

AXA Belgium Finance (NL) B.V.

Annual report for the year ended December 31, 2014

Breda, April 30, 2015

Approved and adopted in the general meeting of shareholders dated April 30, 2015

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General information

Management board

Mr. Aernout Veerman (Chairman)

Mr. Geert Van de Walle (Member)

Registered office

Ginnekenweg 213

4835 NA Breda

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. At December 31, 2014 the Company is a wholly owned subsidiary of AXA Bank Europe S.A./N.V. The legal address of the parent company is Boulevard du Souverain 25, 1170 Brussels (Watermael-Boitsfort), Belgium. At December 31, 2014 AXA Bank Europe S.A./N.V. in its turn is held for 100% by AXA S.A., Paris, France. At March 17, 2014 all the shares of AXA Bank Europe S.A./N.V. were transferred from AXA Holdings Belgium S.A./N.V. to the ultimate parent company AXA S.A., Paris, France.

The Company has a Management Board consisting of two managing directors, who have been appointed by the Company's shareholder. 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.

As mentioned in our half-yearly report, Dr. C.J de Jong resigned at August 1, 2014 as chairman. The Management Board likes to express its sincere gratitude to Dr. De Jong for his contribution over all the years he chaired the Management Board; his great knowledge and intense involvement will be missed. The Management Board of the Company consists of Mr A.W. Veerman, appointed as chairman since August 1, 2014, and Mr. Geert Van de Walle, member. The composition of the Management Board is not in line with current legislation that requires a 'balanced composition' in terms of gender of the Management Board of certain companies. Because of the background of the existing Management Board members and their specific knowledge, changing the composition of the Management Board is not in the interest of the Company.

Financial information

In comparison with the previous financial year, the total assets show an increase of EUR 273 million and arrive at an amount of EUR 1,652 million (2013: EUR 1,379 million). The net operating income decreased from EUR 1,255,000 to EUR 1,235,000. The operating expenses increased from EUR 288,000 to EUR 296,000.

The profit before taxation decreased and amounts to EUR 939,000 (2013: EUR 967,000). This decrease is mainly caused by a decrease of other income with EUR 114,000 which is higher than the increase of net interest income with EUR 93,000 due to growth of financing activities.

The Management Board proposes to add the net profit of EUR 711,000 to the retained earnings.

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 under 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 general corporate purposes.

A number of Notes are 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 notes issued under the Notes Programmes dated May 9, 2006 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 under these Programmes cannot be 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. The Note 'Serena Upgrade' issued under this Programme matured on September 29, 2014.

In 2010 a new Notes Issuance Programme for a maximum amount of EUR 1,000 million was launched together with AXA Bank Europe S.A./N.V. (co-issuer and Guarantor). The Notes issued under this new Programme are governed by Belgian law. On April 17, 2012, the Belgium regulator FSMA (Autoriteit voor Financiële Diensten en Markten) has approved the extension of this Programme from EUR 1,000 million to EUR 2,000 million. The Base Prospectus describing the Programme was last updated on September 9, 2014. During 2014 a First Supplement dated November 18, 2014, was published to the Base Prospectus of September 9, 2014. The notes "CoFE " and "CoFE III" matured in 2014.

Contrary to the Notes issued under earlier Programmes, some Notes issued under this new Programme are distributed in other countries than Belgium, through the services provided by local third party distributors appointed upon advice and in sub delegation of the Company's principal distributor, AXA Bank Europe S.A./N.V. In order to enable such activities, the Base Prospectus describing the Programme has been notified by the Belgian regulator (FSMA) to the official regulators in France, Luxemburg, Germany, Spain, Portugal and Greece.

On December 31, 2014, the value of the AXA Bank Europe S.A./N.V. loans based on Dutch GAAP was EUR 1,436 million and based on IFRS EUR 1,615 million excluding interest.

On December 31, 2014, the following par values of notes were outstanding:

- 1 under the Notes Programme dated May 9, 2006:
 - Serena Lift Up: EUR 19,540,000 (maturity: June 23, 2016)
 - Serena Memoris: EUR 5,584,000 (maturity: December 15, 2016);
- 2 under the EUR 2,000,000,000 Notes Issuance Programme dated September 21, 2010 :
 - Eureka I: EUR 1,000,000 (distributed in France)
 - Optinote Multiwin: EUR 103,219,000
 - Optinote Multistep: EUR 48,386,000
 - AXA Coupon Sérénité 2: EUR 54,408,000 (distributed in France)

