



**INTERIM REPORT
ON 30 JUNE 2019
ETHIAS GROUP**

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I. INTRODUCTION

I.1 General

The half-yearly report of the Ethias Group, hereafter "the Group", includes the management report, the consolidated financial statements prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union.

Unless otherwise specified, the amounts in this report are stated in thousands of euros.

The registered office of the company Ethias SA is situated in Belgium at the following address: rue des Croisiers 24 in 4000 Liège.

I.2 Key figures

I.2.1 Essential data of the consolidated income statement

In thousands of euros	30 June 2019	30 June 2018	Change during the year
Non-Life	918,514	890,545	3.14%
Public bodies and Companies	617,418	591,391	4.40%
Private Individuals	301,096	299,154	0.65%
Life	554,506	647,455	-14.36%
Public bodies and Companies	530,867	622,829	-14.77%
Private Individuals	23,640	24,626	-4.01%
Total premium collection Life and Non-Life	1,473,020	1,538,000	-4.22%
Consolidated revenues	1,393,815	1,450,653	-3.92%
Net profit (loss) on current transactions after tax	140,870	77,618	
Share of the associates in the result	(17)	86	
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	
Net consolidated profit (loss) attributable to:	140,853	77,704	
Group's share	133,031	73,620	
Non-controlling interests	7,822	4,084	

I.2.2 Essential data of the consolidated financial position

In thousands of euros	30 June 2019	31 December 2018	Change
Total assets	19,444,250	18,261,854	6.47%
Equity of the Group	2,629,183	2,292,799	14.67%
Non-controlling interests	52,502	49,507	6.05%

I.2.3 Regulatory coefficients

	30 June 2019	31 December 2018	Change
Solvency II ratio* of the company Ethias SA	174%	181%	-7%

* The calculation of the SII margin is performed using the standard formula without taking into account the impact of the transitional measure on technical provisions, and taking into account the estimated dividend.

I.2.4 Other key figures

	30 June 2019	31 December 2018	Change
Number of employees	3,457	3,427	0.88%
Ethias SA	1,848	1,829	1.04%
NRB Group	1,609	1,598	0.69%

I.3 Key facts of the first half of 2019

I.3.1 Fitch confirms Ethias's financial strength

On 22 January 2019, the agency Fitch Ratings upgraded the IFS rating ("Issuer Financial Strength") of Ethias SA from BBB+ (outlook positive) to A- (outlook stable).

On 13 August 2019, Fitch revised Ethias's Outlooks to Positive from Stable. The Positive Outlook reflects Fitch's expectation that the company will maintain its strong capitalisation and financial leverage ratio (FLR) in 2019. The group has begun to build a track record of stability following the completion of a multi-year action plan that has resulted in a strengthening in capitalisation, financial flexibility and asset-and-liability risk management.

I.3.2 Financial market volatility in the first half of 2019

In the first half of 2019, the financial markets experienced a lot of volatility with several themes that are worrying for investors: the China/USA trade tensions, the increased slowdown in euro zone growth, political instability in Europe and the Brexit.

In a context of mixed macroeconomic figures with persistent political tensions and the accommodative tone of central banks, bond yields have continued to decrease since the beginning of the year. In fact, the 10-year OLO rate fell from 0.78% at the beginning of January to 0.70% at the end of February and then gradually declined to a low of 0.07% at the end of June.

The German 10-year Bund also dropped significantly, even reaching a negative yield from May onwards and standing at -0.33% end-June (historical record). For the peripheral countries, performances were disparate. Portugal and Spain continued to benefit from their good economic results and positive comments from rating agencies. As a result, their risk premiums went down in the first half of 2019. Italy, following its political and budgetary turbulences, experienced more volatility but investors nevertheless remained confident, which allowed an easing of Italian rates, particularly with the 10-year rate ending on 30 June at 2.10% (-64 bps compared to end-2018).

On the corporate bonds markets, the 5-year iTraxx index - representing the risk premium related to the financing of businesses across all sectors - started the year at 87 bps and standing at 53 bps at end-June. This tightening trend observed in the first half of 2019 is mainly due to accommodative monetary policies that have boosted the appetite of investors for corporate debt. This attraction for the asset class inevitably pushed credit spreads to the lowest level combined with the 5-year swap rate, which went deeper and deeper into negative territory.

Over this first part of the year, the equity indices rose sharply (Eurostoxx50 +15.73% and S&P500 +17.35% compared to the beginning of 2019) despite a significant decline in May. In the United States, the S&P index experienced a bullish trend driven by the agreement with Mexico on immigration, which allowed to avoid customs tariffs, the stimulus measures in China and the announcement of the Sino-American meeting at the G20 in late June. European equity markets experienced the same momentum, supported by the continued low central bank rates that pushed investors towards riskier assets that offer greater potential for returns. At sector level, investors have turned to stocks that offer better earnings visibility or "high dividend": consumer goods, real estate and utilities. Among the underperformers, we found the sectors likely to be penalized by a slowdown in economic growth: commodities, leisure and banking, which are suffering from the continued low interest rates.

I.4 Result of the financial year

The first half of 2019 records a net result of 133 million euros for the Group, split between the Non-Life business (84 million euros), the Life business (72 million euros), the other activities of the Group (-5 million euros) and taxes (-18 million euros). Taking into account minority interests, the consolidated net result amounts to 141 million euros.

The increase in the Group's net result compared to June 30, 2018 (+59 million euros) is mainly due to higher non-recurring financial results (+41 million euros) and lower tax expenses (+11 million euros).

I.5 Management of financial and insurance risks

I.5.1 Concentration risk

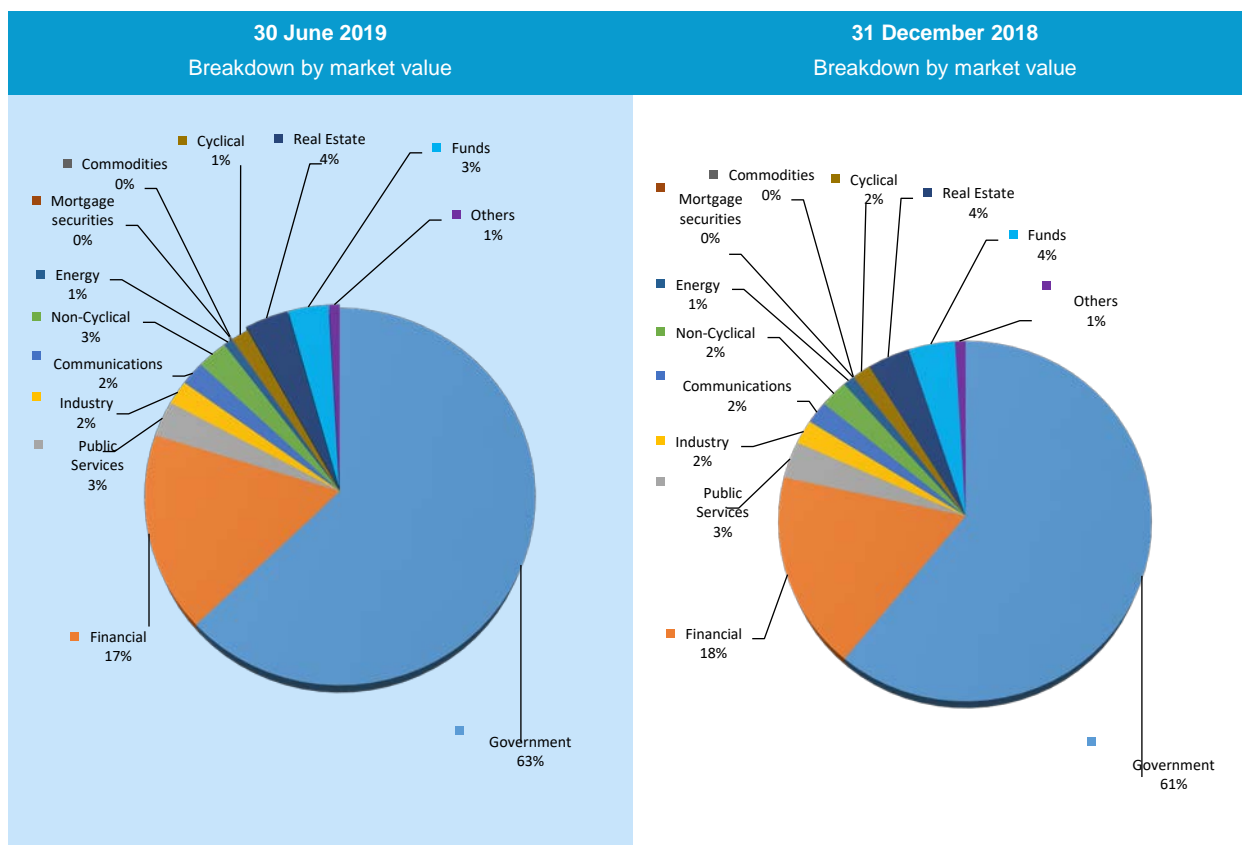
The concentration risk on the market risks includes the risk of additional losses borne by the company as a result of either, the lack of diversification in its assets portfolio (losses increased by the concentration of investments in a geographical zone or activity sector) or an important exposure to the default risk of one and only issuer of securities or of a group of related issuers.

