AXA Belgium Finance (NL) B.V.

Unaudited interim financial statements June 30, 2018

Breda, September 18, 2018

alfa accountants en adviseurs

Stationsweg 62
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Beconnummer 328868

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Beconnummer 328868

General information

Management board
Mr. Aernout Veerman (Chairman)
Mrs. Grete Schaekers (Member)

Statutory seat
Amsterdam

Registered office
Beethovenstraat 518
1082 PR Amsterdam

File number at the Business Register of the Chamber of Commerce: 33224298

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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, 2018 the Company is a wholly owned subsidiary of AXA Bank Belgium. The legal address of the parent company is Troonplein 1, 1000 Brussels, Belgium. AXA Bank Belgium in its turn is held for 100% by AXA S.A., Paris, Erance.

The Company has a Management Board consisting of two managing directors, who have been appointed by the Company's shareholder. The Company has , besides the Dutch Director, 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 March 27, 2017 the Management Board of the Company consists of Mr. A.W. Veerman, chairman, and Mrs. Grete Schaekers, member.

Financial information
The total assets decreased by nearly EUR 70 million from EUR 1,357 million at December 31, 2017, to EUR 1,289 million. Intragroup interest income amounts to EUR 14,780 thousand, totally from amounts receivable forming part of the fixed assets. Interest expense and similar charges amount to EUR 14,396 thousand. The operating expenses show a decrease and amount to EUR 98 thousand. The profit before tax increased, resulting in a net profit after taxation of EUR 206 thousand (compared to six months ended on June 30, 2017: EUR 215 thousand).

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 Belgium S.A./N.V. (the Guarantor). The notes issued by the Company are mainly placed among retail investors in Belgium or European investors. The net proceeds of these notes are lent to AXA Bank Belgium S.A./N.V., which uses the proceeds for general corporate purposes. Several Notes are listed on the Luxembourg Stock Exchange.

In order to enhance the liquidity and transferability, the former onlending arrangement between the Company and AXA Bank Belgium S.A./N.V. was amended by the introduction of the systematic subscribing of the Company to Bonds issued by AXA BANK since the end of March 2017. In this context, all existing loans granted to AXA Bank Belgium were amended to bonds, without affecting the outstanding amounts, the number of such arrangements, the currency or other any substantial terms (other than the form), in order to preserve maximum continuity.

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 (IERS 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 Belgium where a maximum correlation between the conditions of the notes and those of the loans to AXA Bank Belgium 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 Belgium.

The principal risks faced by the company during the first half of the financial year were substantially the same as those identified at year end 2017. A description of the company's risk management practices, principal risks and how they impact the business is provided in our Annual Report 2017.

Decleration 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,

- the financial statement give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- 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 light against exclusion.

Investments
Since December 31, 2017, 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 through the subscribing of bonds issued by AXA Bank Belgium. 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 Belgium (in this Programme AXA Bank Belgium acts both as potential Issuer together with AXA Belgium Finance (NL) B.V. and as Guarantor) and will support the business objectives of AXA Bank Belgium 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.

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, 2017. Other than the possibility of issue activity in the second half of the year, 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, September 18, 2018

Aernout Veerman, Chairman of the Management Board

Grete Schaekers, Member of the Management Board

Financial statements

Statement of financial position as at June 30, 2018

	Note	June 30 2018 (unaudited)	December 31 2017 (audited)
		EUR 000	EUR 000
Assets			
Financial assets at fair value through profit or loss	4	1,286,879	1,354,375
Taxes receivable		248	137
Cash and cash equivalents	5	2,088	2,159
Total assets		**1,289,215**	**1,356,671**
Shareholder's equity			
Issued share capital	6	1,768	1,768
Retained earnings	7	953	747
Total shareholder's equity		**2,721**	**2,515**
Liabilities			
Financial liabilities at fair value through profit or loss	8	1,286,450	1,354,009
Other liabilities and accruals	9	44	147
Total liabilities		**1,286,494**	**1,354,156**
Total liabilities and shareholder's equity		**1,289,215**	**1,356,671**

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Statement of comprehensive income for the six months ended June 30, 2018