- Optimote Inflation: EUR 72,817,000
- Optimote Amplitude: EUR 6,999,000 (distributed in Belgium)
- Sweet Reverse: EUR 4,100,000 (distributed in Portugal)
- Drouot Patrimoine Zen: EUR 8,948,000
- CoFe IV: EUR 3,000,000
- Optimote Multistep 2: EUR 98,339,000
- Coupon Sérénité 4: EUR 167,311,000
- Drouot Patrimoine Zen 2: EUR 11,656,000
- Optimote Nordic: NOK 530,010,000
- Sweet Reverse 2: EUR 2,050,000 (distributed in Portugal)
- Life Opportunity: EUR 53,551,000
- Sweet Reverse 3: EUR 3,150,000 (distributed in Portugal)
- Drouot Patrimoine Zen 3: EUR 13,674,000
- Optimote Australia: AUD 64,526,000
- Sweet Reverse 4: EUR 3,750,000
- Life Opportunity 2: EUR 36,751,000
- Optimote Nordic 2: NOK 184,490,000
- Sweet Reverse 5: EUR 4,500,000
- Optimote Carmignac Patrimoine: EUR 33,406,000
- Life Opportunity 3: EUR 55,944,000
- Life Opportunity Selection: EUR 41,210,000
- Sweet Reverse 6: EUR 3,000,000 (distributed in Portugal)
- Optimote Australia 2: AUD 74,020,000
- Optimote European Dividend: EUR 19,398,000
- Sweet Reverse 7: EUR 4,500,000 (distributed in Portugal)
- Optimote New Zealand: NZD 53,072,000
- Oxylife Opportunity: EUR 15,179,000
- Oxylife Opportunity 2: EUR 10,376,000
- Life Opportunity Selection 2: EUR 30,993,000
- Life Opportunity Selection 2 Dynamic: EUR 18,000,000
- Oxylife Opportunity 3: EUR 19,378,000
- Optimote Prestige: EUR 14,563,000
- Life Opportunity Selection 3: EUR 27,500,000
- Life Opportunity Selection 3 Dynamic: EUR 8,400,000
- Oxylife Opportunity 4: EUR 24,150,000
- Oxylife Opportunity 5: EUR 18,150,000
- Life Opportunity Index: EUR 13,000,000
- Optimote Multistep Australia: AUD 54,094,000
- Oxylife Opportunity 6: EUR 6,300,000
- Life Opportunity Selection 4: EUR 12,600,000
- Life Opportunity Selection 4 Dynamic: EUR 5,600,000
- Optimote European Selection: EUR 31,313,000
- Oxylife Opportunity 7: EUR 1,840,000
- Life Opportunity Selection Index 2: EUR 5,600,000
- Life Opportunity Selection Index 2 Short: EUR 950,000
- Optimote European Selection 2: EUR 12,630,000
- Optimote Multistep New Zealand: NZD 56,230,000

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 S.A./N.V. 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 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: the Company has issued Notes in Australian dollar, Norwegian crown and New Zealand dollar. As all the proceeds of the Notes are lent to the Guarantor and these loans are in the same currencies, there is no significant foreign currency risk exposure. Other than these issues, the Company is not active in different currency zones or dealing with instruments in different currencies.

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 S.A./N.V. framework that identifies measures and monitors the risks and its mitigating controls in the businesses of AXA Bank Europe S.A./N.V. and its 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 behavior 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 fulfil them is provided.

Future developments

The Notes Issuance Programme dated September 21, 2010, is created at the request of, and in close collaboration with AXA Bank Europe S.A./N.V. (in this Programme AXA Bank Europe S.A./N.V. acts both as potential Issuer together with AXA Belgium Finance (NL) B.V. and as Guarantor) and will support the international business objectives of AXA Bank Europe S.A./N.V. that aim at providing an offer of notes with a broad range of maturities, currencies, structures and sizes, that shall be distributed through local entities of the AXA Group or third party distributors. The Programme allows retail issues, institutional issuances, private placements and reverse inquiry issues (for entities of the AXA Group and third parties) which can be organized under the same Programme throughout Europe. AXA Bank Europe S.A./N.V. has requested to prepare the issue process of several new issues in 2015 in Belgium.

Since December 31, 2014, the following Notes are issued (situation March 31, 2015):

- Optinote Energy (February 20, 2015): EUR 23,269,000

There are no issues planned for launching by AXA Belgium Finance (NL) B.V. under the Programme in the near future.

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, 2014. 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, April 30, 2015

Aernout Veerman, Chairman of the Management Board

Geert Van de Walle, Member of the Management Board

Financial statements

Statement of financial position as at December 31, 2014

	Note	2014	2013	As at January 1, 2013
		EUR000	EUR000	EUR000
Assets				
Loans and receivables	4	1,648,465	1,375,612	1,099,466
Deferred tax assets	5	13	32	23
Other receivables		7	11	—
Cash and cash equivalents	6	4,146	3,615	2,879
Total assets		1,652,631	1,379,270	1,102,368
Shareholder's equity				
Issued share capital	7	1,768	1,768	1,768
Retained earnings	8	2,796	2,085	1,347
Total shareholder's equity		4,564	3,853	3,115
Liabilities				
Medium term notes	9	1,647,906	1,375,110	1,099,051
Taxes payable	5	9	232	142
Other liabilities and accruals	10	152	75	60
Total liabilities		1,648,067	1,375,417	1,099,253
Total liabilities and shareholder's equity		1,652,631	1,379,270	1,102,368

Statement of comprehensive income for the year ended December 31, 2014

	Note	2014	2013
		EUR000	EUR000
Interest income	11	38,729	33,639
Interest expense	11	(37,483)	(32,486)
Net interest income		1,246	1,153
Net gain/(loss) on financial assets and liabilities at fair value through profit and loss	12	(1)	1
Foreign exchange gains/(losses)	13	(13)	(16)
Other income	14	3	117
Net operating income		1,235	1,255
Operating expenses	15	(296)	(288)
Net operating expenses		(296)	(288)
Profit before tax		939	967
Income tax expense	5	(228)	(229)
Profit for the year		711	738
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		711	738

The total comprehensive income for the year is fully attributable to the sole shareholder.

