AXA Belgium Finance (NL) B.V.

Unaudited interim financial statements June 30, 2015

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Breda, August 28, 2015

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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 June 30, 2015 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. in its turn is held for 100% by 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 from August 1, 2014 the Management Board of the Company consists of Mr. A.W. Veerman, chairman, and Mr. Geert Van de Walle, member. The composition of the Management Board is not in line with the 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

The total assets increased by EUR 18 million from EUR 1,652 million at December 31, 2014, to EUR 1,670 million. Intragroup interest income amounts to EUR 19,774 million, totally from amounts receivable forming part of the fixed assets. Interest expense and similar charges amount to EUR 19,144 million. The operating expenses show a decrease of EUR 5,000. The profit before tax increased by EUR 13,000, resulting in an increase of the net profit after taxation to EUR 392,000 (six months ended June 30, 2014: EUR 389,000).

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., which uses the proceeds for general corporate purposes. Several Notes are listed on the Luxembourg Stock Exchange.

Since December 31, 2014, there has been issues of the following Notes:
- Optinote Energy (February 20, 2015): EUR 23,269,000;
- Optinote Euro Diversification (May 19, 2015): EUR 13,586,000.
- Optinote New Zealand 2 (July 24, 2015): NZD 64,990,000

Reporting standards

Starting with the financial year 2014, the financial statements have been prepared in accordance with 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.

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, 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.

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 December 31, 2014, 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.

We expect however only a limited issue-activity in the second half of 2015, mainly caused by the poor economic climate in Europe.

Apart from these evolving business objectives, there has been no material adverse change in the financial position or prospects of the Company since June 30, 2015. 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, August 28, 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 June 30, 2015

	Note	**June 30,** 2015 (unaudited)	December 31, 2014 (audited)
		EUR000	EUR000
Assets			
Financial assets at fair value designated through profit and loss	3	1,665,720	1,648,465
Deferred tax assets		14	13
Taxes receivable		101	—
Other receivables		5	7
Cash and cash equivalents	4	4,177	4,146
Total assets		**1,670,017**	**1,652,631**
Shareholder's equity			
Issued share capital	5	1,768	1,768
Retained earnings	6	3,188	2,796
Total shareholder's equity		**4,956**	**4,564**
Liabilities			
Financial liabilities at fair value designated through profit and loss	7	1,664,973	1,647,906
Taxes payable		—	9
Other liabilities and accruals		88	152
Total liabilities		**1,665,061**	**1,648,067**
Total liabilities and shareholder's equity		**1,670,017**	**1,652,631**

Statement of comprehensive income for the six months ended June 30, 2015

	Note	2015 (unaudited)	2014 (unaudited)
		for the six months ended June 30	
		EUR000	EUR000
Interest income	8	19,774	18,539
Interest expense	8	(19,144)	(17,944)
Net interest income		**630**	**595**
Net gain/(loss) on financial assets and liabilities at fair value through profit and loss	9	—	—
Foreign exchange gains/(losses)	10	3	27
Other income	11	—	3
Net operating income		**633**	**625**
Operating expenses	12	(121)	(126)
Net operating expenses		**(121)**	**(126)**
Profit before tax		**512**	**499**
Income tax expense		(120)	(110)
Profit for the year		**392**	**389**
Other comprehensive income for the year, net of tax		**—**	**—**
Total comprehensive income for the year		**392**	**389**

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

Statement of changes in equity for the six months ended June 30, 2015

	Share capital	Retained earnings	Total
	EUR000	EUR000	EUR000
Balance at December 31, 2013	**1,768**	**2,085**	**3,853**
Profit for the period	—	389	389
Balance at June 30, 2014 (unaudited)	**1,768**	**2,474**	**4,242**
Profit for the period	—	322	322
Balance at December 31, 2014	**1,768**	**2,796**	**4,564**
Profit for the period	—	392	392
Balance at June 30, 2015 (unaudited)	**1,768**	**3,188**	**4,956**

