 2011

Approved and adopted in the general meeting of shareholders dated May 27, 2011

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Table of contents

Management report

Financial statements

Other information

Total number of pages in this report: 19

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

pwc

Management report

General

AXA Belgium Finance (NL) B.V. is a limited liability company ('Besloten Vennootschap met beperkte aansprakelijkheid') under the laws of the Netherlands. The Company is managed by a Management Board consisting of two managing directors. The Company has no staff and its Management Board members work on a part-time basis for the Company. There are no potential conflicts of interests between any duties to the Company of any of the Management Board members and their private interests and/or other duties.

The managing directors of the Company are Mr. Cees de Jong, Chairman, and Mr. Geert Van de Walle, Deputy CIO European Treasury and Investment of AXA Bank Europe S.A./N.V.

The Company is a wholly owned subsidiary of AXA Bank Europe S.A./N.V., which in its turn is held for 100% by AXA Holdings Belgium S.A./N.V. The legal address of those parent companies is Boulevard du Souverain 25, 1170 Brussels (Watermael-Boitsfort), Belgium.

Financial information

The total interest margin decreased by EUR 119,000 mainly due to a write off of capitalized expenses of the Wholesale Debt Issuance program under which eventually no notes have been issued due to unfavourable market conditions. The operating expenses show a decrease of EUR 39,000. This is mainly caused by lower administrative and audit expenses. The profit before tax decreased by EUR 80,000, resulting in a decrease of the net profit after taxation of EUR 64,000 from EUR 51,000 in 2009 to a loss of EUR 13,000 in 2010. The Management Board proposes to deduct this loss from the 'other reserves'.

The total assets decreased by EUR 30,777,000 from EUR 105,995,000 in 2009 to EUR 75,218,000 in 2010.

Business overview

According to Article 2 of its Articles of Association, the Company's objectives are:

- to finance other enterprises and companies;
- to found, to participate in any way in, to manage and to supervise enterprises and companies;
- to provide guarantees and to engage the Company or its assets for the benefit of connected enterprises and companies;
- to grant services to enterprises and companies;
- to lend, loan and raise funds, including the issue of bonds, IOUs or other securities, and conclude the connected agreements;
- obtaining, alienating, managing and exploiting of real estate and value properties in general;
- carrying out all sorts of industrial, financial and commercial activities.

Currently, the Company's activity consists of issuing notes programmes that are unconditionally and irrevocably guaranteed by its sole shareholder AXA Bank Europe

S.A./N.V. (the Guarantor). The notes issued by the Company are mainly placed among European investors. The net proceeds of these notes are lent to AXA Bank Europe S.A./N.V., that uses the proceeds for its general corporate purposes.
Apart from the Company's present non-listed notes, there was a EUR 25 million Subordinated Eurobond which was listed on the Luxembourg Stock Exchange. This Subordinated Eurobond was fully repaid at maturity, i.e. December 27, 2010. Notes issues can be subject to selling commissions, out-of-pocket expenses and are subject to paying agency fees. These non-listed notes issued under the Notes Programmes dated May 9, 2006 and August 19, 2008 are governed by the laws of the Netherlands and they are issued in bearer form or in registered form. Pursuant to a selling restriction, the notes will not be offered, transferred or sold, whether directly or indirectly, as part of the initial distribution or at any time thereafter, to any individual or legal entity who or which is established, domiciled or resident in the Netherlands.

The first Notes Programme was issued in 2006, followed by a second Programme (Wholesale) in 2007. Supplementary to those 2006 and 2007 programmes, in 2008 the Company decided to issue a new Notes Programme for a maximum amount of EUR 300 million. The conditions of this programme are similar to the 2006 programme. On September 17, 2008, a first tranche under this new programme was issued under the name 'Inflation Proof+'. During 2010 notes with a total par value of EUR 5,742,000 have been repaid.

In September 2010 a new Notes Issuance Programme for a maximum amount of EUR 1,000 million was launched together with AXA Bank Europe SA/NV (co-issuer and Guarantor). By the end of 2010 no notes were issued under this new Programme. (see 'Future Developments' below).