Statement of changes in equity for the year ended December 31, 2014

	Share capital	Retained earnings	Total
	EUR000	EUR000	EUR000
Balance at January 1, 2013	1,768	1,347	3,115
Profit for the year	—	738	738
Balance at December 31, 2013	1,768	2,085	3,853
Profit for the year	—	711	711
Balance at December 31, 2014	1,768	2,796	4,564

Statement of cash flows for the year ended December 31, 2014

	2014	2013
	EUR000	EUR000
Profit before tax for the period	939	967
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Interest income	(38,729)	(33,639)
Interest expense	37,483	32,486
Effect of exchange rate changes	(13)	(16)
Other movements	6	(35)
	(314)	(237)
<i>Working capital adjustment:</i>		
Changes in interest receivables, deferred tax assets and other receivables	2,573	1,655
Changes in interest liabilities, taxes payable and other liabilities and accruals	(2,393)	(960)
	180	695
<i>Operating activities</i>		
Loans granted to group companies	(277,427)	(349,757)
Repayment on loans to group companies	85,954	98,269
Proceeds from issued medium term notes	277,427	349,757
Repayments on issued medium term notes	(85,951)	(98,151)
Interest received	26,055	21,652
Interest paid	(24,961)	(21,343)
Income tax received	0	0
Income tax paid	(432)	(146)
	665	281
Cash flow from operating activities	531	739
Net increase of cash and cash equivalents	531	739
Cash and cash equivalents as at January 1	3,615	2,876
Cash and cash equivalents as at December 31	4,146	3,615

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

Notes to the financial statements

1 Corporate information

AXA Belgium Finance (NL) B.V. (the Company) is a limited liability Company ('Besloten Vennootschap met beperkte aansprakelijkheid') under the laws of the Netherlands. At December 31, 2014 the Company is a wholly owned subsidiary of AXA Bank Europe S.A./N.V. The legal address of the parent company is Boulevard du Souverain 25, 1170 Brussels (Watermael-Boitsfort), Belgium. AXA Bank Europe S.A./N.V. shares are held by the ultimate parent company AXA S.A., Paris, France.

2 Basis of preparation

2.1 *Reporting standards*

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU) and comply with mandatory elements of Part 9 of Book 2 of the Dutch Civil Code. The financial statements have been prepared on a historical cost basis except for loans and receivables and medium term notes which are measured at fair value. Transactions are accounted for at settlement date. These financial statements for the year ended December 31, 2014 are the first the Company has prepared in accordance with IFRS EU. The transition effects from Dutch GAAP to the adopted IFRS EU and the impact of the transition on the financial position, the financial performance and the cash flows of the Company are disclosed in Note 3.1 First-time adoption of International Financial Reporting Standards.

2.2 *Functional and presentation currency*

These financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.3 *Use of significant accounting judgments, estimates and assumptions*

The Company uses estimates and judgments when drawing up its financial statements on the basis of IFRS EU. 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. The principal judgments and estimates, including underlying assumptions, are disclosed in the notes to the financial statement items in question.

2.4 *Going concern*

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3 Accounting policies

3.1 *First-time adoption of International Financial Reporting Standards*

These financial statements, for the year ended December 31, 2014, are the first the Company has prepared in accordance with IFRS EU. For periods up to and including the year ended December 31, 2013, the Company prepared its financial statements in accordance with local generally accepted accounting principles in the Netherlands (Dutch GAAP). Accordingly, the Company has prepared financial statements which comply with IFRS EU applicable for periods ending on or after December 31, 2014, together with the comparative period data as at and for the year ended December 31, 2013, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at January 1, 2013, the Company's date of transition to IFRS EU. This note explains the principal adjustments made by the Company in restating its Dutch GAAP financial statements, including the statement of financial position as at January 1, 2013 and the financial statements as at and for the year ended December 31, 2013. The additional disclosure requirements under IFRS EU are included in the notes to financial statements accordingly.

First-time adoption: Reconciliation of equity as at January 1, 2013

	IFRS EU	Difference	Dutch GAAP
	EUR000	EUR000	EUR000
Assets			
Loans and receivables	1,099,466	70,350	1,029,116
Deferred tax assets	23	23	—
Other receivables	—	(2)	2
Cash and cash equivalents	2,879	3	2,876
Total assets	1,102,368	70,374	1,031,994
Shareholder's equity			
Issued share capital	1,768	—	1,768
Retained earnings	1,347	(46)	1,393
Total shareholder's equity	3,115	(46)	3,161
Liabilities			
Medium term notes	1,099,051	79,428	1,019,623
Taxes payable	142	—	142
Other liabilities and accruals	60	(9,008)	9,068
Total liabilities	1,099,253	70,420	1,028,833
Total liabilities and shareholder's equity	1,102,368	70,374	1,031,994

