

AXA Belgium Finance (NL) B.V.

Unaudited interim financial statements June 30, 2021

Amsterdam, September 27, 2021

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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

Management report

General

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, 2021 the Company is a wholly owned subsidiary of AXA Bank Belgium SA/NV. The legal address of the parent company is Troonplein 1, 1000 Brussels, Belgium. AXA Bank Belgium SA/NV 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, 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 EUR 12,7 million from EUR 887,7 million at December 31, 2020, to EUR 875,0 million. Intragroup interest income amounts to EUR 9,473 thousand, totally from amounts receivable forming part of the fixed assets. Interest expense and similar charges amount to EUR 9,233 thousand. The operating expenses show an increase and amount to EUR 112 thousand. The profit before tax decreased, resulting in a net profit after taxation of EUR 171 thousand (compared to six months ended on June 30, 2020: EUR 228 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 the first half of 2021 no new Notes were issued.

We remind that in 2017, 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 SA/NV 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 (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 Belgium SA/NV where a maximum correlation between the conditions of the notes and those of the loans to AXA Bank Belgium SA/NV 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 SA/NV.

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 2020. A description of the company's risk management practices, principal risks and how they impact the business is provided in our Annual Report 2020.

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,

- the financial statements 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, 2020, 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 SA/NV. 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 SA/NV (in this Programme AXA Bank Belgium SA/NV acts both as potential Issuer together with AXA Belgium Finance (NL) B.V. and as Guarantor of Notes issued by the Company) and will support the business objectives of AXA Bank Belgium SA/NV 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, 2020.

AXA BANK BELGIUM – CRELAN

Furthermore, The Management Board reminds that it was informed by AXA Bank Belgium that, on October 25, 2019, AXA S.A. announced that it has entered into an agreement to sell its Belgian banking operations, AXA Bank Belgium, to Crelan Bank ("Crelan"). Under the terms of the agreement, AXA will sell 100% of AXA Bank Belgium to Crelan. In addition, AXA and Crelan have agreed to enter a long-term P&C and Protection insurance distribution partnership, extending the existing partnership between AXA Bank Belgium and AXA Belgium to the entire Crelan network. Furthermore, AXA would take a 9.9% minority equity stake in Crelan NV and AXA Bank Belgium, investing a total of Euro 90 million.

However, the completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals. Due to additional questions and requirements from the national and European supervisors towards Crelan, together with the difficult circumstances as a consequence of the COVID-19 pandemic, the finalization of the transaction is delayed and finalization can only be expected at it earliest by the end 2021.

The Management Board will continue to monitor these events and their evolution very closely and will assess the potential impact of the announced sale operation on the outstanding notes and noteholders, and future issuing activity as soon as further detailed and practical information on the conditions of the announced sale will be disclosed by the parties concerned.

COVID-19:

The management board reminds that an important part of the operational framework of the company relies on the efficient functioning of its service providers and as such monitors closely the COVID-19 related operational and liquidity risk. Although the measures around the COVID-19 pandemic forced service-providers to implement appropriate measures to ensure business continuity, we can confirm that, until now, the COVID-19 pandemic has not created material effects in the Company's operational functioning and the liquidity of the issued Notes.

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.

Amsterdam, September 27, 2021

Aernout Veerman, Chairman of the Management Board

Grete Schaekers, Member of the Management Board

Financial statements

Statement of financial position as at June 30, 2021

	Note	June 30 2021 (unaudited)	December 31 2020 (audited)
		EUR 000	EUR 000
Assets			
Financial assets at fair value through profit or loss	4	871,330	884,185
Taxes receivable		322	242
Cash and cash equivalents	5	3,368	3,275
Total assets		875,020	887,702
Shareholder's equity			
Issued share capital	6	1,768	1,768
Retained earnings	7	2,098	1,927
Total shareholder's equity		3,866	3,695
Liabilities			
Financial liabilities at fair value through profit or loss	8	871,102	883,940
Other liabilities and accruals	9	52	67
Total liabilities		871,154	884,007
Total liabilities and shareholder's equity		875,020	887,702