On December 31, 2010, the following par values of notes were outstanding:

1 Notes Programme dated May 9, 2006:
   - Serena Lift Up: EUR 28,088,000 (maturity: June 6, 2016)
   - Serena Upgrade: EUR 12,954,000 (maturity: September 29, 2014);
   - Serena Memoris: EUR 8,224,000 (maturity: December 15, 2016);
   - Serena Upside: EUR 13,356,000 (maturity: September 29, 2011).

2 Notes Programme dated August 19, 2008:
   - Inflation Proof+: EUR 9,671,000 (maturity: November 21, 2011).

3 Notes Issuance Programme dated September 21, 2010:
   - On December 31, 2010 no notes are issued under this Programme

Risk management

The main activity of the Company consists of lending the proceeds of issued notes to AXA Bank Europe S.A./N.V., where a maximum correlation between the conditions of the notes and those of the loans to AXA Bank Europe is pursued, thus preventing the existence of substantial transformation risks.
As a finance Company, the Company could face a number of risks including, but not limited to credit risk, market risk, currency risk, operational risk, real estate risk and liquidity risk. In

assessing the risk profile of the Company it is important to note that all notes issued by the Company are unconditionally and irrevocably guaranteed by AXA Bank Europe S.A./N.V.

Credit risk: as a finance company, the Company is exposed to the creditworthiness of its counterparties where the Company may suffer losses related to the inability of its debtors or counterparties to meet their financial obligations. As all the proceeds of the notes are lent to the Guarantor, the significant credit risk is limited to the Guarantor.

Market risk: refers to the risk of loss relating to fluctuations in market prices and interest rates, their interactions and their level of volatility. Due to the nature of its activity, the Company is prevented from assuming significant exposure to market risk.

Foreign currency risk: as the Company is not active in different currency zones or dealing with instruments in different currencies there are no currency risks.

Operational risk: is the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events (such as, but not limited to natural disasters and fires). It includes risk relating to information systems, litigation risk and reputation risk. The Company cannot provide assurances that such failures will not occur or, if they do occur that they will be adequately addressed. Operational, information and security risks are, however, actively managed through a common AXA Bank Europe framework that identifies measures and monitors the risks and its mitigating controls in the businesses of AXA Bank and it subsidiaries.

Liquidity risk: is the risk that the Company cannot meet its financial liabilities when they fall due, at reasonable costs and in a timely manner. We refer to the Guarantee by AXA Bank Europe S.A./N.V. that unconditionally and irrevocably guarantees the due and punctual payment of the principal of and interest on the issued notes as well as of any additional amounts which may be required to be paid by the Company.

Generally, the risks are based on contingencies which may or may not occur and neither the Company, nor the Guarantor, is in a position to express a view on the likelihood of any such contingency occurring.

Declaration section 5:25C

As required by section 5:25c of the Wet op het financieel toezicht (Dutch Financial Supervision Act), the Managing Directors declare that, to the best of their knowledge,

1 the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

2 the management report gives a true and fair view of the important events and their impact on the financial statements and as well as major related parties transactions that have occurred during the financial year together with a description of the principal risks and uncertainties that the Company faces.

Corporate social responsibility

The Company is a member of the AXA group that is active at the crossroads between social development, respect for the environment and economic performance. As such, the AXA group has developed a sustainable development strategy focusing on the specific nature of its financial protection business and the responsible behaviour commensurate with its status as a major international group. This is why the AXA group is committed to carrying out its activities as a responsible corporation, managing its direct impact on its various stakeholders:

- Employees: continually strengthening their skills and commitment with a view to improving performance, with a priority focus on diversity and equal opportunities.
- Clients: consistently delivering efficient services and adapted solutions, while adhering to the highest standard of professional conduct.
- Shareholders: achieving industry-leading operating performance levels in order to create lasting value, and providing them with transparent information.
- Suppliers: assessing their commitment to sustainable development and human rights when selecting suppliers, with AXA's purchasers upholding strict rules of professional conduct.
- The community: developing corporate philanthropy actions focusing on prevention, social volunteering, local development and the fight against exclusion.

Investments

Since the date of the closing of the financial year, there have been no principal investments made. Moreover, the Company has not planned any principal future investments, except for the onlending of the proceeds of the notes under the present programmes. Considering that there are no firm commitments for future investments, no information regarding the anticipated sources of funds needed to fulfill them is provided.