First-time adoption: Reconciliation of equity as at January 1, 2014

	IFRS EU	Difference	Dutch GAAP
	EUR000	EUR000	EUR000
Assets			
Loans and receivables	1,375,612	116,969	1,258,643
Deferred tax assets	32	32	—
Other receivables	11	(1)	12
Cash and cash equivalents	3,615	(1)	3,616
Total assets	1,379,270	116,999	1,262,271
Shareholder's equity			
Issued share capital	1,768	—	1,768
Retained earnings	2,085	(69)	2,154
Total shareholder's equity	3,853	(69)	3,922
Liabilities			
Medium term notes	1,375,110	128,741	1,246,369
Taxes payable	232	1	231
Other liabilities and accruals	75	(11,674)	11,749
Total liabilities	1,375,417	117,068	1,258,349
Total liabilities and shareholder's equity	1,379,270	116,999	1,262,271

First time adoption: Reconciliation of the result for 2013

	IFRS EU	Difference	Dutch GAAP
	EUR000	EUR000	EUR000
Interest income	33,639	(135)	33,774
Interest expense	(32,486)	64	(32,550)
Net interest income	1,153	(71)	1,224
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1	1	—
Foreign exchange gains/(losses)	(16)	(16)	—
Other income	117	117	—
Net operating income	1,255	31	1,224
Operating expenses	(288)	(63)	(225)
Profit before tax	967	(32)	999
Income tax expense	(229)	9	(238)
Profit for the year	738	(23)	761

Measurement of loans and receivables and medium term notes

Under IFRS EU the loans and receivables and the medium term notes are measured at the statement of financial position at fair value through profit or loss while under Dutch GAAP these financial assets and liabilities were measured at amortized cost. As a consequence the interest income and expense were recognized under Dutch GAAP in accordance with the effective interest rate method. This change in accounting treatment from amortized cost to fair value through profit or loss results in a remeasurement of loans and receivables with EUR 117 million and a remeasurement of medium term notes of EUR 117 million due to unrealized fair value gains on the loans and receivables and unrealized fair value losses on the medium term notes. Interest income and expense are not accounted for in accordance with the effective interest rate method under IFRS EU.

Recognition of commission expenses and deferred tax assets

The change in accounting treatment from amortized cost to fair value through profit or loss results in a net gain on financial assets and liabilities of EUR 1 thousand and thus the deferred tax assets due to unrealized fair value gains and losses is not material. The deferred tax assets under IFRS EU of EUR 32 thousand is the result of a different accounting treatment of commission expenses for the issuance of loans and medium term notes. Under Dutch GAAP commission expenses are amortized while under IFRS EU commission expenses are directly brought to the statement of comprehensive income causing temporary differences with fiscal profit for which deferred tax assets are recognized accordingly.

Reclassifications and other differences

The difference of EUR 12 million on other liabilities is due to a reclassification of interest payables on medium term notes which are classified under the medium term notes under IFRS EU instead of other liabilities as under Dutch GAAP. The difference is not due to remeasurement of assets and liabilities as a result of change in accounting treatment.

Under Dutch GAAP other receivables of EUR 11 thousand was classified as loans and receivables while under IFRS EU these receivables related to VAT and other minor balances are classified as other receivables. The difference is not due to remeasurement of assets and liabilities as a result of change in accounting treatment.

Differences in the other income of EUR 117 thousand and foreign exchange losses of EUR 16 thousand are due to reclassifications and not due to remeasurements resulting from changes in accounting treatment. Other income was generated by repurchasing of loans receivable.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

Annual improvements 2010-2012 Cycle

These improvements are effective from July 1, 2015 and are not expected to have a material impact on the Group. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

3.2 Summary of significant accounting policies

Except for the changes explained in Note 3.1, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Foreign currency translation

The financial statements are prepared in euros, the functional and presentation currency of the Company.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates ruling at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates ruling at the balance sheet date. Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss account.

Loans and receivables

Loans and receivables are initially recognised at fair value. After initial measurement, these receivables are carried at fair value through profit or loss with all fair value movements directly recognized directly in profit or loss.

Non-performing loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a loan or receivable or a group of loans and receivables is impaired. A loan or receivable or a group of loans and receivables is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the loan or receivable or the group of loans and receivables that can be reliably estimated.

Negative differences between the calculated recoverable amounts and the carrying amount are recognised in the statement of comprehensive income as an impairment loss.

Other receivables

Other receivables are stated at amortized cost.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition.

Other liabilities

Other liabilities are stated at cost.

Medium term notes

Medium term notes are initially recognised at fair value. After initial measurement, these liabilities are carried at fair value through profit or loss with all fair value movements directly recognized in profit or loss.

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. 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.

Deferred taxes are recognised in the statement of financial position for all temporary taxable differences. They are created; i) through the income statement if the underlying temporary difference is also recognised through the income statement; ii) through equity if the underlying temporary difference is also recognised through equity.

Deferred tax assets are always recognised in the statement of financial position since it is assumed that these temporary differences shall always be able to be actually recuperated. 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.

Derecognition of financial assets and liabilities

Financial assets

Financial assets are derecognized when:

- contractual rights to receive cash flows from the financial asset expired;
- rights to receive cash flows from the asset were retained but there exists an obligation to pay them in full without material delay to a third party under a specific arrangement transferring substantially all risks and rewards;
- rights to receive cash flows from the asset were transferred;
- all the risks and rewards of the asset, or the control of the asset were transferred substantially.