I.5.1.1 Sectoral distribution

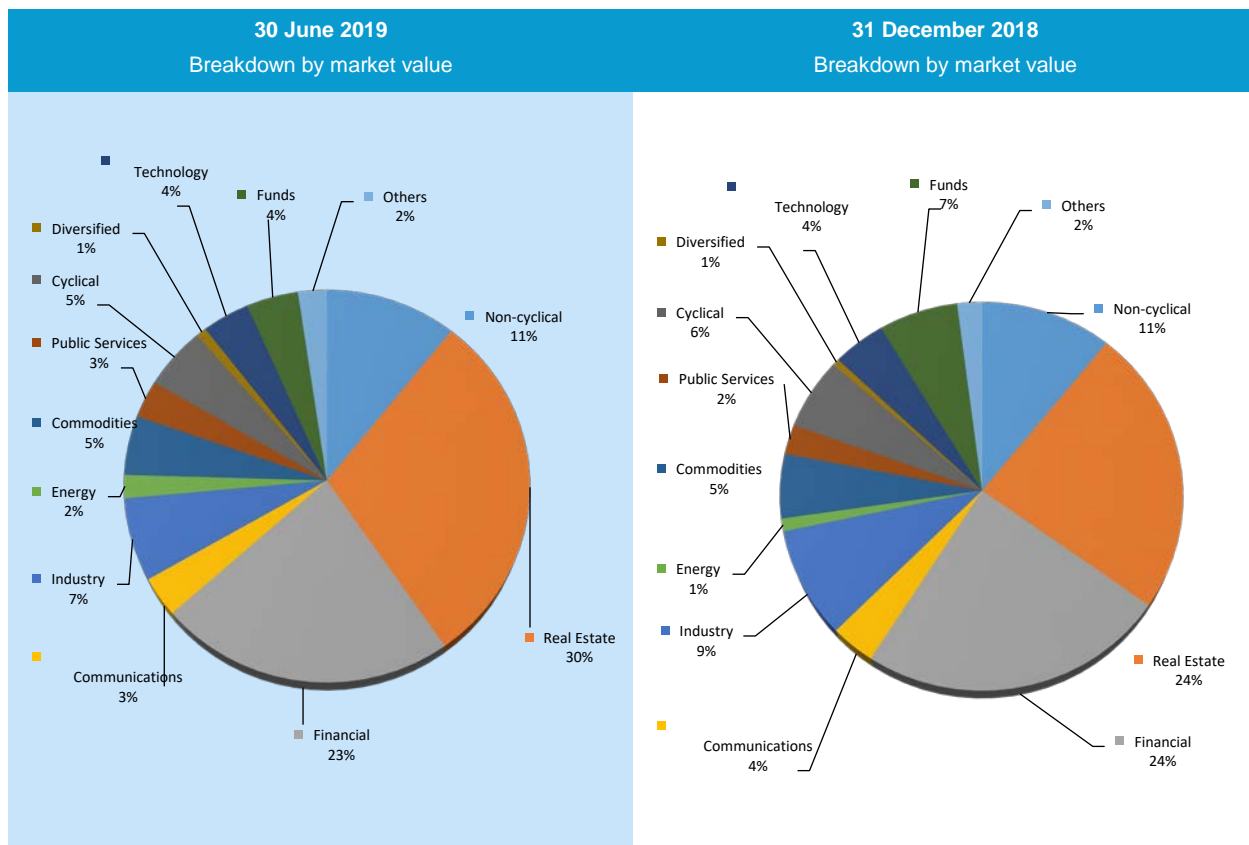
In order to manage the concentration at sectoral level of the financial assets, the financial limits system groups the assets together per distinct asset class and defines an asset allocation strategy which allows a sound diversification.

In 2018 and 2019, the sectoral distribution of the shares and investment funds as well as of the bonds and similar securities invested appears as follows:

I.5.1.1.1 Bonds and equivalent stocks



I.5.1.1.2 Shares, participations and investment funds



I.5.1.2 Exposure to sovereign risk

At end-June 2019, the part invested in sovereign or supranational debt amounts to 66% of the total amount of the fair value of all the bonds (i.e. 9,542.6 million euros on a total of 14,546.4 million euros). End-2018, this part amounted to 63% (i.e. 8,566.9 million euros on a total of 13,558.7 million euros).

The table hereafter shows the exposure relating to debts issued or guaranteed by governments, in fair value, per geographical zone. It should be noted that purchases were made mainly in Spain, Portugal and Eastern European countries.

In thousands of euros; in market value	30 June 2019	31 December 2018
Germany	423,252	365,746
Austria	168,130	121,301
Belgium	4,307,236	4,475,169
Spain	816,957	532,054
Central and Eastern Europe	580,065	415,253
France	1,458,844	1,336,932
Ireland	453,958	358,602
Italy	232,461	289,478
The Netherlands	27,659	28,126
Scandinavia	44,588	41,329
Portugal	368,624	88,225
Supranational securities	617,533	502,784
Others	43,320	11,873
Total	9,542,627	8,566,872

Within the framework of credit risk management, the details of sovereign risk exposure as mentioned above are analysed whilst including all debts issued or guaranteed by governments without limitation to their activity sector. By way of example, securities of companies active in public services but guaranteed by the Belgian state are considered as government and similar debts. This explains why the total amount of sovereign risk exposure, 9,542.6 million euros per June 30, 2019 (against 8,566.9 million euros per December 31, 2018), is higher than the amount mentioned under the sector "Governmental", i.e. 9,140.9 million euros (against 8,254.6 million euros for the year 2018).

1.5.2 Credit spread risk

The spread risk is the risk associated with the sensitivity of the value of assets and financial instruments to changes which affect the level or volatility of credit spreads towards the risk-free interest rate curve.

The spread risk is managed through limits which take into account the type of exposure to the credit risk, and the quality of the credit as well as through regular supervision of all portfolios. Concentration risk management also helps mitigate the spread risk.

The financial assets to which the spread risk relates are broken down below per credit rating. The amounts proposed are adjusted with the amount of transactions between the companies of the Group.

We consider as reference rating the second best rating available from Moody's, Fitch and Standard & Poor's on the closing date.

In thousands of euros In market value, At Group level	30 June 2019						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and similar securities	728,116	6,743,465	2,627,834	3,761,503	73,860	611,662	14,546,441
Loans and deposits	-	15,346	79	-	-	481,196	496,620
Receivables	-	-	-	-	-	729,305	729,305
Cash and cash equivalents	-	-	345,949	-	473	85,014	431,436
Total	728,116	6,758,811	2,973,862	3,761,503	74,333	1,907,176	16,203,801

In thousands of euros In market value, At Group level	31 December 2018						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and similar securities	685,354	6,586,248	2,587,792	2,831,135	119,285	748,856	13,558,669
Loans and deposits	-	16,185	79	-	-	481,528	497,792
Receivables	-	-	-	-	-	503,879	503,879
Cash and cash equivalents	-	27	611,729	1,422	8	76,851	690,037
Total	685,354	6,602,460	3,199,600	2,832,557	119,293	1,811,114	15,250,376

In terms of the rating distribution for "Bonds and similar securities", we observe a decrease in the "BB and below" pocket mainly following the upward revision of Portugal's investment grade rating. We also note a significant increase in "BBB" ratings due to purchases in Spain and Portugal in 2019.

1.6 Events after the reporting period

No significant events occurred after the closing date.