Statement of comprehensive income for the six months ended June 30, 2021

		for the six months ended June 30	
	Note	2021 (unaudited)	2020 (unaudited)
		EUR 000	EUR 000
Interest income	10	9,473	14,182
Interest expense	10	-9,233	-13,871
Net interest income		240	311
Net gains/losses on financial assets and liabilities at fair value through profit or loss	11	0	0
Foreign exchange gains/losses	12	4	-22
Other income	13	0	0
Net operating income		244	289
Operating expenses	14	-112	-94
Net operating expenses		-112	-94
Profit before tax		132	195
Income tax expense		39	33
Profit for the period		171	228
Other comprehensive income for the period, net of tax		0	0
Total comprehensive income for the period		171	228

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, 2021

	Share capital	Retained earnings	Total
	EUR 000	EUR 000	EUR 000
As at January 1, 2020	1,768	1,585	3,353
Profit for the period	0	228	228
Other comprehensive income	0	0	0
Total comprehensive income	0	228	228
Transactions with owners	0	0	0
	0	228	228
As at June 30, 2020 (unaudited)	1,768	1,813	3,581
Profit for the period	0	114	114
Other comprehensive income	0	0	0
Total comprehensive income	0	114	114
Transactions with owners	0	0	0
	0	114	114
As at January 1, 2021	1,768	1,927	3,695
Profit for the period	0	171	171
Other comprehensive income	0	0	0
Total comprehensive income	0	171	171
Transactions with owners	0	0	0
	0	171	171
As at June 30, 2021 (unaudited)	1,768	2,098	3,866

Statement of cash flows for the six months ended June 30, 2021

	for the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)
	EUR 000	EUR 000
Profit before tax for the period	132	195
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Interest income	-9,473	-14,182
Interest expense	9,233	13,871
Effect of exchange rate changes	0	3
Other movements	0	-1
	-108	-114
<i>Working capital adjustment:</i>		
Changes in interest receivables, deferred tax assets and other receivables	0	0
Changes in interest liabilities, taxes payable and other liabilities and accruals	-15	-8
	-15	-8
<i>Operating activities:</i>		
Bonds granted to group companies	0	0
Repayment on bonds to group companies	13,368	27,909
Proceeds from issued medium term notes	0	0
Repayments on issued medium term notes	-13,368	-27,909
Interest received	7,907	4,341
Interest paid	-7,650	-4,045
Income tax paid	-41	-51
	216	245
Cash flow from operating activities	93	123
Net increas of cash and cash equivalents	93	123
Cash and cash equivalents as at January 1	3,275	2,892
Cash and cash equivalents as at June 30	3,368	3,015

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, 2021 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, 2021 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, 2020.

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, 2020.

- In March 2021 the IASB Board issued an extension of the practical expedient under IFRS16 that permitted not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications (not applicable for lessors).

Given the absence of any lease activity it is expected that this amendment will not impact the financial statements of the Company.

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:

For an overview of those Standards, Interpretations and Amendments we refer to the Company's annual financial statements for the year ended December 31, 2020 with addition of the following:

- In May 2021 the Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences (effective on or after January 1, 2023, earlier application is permitted).

These Standards, Amendments and Interpretations are not expected to have a significant impact on the annual report of the Company.