When the Company has transferred its contractual rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Reposessed collateral

Reposessed collateral represents non-financial assets acquired by the Company in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included within the related account on the statement of financial position or other assets depending on their nature and the Company's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets. Inventories of reposessed assets are recorded at the lower of cost or net realisable value.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Interest income is recognised pro rata in the profit and loss account, provided the income can be reliably measured and the income is probable to be received.

Expenses

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 when they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Interest expenses

Interest expenses are recognised pro rata in the profit and loss account, provided the expenses can be reliably measured.

4 Loans and receivables

	2014	2013
	EUR000	EUR000
Loans AXA Bank Europe S.A./N.V.	1,615,038	1,352,309
Interest receivable on loans AXA Bank Europe S.A./N.V.	33,427	23,303
	<u>1,648,465</u>	<u>1,375,612</u>

Movements in these items were as follows:

	AXA Bank Europe S.A./N.V.		
	Loans	Interest receivable	Total
	EUR000	EUR000	EUR000
Book value as at January 1, 2014	1,352,309	23,303	1,375,612
Loans granted	277,427	—	277,427
Repayments	(85,954)	—	(85,954)
Exchange rate differences	(792)	—	(792)
Fair value changes	72,048	—	72,048
Interest taken to profit and loss account	—	10,124	10,124
Book value as at December 31, 2014	<u>1,615,038</u>	<u>33,427</u>	<u>1,648,465</u>

	2014			
	<1 years	1-5 years	>5 years	Total
	EUR000	EUR000	EUR000	EUR000
Loans AXA Bank Europe S.A./N.V.	3,005	781,731	830,302	1,615,038
Interest receivable on loans AXA Bank Europe S.A./N.V.	11,625	4,407	17,395	33,427
Total loans and receivables	14,630	786,138	847,697	1,648,465

	2013			
	<1 years	1-5 years	>5 years	Total
	EUR000	EUR000	EUR000	EUR000
Loans AXA Bank Europe S.A./N.V.	15,100	641,650	695,559	1,352,309
Interest receivable on loans AXA Bank Europe S.A./N.V.	12,080	957	10,266	23,303
Total loans and receivables	27,180	642,607	705,825	1,375,612

Part of the interest rates are fixed between 5.85% and 0.00% and part of the interest rates are variable and are equal to the medium term notes issued by the Company, increased with margins from 0.06% (2013: Part of the interest rates are fixed between 5.85% and 0.00% and part of the interest rates are variable and are equal to the medium term notes issued by the Company, increased with margins from 0.06%).

These loans are subordinated for a total par value of EUR 0 (2013: EUR 0).

5 Taxation

The charge for taxation as provided in the statement of comprehensive income is based on the profit before tax, using the Dutch corporate tax rate. The applicable tax rate for the financial statements is 20% over a tax profit of EUR 200,000 and 25% over profits exceeding this amount (2013: 20% over a tax profit of EUR 200,000 and 25% over profits exceeding this amount). The effective tax rate is 24.6% (2013: 23.8%).

Deferred tax assets as presented in the statement of financial position:

	2014	2013
	EUR000	EUR000
Balance as at January 1	32	23
Movement for the year	(19)	9
Balance as at December 31	13	32

Taxes payable as presented in the statement of financial position:

	December 31, 2014	December 31, 2013
	EUR000	EUR000
Corporate income tax payable	9	232
Total taxes payable	9	232

The tax payables recognized in the statement of financial position is the remaining corporate income tax charge that's payable for the year.

The corporate income tax as presented in the statement of comprehensive income:

	2014	2013
	EUR000	EUR000
Corporate income tax charge, current year	(209)	(238)
Deferred tax assets	(19)	9
Total income taxes	(228)	(229)

	2014		2013	
	EUR000	%	EUR000	%
Profit before income taxes	939	100.0	967	100.0
Theoretical income tax at the applicable tax rate of 25% (2013: 25%), with a tax rate of 20% (2013: 20%) on the first bracket of EUR 200,000	226	24.1	232	24.0
Tax effect of the expenses not deductible for tax purposes and corrections on previous years	2	0.2	(3)	(0.3)
Total income tax expense	228	24.3	229	23.7

6 Cash and cash equivalents

	December 31, 2014	December 31, 2013
	EUR000	EUR000
Current accounts AXA Bank Europe S.A./N.V.	4,130	3,605
Current accounts other banks	16	10
Total cash and cash equivalents	4,146	3,615

There are no restrictions on the availability of cash and cash equivalents.

7 Issued share capital

	December 31, 2014	December 31, 2013
	EUR000	EUR000
3,897 ordinary shares with a par value of EUR 453.80	1,768	1,768

The Company's authorized capital amounts to EUR 4,000,000. Shares outstanding have not changed compared to prior year.