Cécile FLANDRE
Director



Philippe LALLEMAND
Director

II. CONSOLIDATED FINANCIAL STATEMENTS

II.1 Consolidated balance sheet

In thousands of euros	Notes	30 June 2019	31 December 2018
Assets			
Goodwill	IV.1	61,675	61,675
Other intangible assets	IV.2	122,825	117,813
Operational buildings and other tangible fixed assets	IV.3	124,633	130,933
Right-of-use of assets	IV.4	23,828	-
Investment in associates		582	599
Investment properties	IV.3	436,495	464,639
Financial assets available for sale		14,707,096	13,619,615
Financial assets at fair value through profit and loss		625,202	691,401
Loans, deposits and other financial investments recognised at amortized cost		470,861	481,852
Derivative financial instruments		159,346	52,317
Investments belonging to unit-linked insurance contracts		1,308,772	1,173,222
Financial investments	IV.5	17,271,277	16,018,407
Reinsurers' share of technical provisions		162,970	142,604
Deferred tax assets	IV.7	34,115	99,229
Receivables arising from insurance operations or accepted reinsurance	IV.6	284,164	222,862
Receivables arising from ceded reinsurance operations	IV.6	105,064	104,474
Other receivables	IV.6	340,077	176,543
Any other assets		45,108	32,039
Cash and cash equivalents		431,436	690,037
Assets available for sale including assets from discontinued operations		-	-
Total assets		19,444,250	18,261,854

Liabilities			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		996,951	813,631
Net profit (loss) of the period		133,031	183,321
Other items of comprehensive income		499,201	295,848
Equity of the Group		2,629,183	2,292,799
Non-controlling interests		52,502	49,507
Total equity		2,681,685	2,342,306
Insurance contract liabilities		9,034,746	8,431,686
Investment contract liabilities with discretionary participation features		4,703,964	4,593,694
Investment contract liabilities without discretionary participation features		3,412	3,727
Liabilities belonging to unit-linked insurance contracts		1,308,772	1,173,222
Profit sharing liabilities		4,327	43,607
Insurance and investment contract liabilities	IV.8	15,055,221	14,245,936
Subordinated debts	IV.9	472,038	480,369
Lease obligations due in less than one year	IV.10	5,121	-
Lease obligations due in more than one year	IV.10	18,950	-
Other financial debts	IV.9	203,994	302,891
Employee benefits	IV.11	299,567	296,789
Provisions		36,363	45,628
Derivative financial instruments		96,363	9,355
Tax payables	IV.12	64,616	29,199
Deferred tax liabilities	IV.7	23,090	23,060
Liabilities from operating activities	IV.12	253,678	243,325
Other payables	IV.12	233,565	242,996
Liabilities related to assets available for sale and discontinued operations		-	-
Total other liabilities		16,762,566	15,919,548
Total liabilities		19,444,250	18,261,854

The statements and notes of sections II. to V. form an integral part of the consolidated financial IFRS statements as at 30 June 2019.

II.2 Consolidated income statement

In thousands of euros	Notes	30 June 2019	30 June 2018
Gross premiums	V.1	1,473,020	1,538,000
Premiums ceded to reinsurers		(35,752)	(37,711)
Change in the provision for unearned premiums and outstanding risks ^(a)		(193,535)	(191,298)
Other income from insurance activities		2,741	2,826
Revenues from insurance activities ^(a)	V.1	1,246,474	1,311,817
Revenues from other activities		147,341	138,836
Revenues		1,393,815	1,450,653
Net income from investments		207,258	217,852
Net realized gains or losses on investments		48,980	61,154
Change in fair value of investments through profit and loss ^(b)		93,803	(33,082)
Net financial income	V.3	350,041	245,924
NET REVENUES		1,743,855	1,696,578
Insurance service expenses		1,275,614	1,256,665
Net expenses or revenues ceded to reinsurers		(9,551)	(12,097)
Management costs ^(c)		168,914	173,672
Technical expenses for insurance activities	V.2	1,434,977	1,418,240
Expenses for other activities		136,348	141,348
Operating expenses		1,571,326	1,559,588
Change in depreciation and amortization on investments (net)	V.3	(7,686)	8,280
Other investment financial expenses	V.3	5,080	6,628
Finance costs		13,793	15,418
Financial expenses		11,186	30,326
NET EXPENSES		1,582,512	1,589,914
Goodwill impairment		-	-
NET PROFIT (LOSS) BEFORE TAX		161,343	106,664
Income taxes		(20,473)	(29,046)
NET PROFIT (LOSS) AFTER TAX		140,870	77,618
Share of the associates in the result		(17)	86
Net profit (loss) from discontinued operations		-	-
Net consolidated profit (loss) attributable to:		140,853	77,704
Group's share		133,031	73,620
Non-controlling interests		7,822	4,084

a) Net of reinsurance

b) Including change in fair value of investments of which the financial risk is supported by the insured

c) Including contract acquisition costs, administration costs, internal claim handling costs and other technical expenses

II.3 Statement of consolidated comprehensive income

In thousands of euros	30 June 2019	30 June 2018
NET CONSOLIDATED PROFIT (LOSS)	140,853	77,704
Actuarial gains and losses on defined benefit pension liabilities	(19,802)	3,641
Tax on other items that will not be subsequently reclassified to the net profit (loss)	4,951	(910)
Items that will not be subsequently reclassified to the net profit (loss)	(14,852)	2,731
Change in fair value of financial assets available for sale	260,815	(42,400)
Change in fair value of derivative instruments designated as cash flow hedges	17,602	1,271
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	(60,211)	6,000
Items that could be subsequently reclassified to the net profit (loss)	218,205	(35,128)
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	203,353	(32,397)
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	344,206	45,307
Group's share	336,384	41,223
Non-controlling interests	7,822	4,084

II.4 Consolidated cash flows statement

In thousands of euros	Notes	30 June 2019	30 June 2018
Net profit (loss) before tax (Total 1)		161,343	106,664
Depreciations and impairments on intangible and tangible assets	IV.2, IV.3	20,922	16,481
Change in depreciations on financial instruments and investment properties	IV.3, IV.5, V.3	(7,686)	8,280
Change in fair value on investments through profit or loss	IV.5, V.3	(93,803)	33,082
Provisions for risks and expenses, and other liabilities		(29,763)	(3,034)
Change in provisions of insurance and investments contracts		323,131	394,655
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(224,190)	(254,512)
Corrections of the amounts that do not impact cash flows (Total 2)		(11,388)	194,952
Dividends and instalments on earned dividends		20,858	18,805
Earned financial income	V.3	243,479	270,591
Use of provision for employee benefits		(5,753)	(3,321)
Change in current receivables and debts	IV.6, IV.12	(184,905)	(12,555)
Change in liabilities from insurance and investments contracts		(14,665)	(40,074)
Tax paid		(20,699)	(5,866)
Other changes (Total 3)		38,316	227,580
Net cash flows from operating activities (Total 1+2+3)		188,271	529,196
Shares in subsidiaries, net of acquired cash in hand	III.3	-	(3,986)
Acquisition of financial assets and investment properties	IV.3, IV.5	(2,493,879)	(2,387,100)
Acquisition of intangible and tangible fixed assets	IV.2, IV.3	(44,874)	(19,730)
Disposals of shares in subsidiaries, net of transferred cash	III.3	-	-
Disposals of financial assets and investment properties	IV.3, IV.5	2,192,996	2,258,458
Disposals of intangible and tangible fixed assets	IV.2, IV.3	895	498
Net cash flows from investing activities		(344,862)	(151,862)
Subscription to capital increase		-	-
Capital refund		-	-
Dividends paid by the parent company		-	(150,000)
Dividends paid to third parties		(4,827)	(4,386)
Issues of financial liabilities	IV.9	9,000	2,812
Refund of financial liabilities	IV.9	(4,882)	(3,124)
Interests paid on financial liabilities		(22,263)	(20,850)
Issuance of lease obligations		29,286	-
Reimbursement of lease obligations		(5,215)	-
Interest paid on lease obligations		-	-
Net cash flows from financing activities		1,099	(175,548)
Total cash flows		(155,493)	201,786
Cash or cash equivalents at the beginning of the period		432,160	297,621
Cash or cash equivalents at the end of the period		276,574	499,442
Change in the cash accounts		(155,493)	201,786
Impacts of exchange rate differences of foreign currency and of other transactions		(43)	19
Changes in accrued interests not yet due on cash equivalents		(50)	16
Change in cash		(155,586)	201,821

II.5 Consolidated statement of changes in equity

In thousands of euros	30 June 2019						
	Subscribed capital	Result carried forward	Unrealized gains and losses	Others	Equity of the Group	Non-controlling interest	Total equity
Equity as of 1 January	1,000,000	996,951	231,752	64,096	2,292,799	49,507	2,342,306
Net consolidated profit (loss) attributable to:	-	133,031	-	-	133,031	7,822	140,853
Total of other items of comprehensive income	-	-	222,726	(19,373)	203,353	-	203,353
Other movements	-	-	-	-	-	-	-
Net consolidated comprehensive income	-	133,031	222,726	(19,373)	336,384	7,822	344,206
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(4,827)	(4,827)
Change in the consolidation scope	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Equity as of 30 June	1,000,000	1,129,982	454,479	44,723	2,629,183	52,502	2,681,685