Statement of cash flows for the six months ended June 30, 2015

	for the six months ended June 30	
	2015 (unaudited)	2014 (unaudited)
	EUR000	EUR000
Profit before tax for the period	512	499
Adjustments to reconcile profit before tax to net cash flows:		
Interest income	(19,744)	(18,539)
Interest expense	19,144	17,944
Effect of exchange rate changes	3	27
Other movements	(13)	(48)
	(98)	(117)
Working capital adjustment:		
Changes in interest receivables, deferred tax assets and other receivables	660	1,162
Changes in interest liabilities, taxes payable and other liabilities and accruals	(728)	(1,196)
	(68)	(34)
Operating activities		
Loans granted to group companies	(36,855)	(169,625)
Repayment on loans to group companies	24,731	23,460
Proceeds from issued medium term notes	36,855	169,625
Repayments on issued medium term notes	(24,731)	(23,460)
Interest received	13,032	11,290
Interest paid	(12,605)	(10,906)
Income tax received	—	—
Income tax paid	(230)	(200)
	197	184
Cash flow from operating activities	**31**	**33**
Net increase of cash and cash equivalents	31	33
Cash and cash equivalents as at January 1	4,146	3,615
Cash and cash equivalents as at June 30	**4,177**	**3,648**

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 June 30, 2015 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 interim condensed financial statements for the six months ended June 30, 2015 have been prepared in accordance with IAS34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2014.

The interim condensed financial statements are unaudited.

2.2 *Functional and presentation currency*

These interim condensed 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 interim condensed financial statements on the basis of IAS34. 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 relevant notes to the interim condensed 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 interim condensed financial statements continue to be prepared on the going concern basis.

2.5 *Summary of significant accounting policies*

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014, except for the changes in accounting policies as mentioned below.

Changes in accounting policies

Annual improvements 2011-2013 Cycle
These improvements are effective from January 1, 2015 and the Company has applied these amendments for the first time in these interim condensed financial statements. They include:

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.

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. 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. IFRS 9 *Financial instruments* has not yet been endorsed by the European Union.

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, 2018 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. IFRS 15 *Revenue from Contracts with Customers* has not yet been endorsed by the European Union.

3 Financial assets at fair value designated through profit and loss

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
	EUR000	EUR000
Loans AXA Bank Europe S.A./N.V.	1,626,341	1,615,038
Interest receivable on loans AXA Bank Europe S.A./N.V.	39,379	33,427
	1,665,720	1,648,465

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, 2015	1,615,038	33,427	1,648,465
Loans granted	36,855	—	36,855
Repayments	(24,731)	—	(24,731)
Exchange rate differences	4,953	—	4,953
Fair value changes	(5,774)	—	(5,774)
Interest taken to profit and loss account	—	5,952	5,952
Book value as at June 30, 2015	1,626,341	39,379	1,665,720

	June 30, 2015			
	<1 years	1-5 years	>5 years	Total
	EUR000	EUR000	EUR000	EUR000
Loans AXA Bank Europe S.A./N.V.	19,965	795,013	811,363	1,626,341
Interest receivable on loans AXA Bank Europe S.A./N.V.	10,774	7,289	21,316	39,379
Total loans and receivables	30,739	802,302	832,679	1,665,720

	December 31, 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

Part of the interest rates are fixed between 0.00% and 5.85% 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% (2014: Part of the interest rates are fixed between 0.00% and 5.85% 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 (2014: EUR 0).

4 Cash and cash equivalents

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
	EUR000	EUR000
Current accounts AXA Bank Europe S.A./N.V.	4,142	4,130
Current accounts other banks	35	16
Total cash and cash equivalents	4,177	4,146

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

5 Issued share capital

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
	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.