8 Retained earnings

	December 31, 2014	December 31, 2013
	EUR000	EUR000
Balance at January 1	2,085	1,347
Result for the previous year	711	738
Balance at December 31	2,796	2,085

9 Medium term notes

	December 31, 2014	December 31, 2013
	EUR000	EUR000
Medium term notes	1,615,038	1,352,309
Interest payable other bonds loans and private loans	32,868	22,801
Total medium term notes	1,647,906	1,375,110

2014				
	<1 years	1-5 years	>5 years	Total
	EUR000	EUR000	EUR000	EUR000
Medium term notes	3,005	781,731	830,302	1,615,038
Interest payable medium term notes	11,295	4,384	17,189	32,868
Total medium term notes	14,300	786,115	847,491	1,647,906

2013				
	<1 years	1-5 years	>5 years	Total
	EUR000	EUR000	EUR000	EUR000
Medium term notes	15,100	641,650	695,559	1,352,309
Interest payable medium term notes	11,677	955	10,169	22,801
Total medium term notes	26,777	642,605	705,728	1,375,110

Issued medium term notes are unconditionally and irrevocably guaranteed by the parent company AXA Bank Europe S.A./N.V. Part of the interest rates for notes with maturity exceeding one year are fixed between 5.75% and 0.00% and part of the interest rates are variable (2013: partly fixed between 5.75% and 0.00% and partly variable).

In 2014 the applicable interest rate for notes maturing within one year is depending on the 3 months Euribor rate, with a minimum of 2.5% and a maximum of 5.5% in one case (2013: interest depending on the 3 months Euribor rate, with a minimum of 2.3%).

10 Other liabilities and accruals

	December 31, 2014	December 31, 2013
	EUR000	EUR000
Trade creditors	43	20
Accruals	109	55
Total other liabilities and accruals	152	75

11 Net interest income

	December 31, 2014	December 31, 2013
	EUR000	EUR000
Interest income on:		
Loans AXA Bank Europe S.A./N.V.	38,729	33,639
Total interest income	38,729	33,639
Interest expense on:		
Medium term notes	(37,483)	(32,486)
Total interest expense	(37,483)	(32,486)
Net interest income	1,246	1,153

12 Net gain/(loss) on financial assets and liabilities at fair value through profit and loss

The fair value gains/losses on loans and receivables of EUR 72,048 thousand (2013: EUR 46,619 thousand) are mitigated by the fair value gains/losses on medium term notes of EUR 72,049 thousand (2013: EUR 46,618 thousand).

13 Foreign exchange gains/(losses)

Foreign exchange losses of EUR 13 thousand (2013: loss of EUR 16 thousand) are on net basis and include gains and losses arising from foreign currency transactions and the effects of translation of foreign currency assets and liabilities.

14 Other income

Other income are related results realized due to repurchase of notes and loans.

15 Operating expenses

The operating expenses include directors' remunerations, travel expenses, professional service fees (accounting, audit, tax) as well as investment management fees.

16 Audit fees

	2014	2013
	EUR000	EUR000
Audit fees financial statements	27	40

17 Remunerations

The directors' remunerations are recorded as general and administrative expenses and amount to EUR 25 thousand (2013: EUR 21 thousand), and includes all remunerations and other benefits of current and former members of the Management Board.

18 Number of employees

In accordance with prior periods the Company has no employees.

19 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of certain financial assets and liabilities carried at cost, including cash and short-term loans receivable and payable - are considered to approximate their respective carrying values due to their short-term nature.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These inputs result in the following fair value hierarchy:

- Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.
- Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
- Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Valuation techniques

The fair value of the financial instruments is determined using available market information and estimating methods. The following methods and assumptions have been used to estimate the fair value of the financial instruments:

- Loans; the fair value of the loans to the parent company is estimated by using the discounted value of the future cash flows at market conditions;
- Medium term notes; the fair value of the medium term notes is estimated by using the discounted value of the future cash flows at market conditions.

The determination of the existence of an active market is most often straight forward with market quote information readily available to the public and or investment teams. There is no bright line or minimal threshold of activity that represents "regularly occurring market transactions", thus the level of actual

transactions should be evaluated with consideration of frequency and volume. However, a low level of volume of transactions still represents a price if determined in a normal business environment on an arm's length basis and the transaction amounts are important indicators of fair value.

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. These rating techniques make use of market data such as interest curves, dividend yield, index levels and volatility data. In some cases we make use of external prices provided by a reliable intermediary. These prices are then subject to an internal validation or we value these instruments by means of internal rating techniques.

The use of observable input parameters leads to a level 2 fair value hierarchy whereas the use of non-observable inputs leads to a level 3 fair value hierarchy unless their influence is not significant. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the instrument. As the parameters used may vary from one instrument to another, we determine the observability and the significance of potentially non-observable parameters by class of instrument. We maintain a decision table justifying, based on these criteria, the level of fair value attributed to each class of instrument. A dedicated committee ensures a regular revision, at least once a year, of this decision table to ensure its accuracy and comprehensiveness. The dedicated committee is, at least, composed of the managers of the accounting policies and the middle-office representing the business.

Fair value hierarchy as at December 31, 2014

	Level 1	Level 2	Level 3	Total
	EUR000	EUR000	EUR000	EUR000
Financial assets				
Loans and receivables	—	1,363,146	285,319	1,648,465
Financial liabilities				
Medium term notes	—	1,362,673	285,233	1,647,906

Fair value hierarchy as at December 31, 2013

	Level 1	Level 2	Level 3	Total
	EUR000	EUR000	EUR000	EUR000
Financial assets				
Loans and receivables	—	1,222,129	153,483	1,375,612
Financial liabilities				
Medium term notes	—	1,221,630	153,480	1,375,110

The determination of the existence of an active market is most often straight forward with market quote information readily available to the public and or investment teams. There is no bright line or minimal threshold of activity that represents "regularly occurring market transactions", thus the level of actual transactions should be evaluated with consideration of frequency and volume. However, a low level of volume of transactions still represents a price if determined in a normal business environment on an arm's length basis and the transaction amounts are important indicators of fair value.