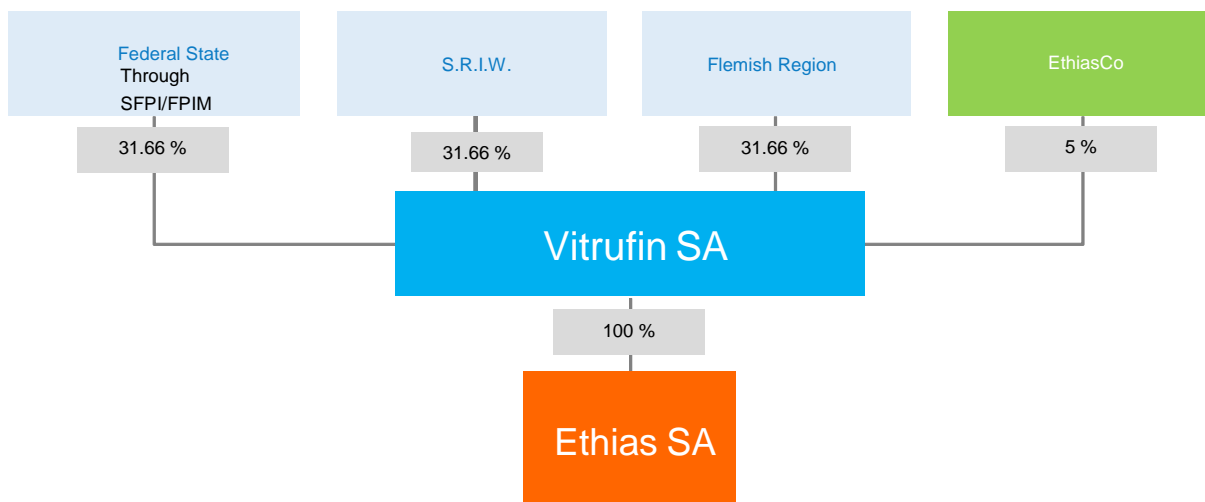
In thousands of euros	30 June 2018						
	Subscribed capital	Result carried forward	Unrealized gains and losses	Others	Equity of the Group	Non-controlling interest	Total equity
Equity as of 1 January	1,000,000	1,093,762	351,950	29,365	2,475,077	45,490	2,520,567
Net consolidated profit (loss) attributable to:	-	73,620	-	-	73,620	4,084	77,704
Total of other items of comprehensive income	-	-	(59,803)	15,675	(44,128)	-	(44,128)
Other movements	-	-	11,731	-	11,731	-	11,731
Net consolidated comprehensive income	-	73,620	(48,072)	15,675	41,223	4,084	45,307
Capital movements	-	-	-	-	-	-	-
Dividends	-	(150,000)	-	-	(150,000)	(4,386)	(154,386)
Change in the consolidation scope	-	-	-	-	-	(1,603)	(1,603)
Other movements	-	(11,731)	-	-	(11,731)	-	(11,731)
Equity as of 30 June	1,000,000	1,005,651	303,878	45,039	2,354,569	43,585	2,398,154

The column "Unrealized gains and losses" shows, after application of shadow accounting, the net change in unrealized gain or loss recognised on available-for-sale assets, as well as the related deferred taxes.

The column "Others" mainly includes the reserve for actuarial gains and losses on pension obligations, net of taxes, and the revaluations of the derivative hedging instruments.

III. GENERAL INFORMATION

III.1 Legal structure



III.2 Consolidation scope

There were no changes in the first half of 2019. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report.

III.3 Acquisitions and disposals of subsidiaries

There were no significant changes in the first half of 2019.

III.4 Summary of significant accounting principles

III.4.1 Basis of preparation of the consolidated financial statements

III.4.1.1 General principles

The Group's Interim Report includes the consolidated financial statements prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and the highlights of the period.

This report is prepared for the six months ending on 30 June 2019 and compares it with the end of the previous financial year for the consolidated balance sheet, and with the comparable interim periods of the previous financial year for the other statements.

The interim report does not include all the notes normally included in an annual financial report. Consequently, this report should be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcement made by the Ethias Group during the interim reporting period.

III.4.1.2 New standards, amendments and interpretations published and adopted since 1 January 2019

The following new standards and interpretations, applicable as from 1 January 2019, had no major incidence on the consolidated accounts of the Group:

- IFRS 9 – Financial instruments: Recognition and measurement. The "deferral option", which allows the deferred application at the same time as IFRS 17, was used (see point III.4.1.3);

- IFRS 16 - Leases: IFRS 16 published on 13 January 2016 is applicable from the accounting period beginning on 1 January 2019 and replaces IAS 17.

It sets out the principles for the recognition, measurement and presentation of leases. In accordance with IFRS 16, a lessee is required to recognise (i) the assets (the right to use the leased asset) and liabilities (the lease obligation) of all leases with a term of more than 12 months, unless the underlying asset is of low value, and (ii) the depreciation separately from interest expense.

The Group applies the standard using the simplified retrospective method by recognising the cumulative effect of the initial application of this standard as retained earnings at the date of first application. The standard has no material impact on own funds and net income. The impact on the balance sheet total as at 30 June 2019 amounts to 23.8 million euros;

- Amendments to IAS 28 - Investments in Associates;
- Amendments to IAS 19 - Employee Benefits;
- IFRIC 23 - Uncertainty over income tax treatments;
- Annual improvements to IFRS (cycle 2015-2017) relate to the amendments of the following standards:
 - Amendment IFRS 3,
 - Amendment IFRS 11,
 - Amendment IFRS 12, and
 - Amendment IAS 23.

The impact of these amendments to IFRS on our financial statements is not material.

III.4.1.3 Future standards and interpretations

The Group has chosen to apply none of the new, revised or amended standards for which the IFRS leave the choice to anticipate or not their coming into force.

Furthermore, the Group has made an analysis of the standards and interpretations that will come into effect from January 1, 2020 onwards.

The Group has implemented projects relating to the main new standards and interpretations that could have a significant impact on the accounts, such as IFRS 17 "insurance contracts" (formerly IFRS 4), which was published on May 18, 2017 and whose date of entry into force is January 1, 2021, as well as of IFRS 9 "Financial Instruments", published on July 24, 2014, whose date of entry into force is January 1, 2018. The "deferral option", which allows the deferred application of the latter, at the same time as IFRS 17, was used. In fact, the activities of Ethias SA and its subsidiaries meet the criteria of paragraph 20B of IFRS 4 because they are mainly related to insurance. The implementation of IFRS 9 and IFRS 17 will have a significant impact on equity and result.

IFRS 4 currently allows a wide variety of insurance contract accounting practices. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

According to the general model prescribed by IFRS 17, insurance contracts must be measured using the following business segments:

- cash flows weighted according to discounted probabilities (fulfilment cash flows);
- a risk adjustment;
- a contractual service margin, representing the unrealized profit of the contract which is recognised as income over the hedging period.

IFRS 17 allows a choice between recognising changes in discount rates either in the income statement or directly in other items of comprehensive income. The choice should reflect the recognition of financial assets in accordance with IFRS 9.

A simplified and optional premium allocation approach is permitted for liabilities for the remaining coverage for short-term contracts, which are often underwritten by Non-Life insurers.

There is also a change in the general measurement model called the "variable fee approach" for certain contracts underwritten by Life insurers where the policyholders share the returns of the underlying elements.

IFRS 17 is a significant development in accounting policy that will have a fundamental impact on the Group's methodology, processes, systems and results.

Currently, the projects to implement IFRS 9 and IFRS 17 are ongoing.

To conclude, the Group follows the elaboration by the IASB of the main standards and interpretations that can have a significant impact on the accounts.

III.4.2 Sector information

IFRS 8 - Operating Segments - requires the presentation of data relating to the Group's operating segments taken from internal reporting and used by the Management in its investment decisions and performance assessment. For the Group, the operating segments that meet the criteria of the standard correspond to the following segments: Individuals - Non-life, Individuals - Life, Public Bodies & Companies - Non-Life, Public Bodies & Companies - Life and Others.

III.4.3 Accounting principles and valuation rules

The accounting principles and the valuation rules applied at 31 December 2018 are still valid and therefore applicable for the first half of 2019. For detailed explanation, see the annual report at end 2018.

The activities of Ethias are not subject to a significant seasonal factor.

III.5 Critical accounting estimates and judgements

For more information with regard to the introduction of these estimates, we refer to the corresponding notes in the consolidated financial statements of the annual report.

III.6 Sector information

The allocation of resources and the performance assessment are made for the various products that the Group offers to public bodies, companies and individuals, in the form of a complete, tailor-made and innovative range of risk management solutions and insurances, both in Life and Non-Life. These segments and their operations are as follows:

- Segment "Individuals Non-Life": the income of this segment primarily comes from premiums received for coverage against damage to vehicles and homes, for family insurance as well as assistance insurance.
- Segment "Life Individuals": Ethias sells outstanding balance insurances, following the absorption of Whestia in 2017. Most of the other insurance products are put into run-off. Nevertheless, the Group wishing to offer its clients a comprehensive range of financial products, continues to market the insurance products of Branch 21 - CertiFlex-8 and Rent - in partnership with the insurance company "Integrale".
- Segment "Public Bodies & Companies Non-Life": this segment mainly covers the risks for public services and their staff members for whom the Group offers since long guarantees, such as civil liability, healthcare, work accidents, sporting accidents, vehicle, assistance, etc. The Group also covers the damage to or destruction of material, buildings and installations.
- Segment "Public Bodies & Companies Life": this segment covers pension and contribution insurances, group insurances, individual pension commitments, director's insurances, annuity contracts, etc. This segment also covers the supplementary pension for contractual staff members of the public sector.
- The segment "Other" includes the Non-Technical activity of Ethias SA and other activities of the Group which primarily come from IT activities, including the design, development and marketing of IT solutions, real estate activities through the Group's real estate companies and, finally, financial activities through the SICAV "Ethias Sustainable Investment Fund".