	Note	2018 (unaudited)	2017 (unaudited)
		for the six months ended June 30	
		EUR 000	EUR 000
Interest income	10	14,780	18,187
Interest expense	10	-14,396	-17,738
Net interest income		**384**	**449**
Net gains/losses on financial assets and liabilities at fair value through profit or loss	11	-	-
Foreign exchange gains/losses	12	-2	-15
Other income	13	-	-
Net operating income		**382**	**434**
Operating expenses	14	-98	-161
Net operating expenses		**-98**	**-161**
Profit before tax		**284**	**273**
Income tax expense		-78	-58
Profit for the period		206	215
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**206**	**215**

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

Statement of changes in equity for the six months ended June 30, 2018

	Share capital	Retained earnings	Total
	EUR 000	EUR 000	EUR 000
As at January 1, 2017	1,768	4,123	5,891
Profit for the period	-	215	215
Other comprehensive income	-	-	-
Total comprehensive income	-	215	215
Transactions with owners	-	-	-
Dividends	-	-3,800	-3,800
	-	-3.585	-3,585
As at June 30, 2017 (unaudited)	1,768	538	2,306
Profit for the period	-	209	209
Other comprehensive income	-	-	-
Total comprehensive income	-	209	209
Transactions with owners	-	-	-
	-	209	209
As at January 1, 2018	1,768	747	2,515
Profit for the period	-	206	206
Other comprehensive income	-	-	-
Total comprehensive income	-	206	206
Transactions with owners	-	-	-
	-	206	206
As at June 30, 2018 (unaudited)	1,768	953	2,721

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Statement of cash flows for the six months ended June 30, 2018

	for the six months ended June 30	
	2018 (unaudited)	**2017** (audited)
	EUR 000	EUR 000
Profit before tax for the period	284	273
Adjustments to reconcile profit before tax to net cash flows:		
Interest income	-14,780	-18,187
Interest expense	14,396	17,738
Effect of exchange rate changes	-2	-15
Other movements	2	15
	-100	-176
Working capital adjustment:		
Changes in interest receivables, deferred tax assets and other receivables	132	258
Changes in interest liabilities, taxes payable and other liabilities and accruals	-236	-318
	-104	-60
Operating activities:		
Loans granted to group companies	-	-
Bonds granted to group companies	-	-101,363
Repayment on loans to group companies	-	103,686
Repayment on bonds to group companies	60,456	56,512
Transfers from loans	-	-1,302,741
Transfers into bonds	-	1,302,741
Proceeds from issued medium term notes	-	101,363
Repayments on issued medium term notes	-60,456	-160,198
Interest received	7,991	15,525
Interest paid	-7,670	-15,071
Income tax paid	-188	-222
	133	232
Cash flow from operating activities	**-71**	**-4**
Financing activities:		
Dividend paid	-	-3,800
Cash flow from financing activities	**-**	**-3,800**
Net increase of cash and cash equivalents	-71	-3,804
Cash and cash equivalents as at January 1	2,159	5,570
Cash and cash equivalents as at June 30	**2,088**	**1,766**

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

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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, 2018 the Company is a wholly owned subsidiary of AXA Bank Belgium S.A./N.V. The legal address of the parent company is Troonplein 1, 1000 Brussels, Belgium. AXA Bank Belgium 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 consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 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, 2017.

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 interim condensed financial statements on the basis of IAS 34. 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 financial statements continue to be prepared on the going concern basis.

3 Accounting policies

3.1 New Standards, Interpretations and Amendments adopted by the Company

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, 2017, except for the adoption of the following new Standards, Interpretations and Amendments effective as of January 1, 2018. None of these new Standards, Interpretations and Amendments had a material impact on the interim condensed financial statements of the Company.

- **IFRS 9 - Financial Instruments**
  The first phase relates to the classification and measurement of financial Instruments. IFRS 9 requires to measure all financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The measurement category is determined based on the business model used by the bank and the so-called SPPI test ('Solely Payments of Principal and Interest'). In the financial statements of 2017 the Company had already early adopted the exception provided in IFRS 9 to recognise the amount of change in the fair value of a financial liability designated as at fair value through profit and loss, attributable to changes in the credit risk of that liability, through profit and loss, and not through OCI. In order to avoid an accounting mismatch with the related assets (bonds granted

to AXA Bank Belgium – designated as at fair value through profit or loss), the changes in the Debit Value Adjustments on the medium term notes issued (designated as at fair value through profit or loss) have also been recognised in profit or loss.
The second phase relates to a new method for calculating impairment on financial assets and credit commitments. The calculations made in this method are based on expected instead of incurred credit losses.
The third phase relates to general hedge accounting rules.