6 Retained earnings

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
	EUR000	EUR000
Balance at start	2,796	2,085
Result for the period	392	711
Balance at end	3,188	2,796

7 Financial liabilities at fair value designated through profit and loss

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
	EUR000	EUR000
Medium term notes	1,626,341	1,615,038
Interest payable other bonds loans and private loans	38,632	32,868
Total medium term notes	1,664,973	1,647,906

	June 30, 2015			
	<1 years	1-5 years	>5 years	Total
	EUR000	EUR000	EUR000	EUR000
Medium term notes	19,965	795,013	811,363	1,626,341
Interest payable medium term notes	10,382	7,193	21,057	38,632
Total medium term notes	30,347	802,206	832,420	1,664,973

	December 31, 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

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 0.00% and 5.75% and part of the interest rates are variable (2014: partly fixed between 0.00% and 5.75% 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 (2014: interest depending on the 3 months Euribor rate, with a minimum of 2.3%).

8 Net interest income

	June 30, 2015 (unaudited)	June 30, 2014 (unaudited)
Interest income on:	EUR000	EUR000
Loans AXA Bank Europe S.A./N.V.	19,774	18,539
Total interest income	19,774	18,539
Interest expense on:		
Medium term notes	(19,144)	(17,944)
Total interest expense	(19,144)	(17,944)
Net interest income	630	595

9 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 (5,774) thousand (June 30, 2014: EUR 39,930 thousand) are mitigated by the fair value gains/(losses) on medium term notes of EUR 5,774 thousand (June 30, 2014: EUR (39,930) thousand).

10 Foreign exchange gains/(losses)

Foreign exchange gains of EUR 3 thousand (June 30, 2014: gain of EUR 27 thousand) are on net basis and include gains and losses arising from foreign currency transactions and the effects of conversion of foreign currency assets and liabilities.

11 Other income

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

12 Operating expenses

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

13 Number of employees

In accordance with prior periods the Company has no employees.

14 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 amortized 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 June 30, 2015

	Level 1	Level 2	Level 3	Total
	EUR000	EUR000	EUR000	EUR000
Financial assets				
Loans and receivables	—	1,339,944	325,776	1,665,720
Financial liabilities				
Medium term notes	—	1,339,270	325,703	1,664,973

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

Reconciliation of the fair value of level 3 financial assets and financial liabilities for the six months ended June 30, 2015.

	Assets	Liabilities
	EUR000	EUR000
Book value as at January 1, 2015	285,319	285,233
Purchases	36,855	36,855
Interest income/expense through profit and loss	32	45
Net gain/losses change fair value through profit and loss	3,570	3,570
Book value as at June 30, 2015	325,776	325,703

Reconciliation of the fair value of level 3 financial assets and financial liabilities for the year ended December 31, 2014.

	Assets	Liabilities
	EUR000	EUR000
Book value as at January 1, 2014	153,483	153,480
Purchases	113,190	113,190
Interest income/expense through profit and loss	147	63
Net gain/losses change fair value through profit and loss	18,499	18,500
Book value as at December 31, 2014	285,319	285,233

Set out below is a comparison of the carrying amounts and fair value of financial assets and financial liabilities as at June 30, 2015 and December 31, 2014:

Carrying amount and fair value as at June 30, 2015

	Carrying amount	Fair value
	EUR000	EUR000
Financial assets		
Loans and receivables	1,665,720	1,665,720
Financial liabilities		
Medium term notes	1,664,973	1,664,973

Carrying amount and fair value as at December 31, 2014

	Carrying amount	Fair value
	EUR000	EUR000
Financial assets		
Loans and receivables	1,648,465	1,648,465
Financial liabilities		
Medium term notes	1,647,906	1,647,906

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 June 30, 2015 is 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) would result in an increase (decrease) in fair value by EUR 19,0 million
Financial liabilities: medium term notes	DCF	Volatilities based on historical data	+10% -10%	10% increase (decrease) would result in an increase (decrease) in fair value by EUR 19,0 million

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 is 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) 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) would result in an increase (decrease) in fair value by EUR 15.2 million

15 Commitments and contingencies

There are no commitments and contingencies.

16 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 3;
- Cash and cash equivalents, refer to Note 4;
- Interest income and similar income, refer to Note 8.
- 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.

17 Subsequent events

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

Breda, August 28, 2015

Aernout Veerman, Chairman of the Management Board

Geert Van de Walle, Member of the Management Board