Future developments

The new Notes Issuance Programme dated September 21, 2010 is created at the request of, and in close collaboration with AXA Bank Europe (in this Programme AXA Bank Europe acts as potential Issuer together with the Company and as Guarantor) and will support the international business objectives of AXA Bank Europe that aim at providing an offer of notes with a broad range of maturities, currencies, structures and sizes, that shall be distributed through local retail branches of AXA Bank Europe. The Programme allows retail issues (in a first stage in 2011 through AXA Banque France), but institutional issues, private placements and reverse inquiry issues (for entities of the AXA Group) can be organized under the same Programme.

Under the Programme the following issues have been launched in 2011:

- AXA Bank Europe CoFE: EUR 1,150,000 (value: March, 17, 2011);
- EUREKA!: EUR 1,000,000 (value: May 19, 2011);
- Optinote Multiwin: EUR TBD (value: July 15, 2011);
- Optinote Multistep: EUR TBD (value: July 15, 2011).

Apart from these evolving business objectives, there has been no material adverse change in the financial position or prospects of the Company since December 31, 2010. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for the current financial year.

Breda, May 27, 2011

Cees de Jong, Chairman of the Management Board

Geert Van de Walle, Member of the Management Board

Balance sheet at December 31, 2010

(after appropriation of result)

A s s e t s

	2010		2009	
	EUR	EUR	EUR	EUR
Fixed assets				
Financial fixed assets (1)				
Amounts receivable from group companies		49,266,000		78,035,000
Current assets				
Receivables (2)				
Amounts receivable from group companies	23,027,000		24,961,198	
Taxes and social security charges	6,217		2,195	
Other amounts receivable, prepayments and accrued income	245,685		367,638	
		23,278,902		25,331,031
Cash at bank and in hand (3)		2,672,886		2,628,719
Total assets		75,217,788		105,994,750

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Shareholder's equity and liabilities

	2010		2009	
	EUR	EUR	EUR	EUR
Shareholder's equity (4)				
Issued share capital	1,768,459		1,768,459	
Other reserves	872,277		885,021	
		2,640,736		2,653,480
Long-term liabilities (5)		49,309,639		78,003,647
Current liabilities (6)				
Other bond loans and private loans	23,027,000		25,054,836	
Trade creditors/suppliers	–		27,676	
Taxes and social security charges	1,610		1,680	
Other liabilities, accruals and deferred income	238,803		253,431	
		23,267,413		25,337,623
Total shareholder's equity and liabilities		75,217,788		105,994,750

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

pwc

Profit and loss account for the year ended 2010

	2010		2009	
	EUR	EUR	EUR	EUR
Other operating expenses		178,622		217,645
Operating income		(178,622)		(217,645)
Income from amounts receivable forming part of the fixed assets (7)	2,139,288		2,170,348	
Interest income and similar income (8)	12,711		17,901	
Interest expense and similar charges (9)	(1,989,293)		(1,906,619)	
Financial income and expense		162,706		281,630
Profit/(loss) before taxation		(15,916)		63,985
Income taxes (10)		3,172		(12,762)
(Loss)/profit after taxation		(12,744)		51,223

Cash flow statement for the year ended 2010

The cash flow statement has been drawn up using the indirect method.

	2010		2009	
	EUR	EUR	EUR	EUR
Cash flow from operating activities				
Operating loss	(178,622)		(217,645)	
Changes in working capital:				
– Movements in amounts receivable	11,785		46,024	
– Movements in current liabilities (excluding amounts payable to credit institutions)	(42,375)		44,527	
	(209,212)		(127,094)	
Income from amounts receivable forming part of the fixed assets	2,100,486		2,141,042	
Interest income	12,711		17,900	
Interest expense	(1,862,990)		(1,894,143)	
Income taxes	3,172		(12,762)	
Cash flow from operating activities		44,167		124,943
Cash flow from financing activities				
Decrease/(increase) in amounts receivable from group companies	30,495,505		1,986,104	
Repayment of other bond loans and private loans	(30,495,505)		(1,986,102)	
Cash flow from financing activities		–		2
Movements in cash at bank and in hand		44,167		124,945

Accounting policies used for the company financial statements

General information

The Company's financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Because the Netherlands Act on Financial Supervision is applicable due to the fact that the company has issued securities that are traded on a regulated market, no reporting exemptions can be utilised. The financial statements were prepared on May 27, 2011.