- **IFRS 15 - Revenue from Contracts with Customers, including the Clarifications.**
  This Standard includes a five-step model to determine when revenue should be recognised:
  Step 1 = Identify the contract with the customer
  Step 2 = Identify the performance obligations in the contract
  Step 3 = Determine the transaction price
  Step 4 = Allocate the transaction price to the performance obligations in the contract
  Step 5 = Recognise revenue when (or as) the entity satisfies a performance obligation

- Annual Improvements to IFRS Standards 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28).

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions.

- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts.

- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration.

- Amendments to IAS 40: Transfers of Investment Property.

The Company has not early adopted any other Standard, Interpretation or Amendment that had been issued but is not yet effective.

3.2 Standards, Interpretations and Amendments issued but not yet effective

The Standards, Interpretations and Amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements will be adopted by the Company once they become effective in the EU:

- IFRS 16: Leases (IFRS and EU effective date January 1, 2019).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (IFRS and EU effective date January 1, 2019).
- IFRIC 23: Uncertainty over Income Tax Treatments (IFRS effective date January 1, 2019, not yet endorsed by the EU).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (IFRS effective date January 1, 2019, not yet endorsed by the EU).
- Annual Improvements to IFRS Standards 2015-2017 Cycle (IFRS effective date January 1, 2019, not yet endorsed by the EU).
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (IFRS effective date January 1, 2019, not yet endorsed by the EU).
- Amendments to References to the Conceptual Framework in IFRS Standards (IFRS effective date January 1, 2020, not yet endorsed by the EU).
- IFRS 17: Insurance Contracts (IFRS and EU effective date January 1, 2021).

None of these Standards, Interpretations and Amendments are expected to have a material impact on the financial statements of the Company.

4 Financial assets at fair value through profit or loss

	June 30 2018 (unaudited)	December 31 2017 (audited)
	EUR 000	EUR 000
Bonds AXA Bank Belgium S.A./N.V.	1,224,947	1,299,100
Interest receivable on bonds AXA Bank Belgium S.A./N.V.	61,932	55,275
Total financial assets at fair value through profit or loss	**1,286,879**	**1,354,375**

Movements in these items were as follows:

	AXA Bank Belgium S.A./N.V.				
	Loans	Bonds	Interest receivable loans	Interest receivable bonds	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
As at January 1, 2018	**-**	**1,299,100**	**-**	**55,275**	**1,354,375**
Bonds granted	-	-	-	-	-
Repayments	-	-60,456	-	-7,991	-68,447
Exchange rate differences	-	-3,338	-	-132	-3,470
Fair value changes	-	-10,359	-	-	-10,359
Interest taken to profit or loss account	-	-	-	14,780	14,780
As at June 30, 2018	**-**	**1,224,947**	**-**	**61,932**	**1,286,879**

	AXA Bank Belgium S.A./N.V.				
	Loans	Bonds	Interest receivable loans	Interest receivable bonds	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
As at January 1, 2017	**1,391,878**	**45,000**	**49,031**	**7**	**1,485,916**
Loans granted	-	-	-	-	-
Bonds granted	-	154,415	-	-	154,415
Repayments	-102,418	-169,490	-6,398	-17,746	-296,052
Transfers from loans	-1,302,741	-	-51,964	-	-1,354,705
Transfers into bonds	-	1,302,741	-	51,964	1,354,705
Exchange rate differences	3,287	-26,954	34	-589	-24,222
Fair value changes	9,994	-6,612	-	-	3,382
Interest taken to profit or loss account	-	-	9,297	21,639	30,936
As at December 31, 2017	**-**	**1,299,100**	**-**	**55,275**	**1,354,375**

Contract maturity of financial assets at fair value through profit or loss:

	June 30, 2018			
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Bonds AXA Bank Belgium S.A./N.V.	53,319	840,498	331,130	1,224,947
Interest receivable on bonds AXA Bank Belgium S.A./N.V.	5,535	52,316	4,081	61,932
Total financial assets at fair value through profit or loss	**58,854**	**892,814**	**335,211**	**1,286,879**

	December 31, 2017			
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Bonds AXA Bank Belgium S.A./N.V.	52,269	794,055	452,776	1,299,100
Interest receivable on bonds AXA Bank Belgium S.A./N.V.	4,956	46,739	3,580	55,275
Total financial assets at fair value through profit or loss	**57,225**	**840,794**	**456,356**	**1,354,375**

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% (2017: 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%).