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. These rating techniques make use of market data such as interest curves, dividend yield, index levels and volatility data. In some cases we make use of external prices provided by a reliable intermediary. These prices are then subject to an internal validation or we value these instruments by means of internal rating techniques.

The use of observable input parameters leads to a level 2 fair value whereas the use of non-observable inputs leads to a level 3 fair value unless their influence is not significant. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the instrument. As the parameters used may vary from one instrument to another, we determine the observability and the significance of potentially non-observable parameters by class of instrument. We maintain a decision table justifying, based on these criteria, the level of fair value attributed to each class of instrument. A dedicated committee ensures a regular revision, at least once a year, of this decision table to ensure its accuracy and comprehensiveness. The dedicated committee is, at least, composed of the managers of the accounting policies and the middle-office representing the business.

The significant unobservable inputs used in fair value measurement categorized within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2014 and 2013 are as shown below.

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to the fair value
Financial assets:				
Loans and receivables	DCF	Volatilities based on historical data	-10% - 10%	10% increase (decrease) in the growth rate would result in an increase (decrease) in fair value by EUR 15.2 million
Financial liabilities:				
medium term notes	DCF	Volatilities based on historical data	-10% - 10%	10% increase (decrease) in the growth rate would result in an increase (decrease) in fair value by EUR 15.2 million

20 Financial risk review

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 S.A./N.V. 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 operational risk, market risk, credit risk, foreign currency 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.

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.

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 Europe S.A./N.V. 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.

Overall, AXA Bank Europe's risk profile remains conservative:

- It maintains a prudent approach to market risk, focusing its treasury and financial market activities on the risk management of liquidity, interest rates and Forex positions.
- Exposures to interest rate derivatives taken to provide hedging services to AXA insurance companies are mitigated by strict netting and collateral management policies.
- The Company also focuses its credit exposures on Basel III liquidity eligible assets.

Despite the current context on financial markets, AXA Bank Europe's ratings remain good:

- Standard & Poor's: A/A-1 with Positive outlook (15/10/2014);
- Moody's: A2/P-1 with Stable outlook (09/05/2014).

Foreign currency risk

The Company has issued Notes in Australian dollar, Norwegian crown and New Zealand dollar. As all the proceeds of the Notes are lent to the Guarantor and these loans are in the same currencies, there is no significant net foreign currency risk exposure. Other than these issues, the Company is not active in different currency zones or dealing with instruments in different currencies.

Foreign currencies as at December 31, 2014

	AUD	NZD	NOK	EUR	Total
	EUR000	EUR000	EUR000	EUR000	EUR000
Financial assets					
Loans and receivables	140,118	71,721	86,441	1,350,185	1,648,465
Deferred tax assets	—	—	—	13	13
Other receivables	—	—	—	7	7
Cash and cash equivalents	110	20	145	3,871	4,146
Total financial assets	140,228	71,741	86,586	1,354,076	1,652,631
Financial liabilities					
Medium term notes	140,080	71,713	86,411	1,349,702	1,647,906
Taxes payable	—	—	—	9	9
Other liabilities and accruals	—	—	—	152	152
Total financial liabilities	140,080	71,713	86,411	1,349,863	1,648,067

Foreign currencies as at December 31, 2013

	AUD	NZD	NOK	EUR	Total
	EUR000	EUR000	EUR000	EUR000	EUR000
Financial assets					
Loans and receivables	94,340	30,977	92,980	1,157,315	1,375,612
Deferred tax assets	—	—	—	32	32
Other receivables	—	—	—	11	11
Cash and cash equivalents	39	—	79	3,497	3,615
Total financial assets	94,379	30,977	93,059	1,160,855	1,379,270
Financial liabilities					
Medium term notes	94,306	30,967	92,949	1,156,888	1,375,110
Taxes payable	—	—	—	232	232
Other liabilities and accruals	—	—	—	75	75
Total financial liabilities	94,306	30,967	92,949	1,157,195	1,375,417

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.

Year ended as at December 31, 2014 (par values)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	EUR000	EUR000	EUR000	EUR000	EUR000	EUR000
Financial assets						
Loans and receivables	—	36,427	—	717,058	715,987	1,469,472
Financial liabilities						
Medium term notes	—	35,869	—	716,847	715,568	1,468,284
Maturity/liquidity gap	—	558	—	211	419	1,188

Year ended as at December 31, 2013

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	EUR000	EUR000	EUR000	EUR000	EUR000	EUR000
Financial assets						
Loans and receivables	—	27,403	11,035	599,074	621,068	1,258,580
Financial liabilities						
Medium term notes	—	26,966	11,035	599,073	621,068	1,258,142
Maturity/liquidity gap	—	437	—	1	—	438

Offsetting financial assets and financial liabilities

There are no netting arrangements that meet the criteria for offsetting in the statement of financial position. In addition, the Company and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Loans receivable from the parent company and notes issued in order to fund the loans to the parent company are fully guaranteed by the parent company.

21 Commitments and contingencies

No commitments and contingencies.