4 Financial assets at fair value through profit or loss

	June 30 2021 (unaudited)	December 31 2020 (audited)
	EUR 000	EUR 000
Bonds AXA Bank Belgium S.A./N.V.	829,928	844,367
Interest receivable on bonds AXA Bank Belgium S.A./N.V.	41,402	39,818
Total financial assets at fair value through profit or loss	871,330	884,185

Movements in these items were as follows:

	AXA Bank Belgium S.A./N.V.		
	Bonds	Interest receivable bonds	Total
	EUR 000	EUR 000	EUR 000
As at January 1, 2021	844,367	39,818	884,185
Bonds granted	0	0	0
Repayments	-13,368	-7,907	-21,275
Exchange rate differences	1,741	18	1,759
Fair value changes	-2,812	0	-2,812
Interest taken to profit and loss account	0	9,473	9,473
As at June 30, 2021	829,928	41,402	871,330

	AXA Bank Belgium S.A./N.V.		
	Bonds	Interest receivable bonds	Total
	EUR 000	EUR 000	EUR 000
As at January 1, 2020	1,070,150	70,701	1,140,851
Bonds granted	0	0	0
Repayments	-193,247	-57,749	-250,996
Exchange rate differences	-6,373	-28	-6,401
Fair value changes	-26,163	0	-26,163
Interest taken to profit and loss account	0	26,894	26,894
As at December 31, 2020	844,367	39,818	884,185

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

	June 30, 2021			
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Bonds AXA Bank Belgium S.A./N.V.	191,873	493,392	144,663	829,928
Interest receivable on bonds AXA Bank Belgium S.A./N.V.	25,656	15,736	10	41,402
Total financial assets at fair value through profit or loss	217,529	509,128	144,673	871,330

	December 31, 2020			
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Bonds AXA Bank Belgium S.A./N.V.	89,626	552,963	201,778	844,367
Interest receivable on bonds AXA Bank Belgium S.A./N.V.	13,605	26,188	25	39,818
Total financial assets at fair value through profit or loss	103,231	579,151	201,803	884,185

Part of the interest rates are fixed up to a maximum of 3.5% and part of the interest rates are variable and are equal to the medium term notes issued by the Company, increased with margins of 0.06% or 0.09% (2020: Part of the interest rates are fixed up to a maximum of 4% and part of the interest rates are variable and are equal to the medium term notes issued by the Company, increased with margins of 0.06% or 0.09%).

The loans are not subordinated.

5 Cash and cash equivalents

	June 30 2021 (unaudited)	December 31 2020 (audited)
	EUR 000	EUR 000
Current accounts AXA Bank Belgium S.A./N.V.	3,205	3,204
Current accounts other banks	163	71
Total cash and cash equivalents	3,368	3,275

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

6 Issued share capital

	June 30 2021 (unaudited)	December 31 2020 (audited)
	EUR 000	EUR 000
3,897 ordinary shares with par value of EUR 453.80	<u>1,768</u>	<u>1,768</u>

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 2021 (unaudited)	December 31 2020 (audited)
	EUR 000	EUR 000
Balance at start	1,927	1,585
Result for the period	171	342
Balance at end	<u>2,098</u>	<u>1,927</u>

8 Financial liabilities at fair value through profit or loss

	June 30 2021 (unaudited)	December 31 2020 (audited)
	EUR 000	EUR 000
Medium term notes	829,928	844,367
Interest payable medium term notes	<u>41,174</u>	<u>39,573</u>
Total cash and cash equivalents	<u>871,102</u>	<u>883,940</u>

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

June 30, 2021				
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Medium term notes	191,873	493,392	144,663	829,928
Interest payable on medium term notes	25,511	15,663	0	41,174
Total financial liabilities at fair value through profit or loss	217,384	509,055	144,663	871,102
December 31, 2020				
	< 1 years	1-5 years	> 5 years	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Medium term notes	89,626	552,963	201,778	844,367
Interest payable on medium term notes	13,490	26,083	0	39,573
Total financial liabilities at fair value through profit or loss	103,116	579,046	201,778	883,940

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 up to a maximum of 3.5% and part of the interest rates of pay-offs are variable as being conditional (2020: partly fixed up to a maximum of 3.5% and partly variable).

In 2021 the applicable interest rate for notes maturing within one year is either fixed (up to a maximum of 4.0%) or depending on the evolution of indices leading hence to conditional coupons (2020: interest either fixed up to a maximum of 4% or depending on the evolution of indices leading hence to conditional coupons).