AXA group and related parties

AXA Belgium Finance (NL) B.V. is a wholly owned subsidiary of AXA Bank Europe N.V., Brussels, Belgium. The ultimate parent is AXA S.A., Paris, France.
In the financial statements these companies are considered to be related parties.

Going concern

The accounting policies used in these financial statements are based on the expectation that the company will be able to continue as a going concern. The bases presumes that funds are available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Business overview

Objects of the company

According to article 2 of its articles of association, the company's objects are:

- to finance other enterprises and companies;
- to found, to participate in any way in, to manage and to supervise enterprises and companies;
- to provide guarantees and to engage the company or its assets for the benefit of connected enterprises and companies;
- to grant services to enterprises and companies;
- to lend, loan and raise funds, including the issue of bonds, IOUs or other securities, and conclude the connected agreements;
- obtaining, alienating, managing and exploiting of real estate and value properties in general;
- carrying out all sorts of industrial, financial and commercial activities.

Operations

Currently, the company's activity consists of issuing notes programmes that are unconditionally and irrevocably guaranteed by its sole shareholder AXA Bank Europe S.A./N.V. (the Guarantor). The notes issued by the company are mainly placed among European investors. The net proceeds of these notes are lent to AXA Bank Europe S.A./N.V., that uses the proceeds for its general corporate purposes. Apart from the company's present not listed notes programmes, there was EUR 25 million subordinated eurobond which was listed on the Luxembourg Stock Exchange. This loan has been redeemed during the financial year. Notes issues can be subject to selling commissions, out-of-pocket expenses and are subject to paying agency fees. The not listed notes are governed by the laws of the Netherlands and they are issued in bearer form or in registered form. Pursuant to a selling restriction, the notes will not be offered, transferred or sold, whether directly or indirectly, as part of the initial distribution or at any time thereafter, to any individual or legal entity who or which is established, domiciled or resident in the Netherlands.

Notes programmes

The first Notes Programme was issued in 2006, followed by a second Programme (Wholesale) in 2007. Supplementary to those 2006 and 2007 programmes, in 2008 the company decided to issue a new notes programme for a maximum amount of EUR 300 million. The conditions of this programme are similar to the 2006 notes programme. On September 17, 2008, a first trance under this new programme was issued under the name 'Inflation Proof+'. During 2010 notes with a total par value of EUR 5,742,000 have been repaid.

In 2010 it was decided to start the Euro Medium Term Notes programme. Under this programme notes can be issued to a maximum of EUR 1,000,000,000. No notes for this programme were issued at December 31, 2010.

On December 31, 2010, the following par values of notes were outstanding:

1. Notes Programme dated May 9, 2006:
   - Serena Lift Up: EUR 28,088,000 (maturity: June 6, 2016)
   - Serena Upgrade: EUR 12,954,000 (maturity: September 29, 2014);
   - Serena Memoris: EUR 8,224,000 (maturity: December 15, 2016);
   - Serena Upside: EUR 13,356,000 (maturity: September 29, 2011).
2. Notes Programme dated August 19, 2008:
   - Inflation Proof+: EUR 9,671,000 (maturity: November 21, 2011).
3. Notes Issuance Programme dated September 21, 2010:
   - On December 31, 2010 no notes are issued under this Programme.

General

Financial fixed assets

Receivables

Receivables under financial fixed assets are carried at the lower of face value and recoverable amount (being the higher of value in use and fair value less costs to sell). Discounts and premiums on loans granted or acquired are taken to the profit and loss account during the term of the receivable, calculated on a straight-line basis. For that purpose, the face value of the loan is decreased or increased by the discount or premium, respectively, still to be taken to the profit and loss account. The outcome of the straight-line method is to be considered not materially different than the outcome using the effective interest method.

Receivables

Receivables are carried net of a provision for doubtful debts.

Cash at bank and in hand

Cash and cash equivalents are carried at their face value.

Financial instruments

A financial instrument or its separate components are classified in the financial statements as liability or as equity in accordance with the substance of the contractual agreement underlying the financial instrument. In the company financial statements, a financial instrument is classified in accordance with the legal reality. Interest, dividends, income and expenses relating to a financial instrument, or part of a financial instrument, are included in the financial statements in accordance with the classification of the financial instruments as liabilities or equity.