The results of the segments for the years ended on 30 June 2019 and 2018 respectively are detailed below:

In thousands of euros	Note	PUBLIC & CORPORATE SECTOR		PRIVATE INDIVIDUALS		OTHERS	Statutory income statement B-Gaap	Statutory income statement B-Gaap	ADJUSTMENTS	IFRS consolidated financial statement
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON-TECHNICAL	Ethias SA	Subsidiaries	Total Adjustments	30 June 2019
Gross premiums		617,418	534,186	301,096	23,760	-	1,476,460	-	(3,440)	1,473,020
Premiums ceded to reinsurers		(25,760)	(2,871)	(3,536)	(5)	-	(32,173)	-	(3,579)	(35,752)
Change in the provision for unearned premiums and outstanding risks ^(a)		(181,369)	-	(15,746)	-	-	(197,114)	-	3,579	(193,535)
Other income from insurance activities		916	26	243	1,556	-	2,741	-	-	2,741
Revenues from insurance activities ^(a)	V.1	411,205	531,340	282,058	25,311	-	1,249,914	-	(3,440)	1,246,474
Revenues from other activities		-	-	-	-	6,659	6,659	218,295	(77,613)	147,341
Revenues		411,205	531,340	282,058	25,311	6,659	1,256,573	218,295	(81,053)	1,393,815
Net income from investments		37,673	261,293	23,766	26,176	(7,787)	341,120	25,098	(158,959)	207,258
Net realized gains or losses on investments		-	-	-	-	-	-	5,098	43,882	48,980
Change in fair value of investments through profit and loss ^(b)		-	-	-	-	-	-	4,255	89,547	93,803
Net financial income	V.3	37,673	261,293	23,766	26,176	(7,787)	341,120	34,451	(25,530)	350,041
NET REVENUES		448,878	792,633	305,824	51,486	(1,128)	1,597,693	252,745	(106,583)	1,743,855
Insurance service expenses		377,834	701,124	158,851	34,970	-	1,272,779	-	2,835	1,275,614
Net expenses or revenues ceded to reinsurers		(7,106)	(2,441)	(4)	-	-	(9,551)	-	-	(9,551)
Management costs ^(c)		71,384	33,209	66,099	6,431	-	177,124	-	(8,209)	168,914
Technical expenses for insurance activities	V.2	442,113	731,891	224,947	41,401	-	1,440,352	-	(5,374)	1,434,977
Expenses for other activities		-	-	-	-	3,555	3,555	201,101	(68,308)	136,348
Operating expenses		442,113	731,891	224,947	41,401	3,555	1,443,906	201,101	(73,682)	1,571,326
Change in depreciation and amortization on investments (net)	V.3	-	-	-	-	-	-	4,484	(12,171)	(7,686)
Other investment financial expenses	V.3	-	-	-	-	-	-	604	4,476	5,080
Finance costs		-	-	-	-	-	-	4,243	9,549	13,793
Financial expenses		-	-	-	-	-	-	9,331	1,855	11,186
NET EXPENSES		442,113	731,891	224,947	41,401	3,555	1,443,906	210,433	(71,827)	1,582,512
Goodwill impairment		-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		6,765	60,742	80,877	10,085	(4,683)	153,787	42,312	(34,756)	161,343
Income taxes		-	-	-	-	(5,760)	(5,760)	(4,770)	(9,943)	(20,473)
Transfer/Charge to untaxed reserves		-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) AFTER TAX		6,765	60,742	80,877	10,085	(10,443)	148,027	37,542	(44,699)	140,870
Share of the associates in the result		-	-	-	-	-	-	-	(17)	(17)
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		6,765	60,742	80,877	10,085	(10,443)	148,027	37,542	(44,717)	140,853
Group's share							185,569		(52,539)	133,031
Non-controlling interests									7,822	7,822

In thousands of euros	Note	PUBLIC & CORPORATE SECTOR		PRIVATE INDIVIDUALS		OTHERS	Statutory income statement B-Gaap	Statutory income statement B-Gaap	ADJUSTMENTS	IFRS consolidated financial statement
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON-TECHNICAL	Ethias SA	Subsidiaries	Total Adjustments	30 June 2018
Gross premiums		591,392	632,648	299,153	24,954	-	1,548,148	-	(10,148)	1,538,000
Premiums ceded to reinsurers		(16,652)	(2,813)	(2,065)	(5)	-	(21,535)	-	(16,175)	(37,711)
Change in the provision for unearned premiums and outstanding risks ^(a)		(193,984)	-	(13,490)	-	-	(207,474)	-	16,175	(191,298)
Other income from insurance activities		587	107	557	1,576	-	2,826	-	-	2,826
Revenues from insurance activities ^(a)	V.1	381,343	629,942	284,155	26,525	-	1,321,965	-	(10,148)	1,311,817
Revenues from other activities		-	-	-	-	9,933	9,933	207,674	(78,770)	138,836
Revenues		381,343	629,942	284,155	26,525	9,933	1,331,897	207,674	(88,918)	1,450,653
Net income from investments		51,672	184,490	1,693	29,803	(7,244)	260,414	19,513	(62,075)	217,852
Net realized gains or losses on investments		-	-	-	-	-	-	2,730	58,424	61,154
Change in fair value of investments through profit and loss ^(b)		-	-	-	-	-	-	(10,567)	(22,515)	(33,082)
Net financial income	V.3	51,672	184,490	1,693	29,803	(7,244)	260,414	11,677	(26,167)	245,924
NET REVENUES		433,014	814,432	285,849	56,328	2,689	1,592,312	219,350	(115,084)	1,696,578
Insurance service expenses		333,451	736,454	178,304	38,343	-	1,286,552	-	(29,887)	1,256,665
Net expenses or revenues ceded to reinsurers		(8,898)	(1,869)	(1,357)	28	-	(12,097)	-	-	(12,097)
Management costs ^(c)		62,512	52,620	67,365	6,922	-	189,419	-	(15,747)	173,672
Technical expenses for insurance activities	V.2	387,065	787,205	244,312	45,293	-	1,463,874	-	(45,634)	1,418,420
Expenses for other activities		-	-	-	-	4,501	4,501	196,283	(59,436)	141,348
Operating expenses		387,065	787,205	244,312	45,293	4,501	1,468,376	196,283	(105,070)	1,559,588
Change in depreciation and amortization on investments (net)	V.3	-	-	-	-	-	-	4,678	3,602	8,280
Other investment financial expenses	V.3	-	-	-	-	-	-	1,176	5,452	6,628
Finance costs		-	-	-	-	-	-	4,356	11,062	15,418
Financial expenses		-	-	-	-	-	-	10,210	20,116	30,326
NET EXPENSES		387,065	787,205	244,312	45,293	4,501	1,468,376	206,492	(84,954)	1,589,914
Goodwill impairment		-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		45,950	27,227	41,537	11,035	(1,812)	123,936	12,858	(30,130)	106,664
Income taxes		-	-	-	-	(26,345)	(26,345)	(4,653)	1,952	(29,046)
Transfer/Charge to untaxed reserves		-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) AFTER TAX		45,950	27,227	41,537	11,035	(28,157)	97,591	8,205	(28,178)	77,618
Share of the associates in the result		-	-	-	-	-	-	-	86	86
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		45,950	27,227	41,537	11,035	(28,157)	97,591	8,205	(28,092)	77,704
Group's share							105,796		(32,176)	73,620
Non-controlling interests									4,084	4,084

a) Net of reinsurance

b) Including change in fair value of investments of which the financial risk is supported by the insured

c) Including contract acquisition costs, administration costs, internal claim handling costs and other technical expenses

The data by segment are prepared and evaluated based upon the Belgian accounting standards (BGAAP) and therefore do not follow the same valuation rules as those used for the IFRS consolidated financial statements as described in the notes to the financial statements. The column "adjustments" in the tables above reconciles the BGAAP statutory financial statements and the IFRS consolidated financial statements.

The measurement used by management for each segment's performance is the result by segment. The result per segment includes all revenues and expenses that are directly attributable as well as the revenues and expenses that can be reasonably attributed.