The contractual repayment amount at maturity is EUR 787,967 thousand (2020: EUR 799,593 thousand).

9 Other liabilities and accruals

	June 30 2021 (unaudited)	December 31 2020 (audited)
	EUR 000	EUR 000
Other payables and accruals	52	48
Total other liabilities and accruals	52	48

10 Net interest income

	June 30 2021 (unaudited)	June 30 2020 (unaudited)
	EUR 000	EUR 000
Interest income on:		
Bonds AXA Bank Belgium S.A./N.V.	9,473	14,182
Total interest income	9,473	14,182
Interest expense on:		
Medium term notes	-9,233	-13,871
Total interest expense	-9,233	-13,871
Net interest income	240	311

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

The fair value gains/losses on bonds and receivables of negative EUR 2,812 thousand (June 30, 2020: negative EUR 30,058 thousand) are mitigated by the fair value gains/losses on medium term notes of positive EUR 2,812 thousand (June 30, 2020: positive EUR 30,058 thousand).

12 Foreign exchange gains/losses

Foreign exchange gains of EUR 4 thousand (June 30, 2020: losses of EUR 22 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 2021 (unaudited)	June 30 2020 (unaudited)
	EUR 000	EUR 000
Salaries	18	18

16 Number of employees

The Company has only one part time director as own employee (2020: one).

17 Transactions with key management

The directors' remunerations are recorded as general and administrative expenses and amount to EUR 18 thousand (June 30, 2020: EUR 18 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 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 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, 2021

	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	<u>0</u>	<u>434,597</u>	<u>436,733</u>	<u>871,330</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	<u>0</u>	<u>434,494</u>	<u>436,608</u>	<u>871,102</u>

Fair value hierarchy as at December 31, 2020

	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	<u>0</u>	<u>440,724</u>	<u>443,461</u>	<u>884,185</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	<u>0</u>	<u>440,601</u>	<u>443,339</u>	<u>883,940</u>

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 Januari 1, 2020	468,897	468,768
New issues medium term notes / bonds	0	0
Unwindings medium term notes / bonds	-20,768	-20,768
FX-impact purchase price	-1,382	-1,382
Net unrealized gains and losses recognised in profit or loss	-3,443	-3,443
Interest recognised in profit or loss medium term notes / bonds	157	164
As at December 31, 2020	443,461	443,339
 New issues medium term notes / bonds	 0	 0
Unwindings medium term notes / bonds	-9,468	-9,468
FX-impact purchase price	660	660
Net unrealized gains and losses recognised in profit or loss	1,953	1,953
Interest recognised in profit or loss medium term notes / bonds	127	124
As at June 30, 2021	436,733	436,608

The price or the fair value of the instruments is impacted by (a) the change in interest rate levels, (b) the volatilities in case of optional pay-off, (c) the dividend yield in case of equity based optional pay-off and, eventually, (d) indicates correlations in case of pay-off based on multiple assets depending on how the performance of each issuance is structured. However in some cases no observable input of some of the elements mentioned before is available (e.g. performance linked to mutual fund) and the modelling of those, sometimes correlating, inputs becomes quit complex taking also into account the different types of issuance. Therefore AXA Bank Belgium used an approach based on historical information and considered being a reasonable proxy of a possible alternative assumption:

- Volatilities linked to illiquid indices and mutual funds for which (a) historical volatilities and, eventually, (b) an implied approach using a reference index are used,
- Dividend yields based on a ratio comparing historical-realized/implied approach using a liquid reference index.

The sensitivity analysis of those volatilities as at June 30, 2021 is 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 7.4 million (December 31, 2020: EUR 6.65 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 7.4 million (December 31, 2020: EUR 6.65 million)

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, 2021.

Amsterdam, September 27, 2021

Aernout Veerman, Chairman of the Management Board

Grete Schaekers, Member of the Management Board