Unless stated otherwise, the financial instruments included in the financial statements are carried at their face value.

Taxes

Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt and partly or completely non-deductible expenses.

Liabilities

Liabilities are carried at face value unless stated otherwise. Discounts and premiums on loans granted or acquired are taken to the profit and loss account during the term of the debt, calculated on a straight-line basis. For that purpose, the face value of the loan is decreased or increased by the respective discount or premium, still to be taken to the profit and loss account. The outcome of the straight-line method is to be considered not materially different than the outcome using the effective interest method.

Income

Interest

Interest income is recognised pro rata in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received.

Expenses

General

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised in they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Interest

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts, are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.

Notes to the balance sheet

Related party transactions

Related party transactions between the company and its related party AXA Bank Europe N.V. were as follows:

- Amounts receivable from group companies, refer to Note 1;
- Guarantees provided, refer to Note 5;
- Income from amounts receivable forming part of the fixed assets, refer to Note 7;
- Interest income and similar income, refer to Note 8.

Financial fixed assets (1)

Amounts receivable from group companies

This item represents loans to the parent company AXA Bank Europe N.V. with a total par value of EUR 49,266,000 (2009: EUR 78,035,000). Part of the interest rates are variable and are equal to the medium term notes issued by the company, increased with margins from 0.20% (2009: Part of the interest rates are fixed between 4.2% and 0.2% and part of the interest rates are variable and are equal to the medium term notes issued by the company, increased with margins from 0.2%).
The loans fall due:

- 1 - 5 years EUR 12,954,000 (2009: EUR 22,606,000);
- > 5 year EUR 36,312,000 (2009: EUR 55,429,00).

These loans are subordinated for a total par value of EUR 0.

Assets with a maturity less than one year are disclosed within current assets.

Receivables (2)

The amounts receivable have a maturity shorter than a year.

The receivables include loans to the parent company AXA Bank Europe N.V. with a total par value of EUR 23,027,000 (2009: EUR 25,000,000). Interest rates are variable and are equal to the medium term notes issued by the company, increased with a margin of 0.2%, but at least 1.45% and part is fixed at 4.2% (2009: fixed at 5.6%).
These loans are subordinated for a total par value of EUR 0 (2009: EUR 25,000,000).

Cash at bank and in hand (3)

This item includes deposits amounting to EUR 2,204,226 (2009: EUR 0) with a maturity date of January 3, 2011 and an interest rate of 0.86%.
There are no other restrictions on the availability of cash and cash equivalents.

Shareholder's equity (4)

	2010	2009
	EUR	EUR
Paid-up and called-up share capital		
3,897 ordinary shares with a par value of EUR 453.80	1,768,459	1,768,459

The company's authorised capital amounts to EUR 4,000,247.

Other reserves		
Balance at January 1	885,021	833,798
(Loss)/profit appropriation	(12,744)	51,223
Balance at December 31	872,277	885,021

Long-term liabilities (5)

This item represents medium term note and bond liabilities with a total par value of EUR 49,266,000 (2009: EUR 78,035,000). The loans are fully guaranteed by the parent company AXA Bank Europe N.V. Part of the interest rates are fixed between 4.00% and 0.00% and part of the interest rates are variable. The loans fall due:

- 1 - 5 years EUR 12,954,000 (2009: EUR 22,606,000);
- > 5 year EUR 36,312,000 (2009: EUR 55,429,000).

Liabilities with a maturity less than one year are disclosed within current liabilities.

Current liabilities (6)

Included in this item are medium term note and bond liabilities with a total par value of EUR 23,027,000 (2009: EUR 25,000,000). The loans are fully guaranteed by the parent company AXA Bank Europe N.V. Interest rates are variable, with a minimum between 1.25% and 4% (2009: fixed at 5.25%).

A loan with a par value of EUR 0 (2009: EUR 25,000,000) is subordinated and is quoted at the Luxembourg Stock Exchange under ISIN code XS0159413599.

Financial instruments

General

The main activity of the Company consists of lending the proceeds of issued notes to AXA Bank Europe S.A./N.V., where a maximum correlation between the conditions of the notes and those of the loans to AXA Bank Europe is pursued, thus preventing the existence of substantial transformation risks.