22 Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Key management of the Company is also considered to be a related party. Related party transactions are at an arms-length basis. Related party transactions between the Company and its related party AXA Bank Europe S.A./N.V. were as follows:

- Loans and receivables from participants, refer to Note 4;
- Cash and cash equivalents, refer to Note 6;
- Interest income and similar income, refer to Note 11.
- 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.
- AXA Investment Managers fee charges for provided services regarding loans and notes issuance.

23 Profit appropriation according to the Articles of Association

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.

24 Appropriation of profit 2014

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 profit of EUR 711 thousand to the retained earnings.

25 Subsequent events

No events took place after balance sheet date that could have a material effect on the financial position of the Company.

Breda, April 30, 2015

Aernout Veerman, Chairman of the Management Board

Geert Van de Walle, Member of the Management Board

Independent auditor's report

To: the general meeting of AXA Belgium Finance (NL) B.V.



Independent auditor's report

To: the general meeting of AXA Belgium Finance (NL) B.V.

Report on the financial statements 2014

Our 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 2014, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of AXA Belgium Finance (NL) B.V., Breda ('the company').

The financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the following statements for 2014: the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of AXA Belgium Finance (NL) B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

Ref.: e0353567

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

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the management board that may represent a risk of material misstatement due to fraud.

The main purpose of the company is the financing of companies belonging to the AXA group. The company is financing these loans through bond offerings on the Luxembourg Stock Exchange. The repayment of these bonds to the investors is guaranteed by AXA Bank Europe S.A./N.V. as disclosed in note 9 to the financial statements. Loans are issued to AXA Bank Europe S.A./N.V. increased with an interest margin.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 8,263,000 (2013: € 6,250,000). The general benchmark is 1% of total assets, based on our professional judgement we have used 0.5% of total assets, to ensure that all relevant balance sheet and income statement items are in scope. We use total assets given the company's main activity is intra-group lending. The company facilitates the AXA Group in its financing activities for which it receives a margin.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the management board that we would report to them misstatements identified during our audit above € 826,000 (2013: € 625,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The company is financing companies belonging to the AXA group by granting loans to AXA Bank Europe S.A./N.V. As part of our testing procedures we tested the existence of the loans by requesting representatives of AXA Bank Europe S.A./N.V. to confirm the outstanding intercompany loans.



In addition to this confirmation process, we performed additional testing on these confirmations by contacting the PwC audit team responsible for the audit of AXA Bank Europe S.A./N.V. to confirm the outstanding intercompany loans and inform to them of any risk noted with respect to the payment of the loans and the ability to meet the guarantee.

For the existence and effectiveness of internal controls surrounding the source system in which loans granted to AXA Bank Europe S.A./N.V. and issued to third parties are accounted for as well as the valuation of these loans at fair value we relied on the work performed by the PwC audit team responsible for the audit of AXA Bank Europe S.A./N.V. For that purpose we have sent the PwC audit team instructions. Additionally we have performed a file review on the work performed by the PwC audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the management board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>Valuation of the loans issued to AXA Bank Europe S.A./N.V.</i> <p>We consider the valuation of the loans issued, as disclosed in note 4 to the financial statements for a total amount of € 1,615,038,000, a key audit matter. This is due to the size of the loan portfolio and given that an impairment may have a material effect on the income statement and financial position of the company.</p> <p>Loans are recognized at fair value.</p> <p>Management did not identify a trigger to perform an impairment test regarding the loans issued to AXA Bank Europe S.A./N.V.</p>	<p>We have performed detailed audit work addressing the existence and valuation of the loans issued to AXA Bank Europe S.A./N.V., through reconciling on a sample basis the loans issued with the underlying loan agreements and cash flows, confirmation procedures and analysis of the financial situation of AXA Bank Europe S.A./N.V. to which loans have been provided and assessed whether there were any impairments triggers.</p> <p>We concur with the position taken by the management board as set out in the financial statements with respect to the valuation of the loans.</p>
<i>Fair value of notes issued to third parties</i> <p>We consider the fair value of the derivatives portfolio as disclosed in note 9 to the financial statements of € 1,615,038,000 as a key audit matter. This is due to the size of the notes issued and given that an adjustment to fair value may have a material effect on the income statement.</p>	<p>We have performed detailed audit work addressing the valuation of the notes issued by AXA Belgium Finance (NL) B.V. We tested, amongst others, the internal controls surrounding the treasury management system and issuance of notes and reconciling on a sample basis the notes issued with the underlying agreements and cash flows. We also tested data input to calculate the fair value and reconciliation of the treasury</p>

Key audit matter

How our audit addressed the matter

management system with the general ledger. We challenged the assumptions of management used in the fair value calculation.

We concur with the position taken by the management board as set out in the financial statements with respect to the valuation of the notes.

Responsibilities of the management board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the management board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all errors and frauds.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the management board report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board 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 by Part 9 of Book 2 of the Dutch Civil Code has been annexed.



- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of AXA Belgium Finance (NL) B.V. following the passing of a resolution by the shareholders at the annual meeting held on 22 April 2014 and has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 17 years.

Groningen, 30 April 2015

PricewaterhouseCoopers Accountants N.V.



H.D.M. Plomp RA

Appendix to our auditor's report on the financial statements 2014 of AXA Belgium Finance (NL) B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the management board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.