However, information on the segment's assets and liabilities is not provided because this information is not included in the BGAAP reporting, regularly reviewed by the management in view of allocating resources and assessing performance.

Transfers or transactions between segments are made at usual market conditions identical to those that would be applied with unrelated third parties.

Since the Group's activities are mainly carried out in Belgium, there is no geographical distribution to give.

We have no clients representing a significant part of our income.

III.6.1 Non-Life

The result of Non-Life business amounts to 88 million euros at end-June 2019.

Income amounts to 919 million euros and grows by 3% compared to June 2018. It breaks down as follows between the segments "Private Individuals" and "Public Bodies & Companies":

- Income for Private Individuals is stable compared to June 2018 and amounts to 301 million euros;
- Income for Public Bodies & Companies amounts to 617 million euros and grows compared to June 2018 (26 million euros) in particular through international development and brokerage.

Climatic events and an increase in the claims rate have weighed on the net combined ratio, which stands at 96%.

The financial result includes non-recurring financial income of 9 million euros.

III.6.2 Life

The result of Life business amounts to 71 million euros at end-June 2019.

Income at end-June 2019 decreases by 15% compared to June 2018 and amounts to 558 million euros, including 24 million euros in Private Individuals and 534 million euros in Public Bodies & Companies.

Income in Life Individuals remains stable compared to June 2018.

Life income in Public Bodies & Companies amounts to 534 million euros and mainly results from the commercialization of Life Insurance products of the 1st pillar (pension insurance) and 2nd pillar (group insurance).

The non-recurring financial result amounts to 38 million euros and comes from capital gains on asset sales (real estate and equities).

A provision for deferred profit-sharing of 27 million euros was allocated (versus 31 million euros in June 2018), mainly on 1st-pillar ring-fenced funds.

III.6.3 Non-Technical

In June 2019, the non-technical result before taxes shows a negative contribution of 4.7 million euros compared to -1.8 million euros in June 2018. Tax expenses of the financial year amount to 5.8 million euros compared to 26.3 million euros in June 2018.

III.6.4 Adjustments

Are included In terms of adjustments: accounting entries relating to IFRS, eliminations of intercompany transactions and consolidation adjustments.

Total consolidation adjustments amount to -44.7 million euros, of which -52.5 million euros as Group's share and +7.8 million to the interest of third parties.

The main movements are the following:

- The recognition of employee benefits, in accordance with IAS 19, decreases Life income by 3.3 million euros, decreases insurance payments by 2.0 million euros and decreases Life technical provisions by 2.1 million euros; overheads related to claims handling costs, administrative costs, acquisition costs and financial management costs, and expenses for other activities increase by 0.6 million euros. The total impact from IAS 19 thus amounts to 1.3 million euros.
- The recognition of Life technical provisions under IFRS 4 negatively impacts the result of 5.2 million euros following the application of shadow accounting on products classified as FVPL. In Non-Life, the cancellation of the reversal of the provision for equalization and catastrophe amounts to -6.7 million euros.
- The application of IAS 39 leads to an adjustment on the result of financial instruments of -2.8 million euros.
- The application of IFRS 36 leads to an adjustment on the result of +2.8 million euros. This relates to the elimination of the amortization of past goodwill in B-Gaap on Whestia and on Trasys.
- The application of IFRS 16 leads to an adjustment on the result of -0.2 million euros.
- The elimination of dividends from subsidiaries amount to -24.1 million euros.
- Deferred taxes related to IFRS adjustments impact the income statement by -9.9 million euros, including -14.6 million relating to the use of tax losses carried forward.

IV. NOTES TO THE CONSOLIDATED BALANCE SHEET

IV.1 Goodwill

There were no significant changes in the first half of 2019 compared to 31 December 2018. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2018.

IV.2 Other intangible assets

In thousands of euros	30 June 2019		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	210,672	44,106	254,778
Accumulated amortization on 1 January	(116,244)	(20,722)	(136,966)
Accumulated impairments on 1 January	-	-	-
Net book value on 1 January	94,428	23,384	117,813
Acquisitions	11,638	414	12,052
Disposals	-	-	-
Reclassifications	1	-	1
Change in the consolidation scope	-	-	-
Net amortization	(4,967)	(2,074)	(7,040)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 30 June	101,100	21,725	122,825

In thousands of euros	31 December 2018		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	184,599	41,430	226,029
Accumulated amortization on 1 January	(107,255)	(5,604)	(112,859)
Accumulated impairments on 1 January	-	-	-
Net book value on 1 January	77,344	35,826	113,170
Acquisitions	26,432	856	27,288
Disposals	-	-	-
Reclassifications	(122)	-	(122)
Change in the consolidation scope	-	479	479
Net amortization	(9,225)	(13,776)	(23,001)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 31 December	94,428	23,384	117,813

IV.3 Tangible fixed assets and investment properties

In thousands of euros	30 June 2019			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	577,303	182,971	206,601	966,875
Acquisitions	788	112	3,424	4,324
Disposals and withdrawals	(32,738)	(660)	(3,829)	(37,227)
Properties held for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	943	(946)	(1)	(4)
Other changes	-	-	-	-
Gross value on 30 June	546,295	181,478	206,196	933,969
Depreciations and accumulated impairments on 1 January	(112,664)	(93,250)	(165,389)	(371,303)
Depreciations of the financial year	(7,821)	(2,232)	(6,193)	(16,245)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	11	-	2,125	2,136
Reversals following disposals	10,776	384	1,409	12,569
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	(103)	106	-	3
Other changes	-	-	-	-
Depreciations and accumulated impairments on 30 June	(109,800)	(94,992)	(168,048)	(372,840)
Net book value on 30 June	436,495	86,485	38,148	561,129
Fair value on 30 June	554,356	127,129	38,148	719,633

In thousands of euros	31 December 2018			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	587,867	186,243	208,754	982,864
Acquisitions	5,622	329	9,449	15,401
Disposals and withdrawals	(17,883)	(1,906)	(13,208)	(32,997)
Properties held for sale	-	-	-	-
Change in the consolidation scope	14	-	1,303	1,317
Reclassifications from one heading to another	1,683	(1,695)	303	291
Other changes	-	-	-	-
Gross value on 31 December	577,303	182,971	206,601	966,875
Depreciations and accumulated impairments on 1 January	(100,061)	(90,189)	(159,758)	(350,008)
Depreciations of the financial year	(18,877)	(4,623)	(12,061)	(35,561)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	71	3,875	3,947
Reversals following disposals	6,828	950	4,803	12,581
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	(14)	-	(523)	(537)
Reclassifications from one heading to another	(540)	540	(1,725)	(1,725)
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	(112,664)	(93,250)	(165,389)	(371,303)
Net book value on 31 December	464,639	89,720	41,212	595,572
Fair value on 31 December	582,595	130,560	41,212	754,367

Investment properties and held for own use are classified as level 3. Indeed, the valuation methods used by the experts are not based on observable data on these markets. In particular, market rental values or capitalization rates should be considered as input data of level 3.

Investment properties and held for own use are valued annually by independent real estate experts. Experts mandated to carry out the valuation of properties have the necessary professional qualifications and the appropriate experience. Ethias also ensures the independence of the experts.

For buildings held for own use, the method of capitalizing the estimated rental value in perpetuity is also used. This estimated rental value is based on a "sale & lease back" scenario. In this context, a series of assumptions are made by Ethias mainly concerning the lease period taken into account and the estimate of future capital expenditure.

A report is sent to Ethias which challenges the main assumptions used for valuation. The yield used is compared with the market rates reported in market research provided by other independent experts.

IV.4 Right-of-use of assets

In thousands of euros	30 June 2019			
	Immovable properties	IT equipment	Vehicles	Total
Gross value to be depreciated on 1 January	2,905	14,720	11,661	29,286
Acquisitions	-	-	-	-
Disposals and withdrawals	-	-	-	-
Included loan costs	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	-	-	-	-
Other changes	-	-	-	-
Gross value on 30 June	2,905	14,720	11,661	29,286
Depreciations and accumulated impairments on 1 January	-	-	-	-
Depreciations of the financial year	(395)	(2,821)	(2,242)	(5,458)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	-	-	-	-
Other changes	-	-	-	-
Depreciations and accumulated impairments on 30 June	(395)	(2,821)	(2,242)	(5,458)
Net book value on 30 June	2,510	11,899	9,419	23,828

This note complies with IFRS 16, applicable as from 1 January 2019.