As a finance Company, the Company could face a number of risks including, but not limited to credit risk, market risk, currency risk, operational risk, real estate risk and liquidity risk. In assessing the risk profile of the Company it is important to remind that all notes issued by the Company are unconditionally and irrevocably guaranteed by AXA Bank Europe S.A./N.V.

Generally, the risks are based on contingencies which may or may not occur and neither the Company, nor the Guarantor, is in a position to express a view on the likelihood of any such contingency occurring.

Foreign currency risk

As the Company is not active in different currency zones or dealing with instruments in different currencies there are no currency risks.

Operational risk

Is the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events (such as, but not limited to natural disasters and fires). It includes risk relating to information systems, litigation risk and reputation risk. The Company cannot provide assurances that such failures will not occur or, if they do occur that they will be adequately addressed. Operational, information and security risks are, however, actively managed through a common AXA Bank Europe framework that identifies measures and monitors the risks and its mitigating controls in the businesses of AXA Bank and its subsidiaries.

Market risk

Refers to the risk of loss relating to fluctuations in market prices and interest rates, their interactions and their level of volatility. Due to the nature of its activity, the Company is prevented from assuming significant exposure to market risk.

Credit risk

As a finance Company, the Company is exposed to the creditworthiness of its counterparties where the Company may suffer losses related to the inability of its debtors or counterparties to meet their financial obligations. As all the proceeds of the notes are lent to the Guarantor, the significant credit risk is limited to the Guarantor.

Liquidity risk

Is the risk that the Company cannot meet its financial liabilities when they fall due, at reasonable costs and in a timely manner. We refer to the Guarantee by AXA Bank Europe S.A./N.V. that unconditionally and irrevocably guarantees the due and punctual payment of the principal of and interest on the issued notes as well as of any additional amounts which may be required to be paid by the Company.

Notes to the profit and loss account

Staff members

The average number of staff employed by the company in 2010 was – (2009: –).

Financial income and expense

Income from amounts receivable forming part of the fixed assets (7)

This item includes intra group interest for an amount of EUR 2,139,288 (2009: EUR 2,170,348).

Interest income and similar income (8)

This item includes intra group interest for an amount of EUR 9,071 (2009: EUR 9,772).

Interest expense and similar charges (9)

This item includes an amount of EUR 106,146 (2009: EUR 0) for amortization of previously capitalized expenses related to a cancelled notes programme. The remaining interest amount refers mainly to interest expenses related to outstanding notes and bonds.

Income taxes (10)

The tax refund on the profit and loss account mainly exists of taxes on the loss for the year under review (2009: tax expense on the profit and loss account mainly exists of taxes on the profit for the year under review).

The applicable and effective tax rate for the company financial statements is 20% (2009: 20%).

Other information

Articles of Association provisions governing profit appropriation

Profit is appropriated in accordance with Article 14 of the Articles of Association, which states that the profit is at the disposal of the General Meeting of Shareholders.

Appropriation of loss 2010

In accordance with article 14 of the Articles of Association the profit is at the disposal of the General Meeting of Shareholders.

The Board of Management proposes to deduct the loss of EUR 12,744 from the other reserves.

Subsequent events

In September 2010 a new Notes Issuance Programme for a maximum amount of EUR 1,000 million was launched together with AXA Bank Europe SA/NV (co-issuer and Guarantor). Under the Programme the following issues have been launched in 2011:

- AXA Bank Europe CoFE: EUR 1,150,000 (value: March, 17, 2011);
- EUREKA!: EUR 1,000,000 (value: May 19, 2011);
- Optinote Multiwin: EUR TBD (value: July 15, 2011);
- Optinote Multistep: EUR TBD (value: July 15, 2011).

Breda, May 27, 2011

Cees de Jong, Chairman of the Management Board

Geert Van de Walle, Member of the Management Board

Independent auditor's report

To: the General Meeting of Shareholders of AXA Belgium Finance (NL) B.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 as set out on pages 6 to 17 of AXA Belgium Finance (NL) B.V., Utrecht, which comprise the balance sheet as at 31 December 2010, the profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AXA Belgium Finance (NL) B.V. as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl
EH/e0211446

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the management report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 27 May 2011
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs E. Hartkamp RA MRE