The loans are not subordinated.

5 Cash and cash equivalents

	June 30 2018 (unaudited)	**December 31 2017** (audited)
	EUR 000	EUR 000
Current accounts AXA Bank Belgium S.A./N.V.	2,066	2,128
Current accounts other banks	22	31
Total cash and cash equivalents	**2,088**	**2,159**

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

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6 Issued share capital

	June 30 2018 (unaudited)	December 31 2017 (audited)
	EUR 000	EUR 000
3,897 ordinary shares with 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.

In consequence of the risk management framework, capital management of AXA Belgium Finance (NL) B.V., as well as all related decisions, are monitored within AXA Bank Belgium S.A./N.V. in close collaboration with the management of AXA Belgium Finance (NL) B.V.

7 Retained earnings

	June 30 2018 (unaudited)	December 31 2017 (audited)
	EUR 000	EUR 000
Balance at start	**747**	**4,123**
Result for the period	206	424
Dividends	-	-3,800
Balance at end	**953**	**747**

8 Financial liabilities at fair value through profit or loss

	June 30 2018 (unaudited)	December 31 2017 (audited)
	EUR 000	EUR 000
Medium term notes	1,224,947	1,299,100
Interest payable medium term notes	61,503	54,909
Total cash and cash equivalents	**1,286,450**	**1,354,009**

Contract maturity of financial liabilities at fair value through profit or loss:

	June 30, 2018			
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Medium term notes	53,319	840,498	331,130	1,224,947
Interest payable on medium term notes	5,371	52,100	4,032	61,503
Total financial liabilities at fair value through profit or loss	**58,690**	**892,598**	**335,162**	**1,286,450**

	December 31, 2017			
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Medium term notes	52,269	794,055	452,776	1,299,100
Interest payable on medium term notes	4,829	46,587	3,493	54,909
Total financial liabilities at fair value through profit or loss	**57,098**	**840,642**	**456,269**	**1,354,009**

Issued medium term notes are unconditionally and irrevocably guaranteed by the parent company AXA Bank Belgium S.A./N.V. The movement of the financial liabilities at fair value through profit or loss is similar to the movement of the financial assets at fair value through profit or loss, with the exception of a small difference in the interest rates. 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 (2017: partly fixed between 5.75% and 0.00% and partly variable).

In 2018 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 (2017: interest depending on the 3 months Euribor rate, with a minimum of 2.5% and a maximum of 5.5% in one case).

The contractual repayment amount at maturity is EUR 1,123,217 thousand (2017: EUR 1,187,011 thousand).

9 Other liabilities and accruals

	June 30 2018 (unaudited)	**December 31 2017** (audited)
	EUR 000	EUR 000
Trade creditors	-	8
Other payables and accruals	44	139
Total other liabilities and accruals	**44**	**147**

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10 Net interest income

	June 30 2018 (unaudited)	June 30 2017 (unaudited)
	EUR 000	EUR 000
Interest income on:		
Loans AXA Bank Belgium S.A./N.V.	-	9,297
Bonds AXA Bank Belgium S.A./N.V.	14,780	8,890
Total interest income	**14,780**	**18,187**
Interest expense on:		
Medium term notes	-14,396	-17,738
Total interest expense	**-14,396**	**-17,738**
Net interest income	**384**	**449**

11 Net gains/losses on financial assets and liabilities at fair value through profit or loss

The fair value gains/losses on loans and bonds and receivables of negative EUR 10,359 thousand (June 30, 2017: positive EUR 7,100 thousand) are mitigated by the fair value gains/losses on medium term notes of positive EUR 10,359 thousand (June 30, 2017: negative EUR 7,100 thousand).

12 Foreign exchange gains/losses

Foreign exchange losses of EUR 2 thousand (June 30, 2017: loss of EUR 15 thousand) are on a net basis and include gains and losses arising from foreign currency transactions and the effects of translation of foreign currency assets and liabilities.

13 Other income

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

14 Operating expenses

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

15 Employee benefit expenses

	June 30 2018 (unaudited)	June 30 2017 (unaudited)
	EUR 000	EUR 000
Salaries	14	12

16 Number of employees

The Company has only one part time director as own employee (2017: one).