IV.5 Financial investments

IV.5.1 Overview of financial investments by category

In thousands of euros	30 June 2019					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	49,957	(12,409)	71,133	-	108,681	108,681
Participating interests	49,957	(12,409)	71,133	-	108,681	108,681
Available for sale	282,490	(10,266)	72,579	-	344,803	344,803
Designated at fair value through profit or loss	96,173	-	-	4,548	100,721	100,721
Held for trading	-	-	-	-	-	-
Equities	378,663	(10,266)	72,579	4,548	445,524	445,524
Available for sale	153,847	(3,438)	68,499	-	218,907	218,907
Designated at fair value through profit or loss	11,172	-	-	1,573	12,745	12,745
Investment funds	165,019	(3,438)	68,499	1,573	231,653	231,653
Available for sale	12,582,849	(11,339)	1,463,195	-	14,034,705	14,034,705
Designated at fair value through profit or loss	502,155	-	-	9,581	511,736	511,736
Bonds	13,085,004	(11,339)	1,463,195	9,581	14,546,441	14,546,441
Loans and deposits	475,996	(5,135)	-	-	470,861	496,620
Other investments	475,996	(5,135)	-	-	470,861	496,620
Held for trading	5,558	-	-	(4,705)	853	853
Held for hedging purposes	-	-	158,493	-	158,493	158,493
Derivative financial assets	5,558	-	158,493	(4,705)	159,346	159,346
Investments belonging to unit-linked insurance contracts	1,232,292	-	-	76,481	1,308,772	1,308,772
Total	15,392,490	(42,589)	1,833,899	87,478	17,271,277	17,297,036

In thousands of euros	31 December 2018					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	52,857	(12,451)	75,469	-	115,875	115,875
Participating interests	52,857	(12,451)	75,469	-	115,875	115,875
Available for sale	318,276	(19,668)	37,416	-	336,025	336,025
Designated at fair value through profit or loss	136,656	-	-	(32,897)	103,758	103,758
Held for trading	-	-	-	-	-	-
Equities	454,932	(19,668)	37,416	(32,897)	439,783	439,783
Available for sale	148,708	(6,416)	43,014	-	185,306	185,306
Designated at fair value through profit or loss	11,172	-	-	211	11,383	11,383
Investment funds	159,880	(6,416)	43,014	211	196,689	196,689
Available for sale	12,214,935	(11,339)	778,814	-	12,982,409	12,982,409
Designated at fair value through profit or loss	559,133	-	-	17,127	576,260	576,260
Bonds	12,774,068	(11,339)	778,814	17,127	13,558,669	13,558,669
Loans and deposits	490,434	(8,581)	-	-	481,852	497,792
Other investments	490,434	(8,581)	-	-	481,852	497,792
Held for trading	4,086	-	-	(4,086)	-	-
Held for hedging purposes	-	-	52,317	-	52,317	52,317
Derivative financial assets	4,086	-	52,317	(4,086)	52,317	52,317
Investments belonging to unit-linked insurance contracts	1,189,492	-	-	(16,270)	1,173,222	1,173,222
Total	15,125,749	(58,455)	987,030	(35,916)	16,018,407	16,034,347

The cost includes the undepreciated part of the actuarial adjustments (for bonds) as well as the accrued interests not yet due. The fair value of the loans is based on valuation methods including data that are not based on observable market data (surrenders, evolution in the value of the guarantees, management costs). The fair value is based on the application of a model price obtained by the discounting of projected cash flows on the basis of the forward rate curve and taking into account the historical surrender assumption. The risk-free discount curve is adjusted to take into account the credit risks based on an analysis of the portfolio and of the guarantees as well as of the market practices.

The fair value of loans is classified as Level 3. Indeed, the valuation approach is based on a deterministic model and includes data that are not directly observable in the markets.

IV.5.2 Evolution of financial investments

In thousands of euros	30 June 2019						
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	Total
Opening balance on 1 January	13,619,615	691,401	-	481,852	52,317	1,173,222	16,018,407
Acquisitions	2,111,216	45,990	15,194	134,839	1,472	184,380	2,493,092
Reclassifications between categories	(25,748)	-	-	-	25,748	-	-
De-recognition following exercise option	-	-	-	-	(20,531)	-	(20,531)
Profits and losses realised on hedging instruments not yet recognised through profit or loss	-	-	-	-	-	-	-
Disposals and reimbursements	(1,666,168)	(109,192)	(15,182)	(148,816)	(25,748)	(139,326)	(2,104,431)
Foreign currency translation differences on monetary assets	-	-	-	-	-	-	-
Adjustment at fair value	738,872	(728)	(13)	-	126,088	94,859	959,079
Amortizations	(16,906)	966	-	-	-	(3,208)	(19,148)
Changes in accrued interests not yet due	(52,450)	(3,236)	-	165	-	(1,154)	(56,675)
Impairments	(1,336)	-	-	2,821	-	-	1,485
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Net book value on 30 June	14,707,096	625,202	-	470,861	159,346	1,308,772	17,271,277

In thousands of euros	31 December 2018						
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	Total
Opening balance on 1 January	14,429,482	830,242	24,933	593,839	7,443	810,550	16,696,488
Acquisitions	2,485,893	76,096	57,025	19,311	145	984,851	3,623,321
Reclassifications between categories	(46,321)	46,321	-	-	-	-	-
De-recognition following exercise option	-	-	-	-	(1,904)	-	(1,904)
Profits and losses realised on hedging instruments not yet recognised through profit or loss	1,766	-	-	-	-	-	1,766
Disposals and reimbursements	(2,851,865)	(192,403)	(77,772)	(131,324)	(122)	(574,428)	(3,827,914)
Foreign currency translation differences on monetary assets	(1)	-	-	-	-	-	(1)
Adjustment at fair value	(320,474)	(68,841)	(4,186)	-	46,756	(46,091)	(392,836)
Amortizations	(35,730)	2,397	-	-	-	(6,045)	(39,378)
Changes in accrued interests not yet due	(21,145)	(2,410)	-	(896)	-	4,386	(20,065)
Impairments	(22,030)	-	-	921	-	-	(21,109)
Change in the consolidation scope	40	-	-	-	-	-	40
Other changes	-	-	-	-	-	-	-
Net book value on 31 December	13,619,615	691,401	-	481,852	52,317	1,173,222	16,018,407

Adjustments to the fair value for derivatives (assets) break down into 126.7 million euros for derivative hedging instruments (against 46.9 million euros in December 2018) and -0.6 million euros for derivative trading instruments (against -0.2 million euros in December 2018).

IV.5.3 Evolution of impairments on investments

IV.5.3.1 Impairment on available-for-sale investments

In thousands of euros	30 June 2019	31 December 2018
Balance on 1 January	(49,874)	(35,327)
Provision for impairments	(1,336)	(22,030)
Reversals of impairments	-	-
Reversals due to disposals	13,756	7,483
Change in the consolidation scope	-	-
Reclassifications	-	-
Other changes	-	-
Balance on 30 June / 31 December	(37,453)	(49,874)

IV.5.3.2 Impairments on loans, deposits and other financial investments

In thousands of euros	30 June 2019	31 December 2018
Balance on 1 January	(8,581)	(9,663)
Provision for impairments	(70)	(174)
Reversals of impairments	2,891	1,095
Reversals due to disposals	625	161
Change in the consolidation scope	-	-
Reclassifications	-	-
Other changes	-	-
Balance on 30 June / 31 December	(5,135)	(8,581)

IV.5.4 Definition of fair value of financial instruments

The table below gives a fair value analysis of the financial instruments measured at fair value. They are split in three levels, from 1 to 3 based on the degree of observability of the fair value:

In thousands of euros	30 June 2019			
	Level 1 - Listed prices on an active market	Level 2 - Valuation methods based on observable market data	Level 3 - Valuation methods not based on observable market data	Net book value
Financial assets				
Available for sale	3	-	108,678	108,681
Participating interests	3	-	108,678	108,681
Available for sale	340,163	-	4,640	344,803
Designated at fair value through profit or loss	100,721	-	-	100,721
Held for trading	-	-	-	-
Equities	440,884	-	4,640	445,524
Available for sale	131,938	18,848	68,122	218,907
Designated at fair value through profit or loss	12,745	-	-	12,745
Held for trading	-	-	-	-
Investment funds	144,683	18,848	68,122	231,653
Available for sale	12,948,876	952,317	133,512	14,034,705
Designated at fair value through profit or loss	126,544	326,561	58,631	511,736
Held for trading	-	-	-	-
Bonds	13,075,420	1,278,878	192,143	14,546,441
Held for trading	516	338	-	853
Held for hedging purposes	-	158,493	-	158,493
Derivative financial assets	516	158,831	-	159,346
Investments belonging to unit-linked insurance contracts	1,282,141	26,631	-	1,308,772
Total financial assets	14,943,646	1,483,188	373,582	16,800,416
Financial liabilities				
Investment contracts hedged by assets at fair value	1,285,553	26,631	-	1,312,184
Held for trading	-	-	-	-
Held for hedging purposes	-	96,363	-	96,363
Derivative financial liabilities	-	96,363	-	96,363
Total financial liabilities	1,285,553	122,994	-	1,408,547