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17 Transactions with key management

The directors' remunerations are recorded as general and administrative expenses and amount to EUR 14 thousand (June 30, 2017: EUR 12 thousand), and include only short-term remunerations of current members of the Management Board. No other benefits, like pension, medical, termination share-based payment transactions, company cars or loans, have been granted.

The amounts disclosed are the amounts recognised as an expense during the year.

18 Fair value of financial assets and liabilities at fair value through profit or loss

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 on 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 valuation methods have not been changed compared to previous year. 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. If the revision would lead to a transfer of an instrument between levels of the fair value hierarchy, the transfer shall occur at the end of the reporting period. Transfers between levels may occur when an instrument fulfils the criteria defined, which are market and product dependent.

Fair value hierarchy as at June 30, 2018

	Level 1	Level 2	Level 3	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Financial assets				
Financial assets at fair value through profit or loss	-	759,420	527,459	1,286,879
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	759,139	527,311	1,286,450

Fair value hierarchy as at December 31, 2017

	Level 1	Level 2	Level 3	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Financial assets				
Financial assets at fair value through profit or loss	-	813,255	541,120	1,354,375
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	813,048	540,961	1,354,009

The fair values of other financial assets and liabilities are approximated by their carrying amounts.

Reconciliation of fair value measurement of level 3 financial assets and liabilities:

	Assets Loans and bonds AXA Bank Belgium S.A./N.V.	Liabilities Medium term notes
	EUR 000	EUR 000
As at January 1, 2017	**472,449**	**472,315**
New issues medium term notes / loans	-	81,554
New issues bonds	81,554	-
Unwindings medium term notes / loans	-25,916	-25,916
Net unrealized gains and losses recognised in Other Comprehensive Income	14,511	14,511
Transfers from loans	-412,875	-
Transfers into bonds	412,875	-
Net unrealized gains and losses recognised in profit or loss	-1,651	-1,651
Interest recognised in profit or loss medium term notes / bonds	173	148
As at December 31, 2017	**541,120**	**540,961**
New issues medium term notes / bonds	-	-
Unwindings medium term notes / bonds	-7,674	-7,674
Transfers level 3 into level 2 medium term notes / bonds	-	-
Transfers level 2 into level 3 medium term notes / bonds	-	-
Net unrealized gains and losses recognised in profit or loss	-7,067	-7,067
Net unrealized gains and losses recognised in other comprehensive Income	155	155
Interest recognised in profit or loss medium term notes / bonds	98	109
FX-impact	827	827
As at June 30, 2018	**527,459**	**527,311**

Set out below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at June 30, 2018 and December 31 2017:

Carrying amount and fair value as at June 30, 2018

	Carrying amount	Fair value
	EUR 000	EUR 000
Financial assets		
Loans and receivables	1,286,879	1,286,879
Financial liabilities		
Medium term notes	1,286,450	1,286,450

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Carrying amount and fair value as at December 31, 2017

	Carrying amount	Fair value
	EUR 000	EUR 000
Financial assets		
Loans and receivables	1,354,375	1,354,375
Financial liabilities		
Medium term notes	1,354,009	1,354,009

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 30 June 2017 is as shown below.

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to the fair value**
Financial assets:				
Loans, bonds 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 16.9 million (December 31, 2017: EUR 18.6 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 16.9 million (December 31, 2017: EUR 18.6 million)

* In most cases observable option prices are used as input parameters in the valuation process of the medium term notes pay-off. However in some cases (e.g. performance linked to fund prices) no observable option prices are available and, in corollary, no volatilities. In that cases we use historical volatility of the performance.

19 Commitments and contingencies

No commitments and contingencies.

20 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 (members of the Management board) 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 Belgium S.A./N.V. were as follows:

- Bonds and receivables from participants, refer to Note 4;
- Cash and cash equivalents, refer to Note 5;
- Interest income and similar income, refer to Note 10;
- Guarantee by AXA Bank Belgium 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;
- Transactions with key management, refer to Note 17.

21 Subsequent events

No events took place after balance sheet date that could have a material effect on the financial position of the Company as at June 30, 2018.

Breda, September 18, 2018

Aernout Veerman, Chairman of the Management Board

Grete Schaekers, Member of the Management Board

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