In thousands of euros

	31 December 2018			
	Level 1 - Listed prices on an active market	Level 2 - Valuation methods based on observable market data	Level 3 - Valuation methods not based on observable market data	Net book value
Financial assets				
Available for sale	3	-	115,872	115,875
Participating interests	3	-	115,872	115,875
Available for sale	336,025	-	-	336,025
Designated at fair value through profit or loss	103,758	-	-	103,758
Held for trading	-	-	-	-
Equities	439,783	-	-	439,783
Available for sale	101,036	16,139	68,131	185,306
Designated at fair value through profit or loss	11,383	-	-	11,383
Held for trading	-	-	-	-
Investment funds	112,419	16,139	68,131	196,689
Available for sale	11,928,594	954,585	62,892	12,982,409
Designated at fair value through profit or loss	129,163	383,002	64,094	576,260
Held for trading	-	-	-	-
Bonds	12,057,757	1,337,588	126,985	13,558,669
Held for trading	-	-	-	-
Held for hedging purposes	-	52,317	-	52,317
Derivative financial assets	-	52,317	-	52,317
Investments belonging to unit-linked insurance contracts	1,132,660	40,562	-	1,173,222
Total financial assets	13,742,622	1,446,606	310,989	15,536,555
Financial liabilities				
Investment contracts hedged by assets at fair value	1,136,387	40,562	-	1,176,949
Held for trading	-	-	-	-
Held for hedging purposes	-	9,355	-	9,355
Derivative financial liabilities	-	9,355	-	9,355
Total financial liabilities	1,136,387	49,917	-	1,186,305

The fair value distribution of liabilities related to unit-linked insurance contracts is shown in the investment contracts hedged by assets at fair value. This category also includes investment contract liabilities without discretionary participation features.

IV.5.5 Distribution between the various hierarchic levels

There has been no change in the criteria used to allocate assets between the different hierarchical levels. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2018.

IV.5.6 Important transfers between investments estimated at fair value in level 1 and 2

In thousands of euros	30 June 2019		31 December 2018	
	From level 1 to level 2	From level 2 to level 1	From level 1 to level 2	From level 2 to level 1
Financial assets				
Available for sale	-	-	-	-
Participating interests	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Equities	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Investment funds	-	-	-	-
Available for sale	25,344	54,141	-	3,988
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Bonds	25,344	54,141	-	3,988
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
Derivative financial assets	-	-	-	-
Investments belonging to unit-linked insurance contracts	-	-	-	-
Total financial assets	25,344	54,141	-	3,988
Financial liabilities				
Investment contracts hedged by assets at fair value	-	-	-	-
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

In and out transfers of hierarchic levels of fair values are proposed on the basis of the inventory value at the beginning of the year.

Transfers between investments from level 2 to level 1 (i.e. for 54.1 million euros in 2019 compared to 4 million euros in 2018) involve securities for which the source of the market price was the price given by a counterparty and which are currently valued by the BGN price (generic Bloomberg) and, inversely, transfers from level 1 to level 2 (i.e. for 25.3 million euros) involve securities that were valued by BGN (generic Bloomberg) and that are currently valued by the market price given by a counterparty.

IV.5.7 Evolution of investments estimated at fair value in level 3

In thousands of euros	30 June 2019		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
Opening balance on 1 January	246,895	64,094	310,989
Acquisitions	53,336	-	53,336
Reclassifications between categories	-	-	-
Reclassification to level 3	52,992	-	52,992
Exit from level 3	-	-	-
Disposals and reimbursements	(40,440)	-	(40,440)
Adjustment at fair value through equity	1,819	-	1,819
Adjustment at fair value through profit or loss	-	(5,795)	(5,795)
Depreciation (premiums/discounts)	654	-	654
Changes in accrued interests not yet due	(304)	332	28
Impairments through profit or loss	(1)	-	(1)
Other changes	-	-	-
Closing balance on 30 June	314,952	58,631	373,582

In thousands of euros	31 December 2018		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
Opening balance on 1 January	173,549	52,625	226,174
Acquisitions	3,993	8,940	12,933
Reclassifications between categories	-	-	-
Reclassification to level 3	75,090	32,397	107,486
Exit from level 3	-	-	-
Disposals and reimbursements	(30,974)	(30,928)	(61,902)
Adjustment at fair value through equity	25,916	-	25,916
Adjustment at fair value through profit or loss	-	498	498
Depreciation (premiums/discounts)	-	-	-
Changes in accrued interests not yet due	(251)	562	311
Impairments through profit or loss	(428)	-	(428)
Other changes	-	-	-
Closing balance on 31 December	246,895	64,094	310,989

The amount of acquisitions (53 million euros - AFS) mainly includes the acquisition of the "DELO1" interest (38 million euros) and the balance for the acquisition of the "M80" fund (5 million euros), the "Adrien" fund (6 million euros) and the "SME Loan" fund (3 million euros).

The disposals (40 million euros - AFS) are mainly due to the sale of the "DELO1" interest.

The amount of the transfer in level 3 (53 million euros - AFS) includes the change to a model price of a bond (37 million euros) and the change from level 1 to 3 for an "SME Loan" Fund (16 million euros).

IV.6 Receivables

IV.6.1 Breakdown of receivables by nature

In thousands of euros	30 June 2019		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	306,586	(22,422)	284,164
Receivables arising from ceded reinsurance operations	105,064	-	105,064
Receivables arising from other operations	63,388	(1,240)	62,149
Tax receivables	11,732	-	11,732
Other receivables	266,414	(217)	266,197
Total	753,184	(23,879)	729,305

In thousands of euros	31 December 2018		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	241,651	(18,790)	222,862
Receivables arising from ceded reinsurance operations	104,474	-	104,474
Receivables arising from other operations	59,268	(890)	58,378
Tax receivables	4,852	-	4,852
Other receivables	113,531	(217)	113,313
Total	523,776	(19,897)	503,879

The fair value equals the net book value of the receivables. Indeed, the Group considers that for this type of assets the book value is sufficiently close to the market value of the receivables.

IV.6.2 Evolution of impairments on receivables

In thousands of euros	30 June 2019	31 December 2018
Impairments on receivables on 1 January	(19,897)	(18,481)
Provisions of the financial year	(7,098)	(12,536)
Expenditures of the financial year	755	1,642
Reversals of the financial year	4,568	9,190
Change in the consolidation scope	-	-
Other changes	(2,207)	288
Impairments on receivables on 30 June/31 December	(23,879)	(19,897)

IV.6.3 Outstanding receivables

There were no significant changes in the first half of 2019. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2018.

IV.7 Deferred tax assets and liabilities

Net deferred taxes amount to 11 million euros at 30 June 2019 (76.2 million euros at 31 December 2018). This decrease is mainly due to, on the one hand, the increase in deferred tax liabilities on revaluations of investments classified as AFS (-185 million euros) and, on the other hand, the increase in deferred tax assets relating to technical provisions (133 million euros).

IV.8 Insurance and investment contract liabilities

Technical liabilities with regard to insurance and investment contracts, including those for which the financial risk is supported by the insured, are divided into gross liabilities and reinsurers' share. Gross liabilities are divided according to the nature of technical provision. Investment contract liabilities with discretionary participation features are presented separately from the investment contract liabilities without discretionary participation features.

IV.8.1 Liabilities related to Non-Life insurance contracts

In thousands of euros	30 June 2019	31 December 2018
Mathematical provisions	923,051	893,429
Provisions for unearned premiums	499,585	291,366
Claims provisions	2,481,494	2,473,626
Shadow accounting	-	-
Other provisions	205,487	206,138
Total insurance contract liabilities (gross)	4,109,618	3,864,559
Reinsurers' share in liabilities related to Non-Life insurance contracts	159,822	140,537
Total insurance contract liabilities (after deduction of the reinsurers' share)	3,949,795	3,724,021

IV.8.2 Liabilities related to Life insurance contracts

In thousands of euros	30 June 2019	31 December 2018
Mathematical provisions	4,209,228	4,178,767
Claims provisions	-	-
Shadow accounting	708,120	388,360
Other provisions	7,780	-
Insurance contract liabilities	4,925,128	4,567,127
Liabilities related to unit-linked insurance contracts	383,208	335,839
Total insurance contract liabilities (gross)	5,308,336	4,902,966
Reinsurers' share in liabilities related to Life insurance contracts	3,148	2,067
Total insurance contract liabilities (after deduction of the reinsurers' share)	5,305,187	4,900,899

Some reinsurance treaties related to the Life insurance contracts cannot cover the actual insurance risk in the liabilities related to Life insurance contracts, but only the financial risk. In order to present the information in a coherent way, the part of these treaties is presented in accordance with the Life insurance contracts to which they are related.

The increase in liabilities related to Life insurance contracts is mainly explained by the increase in shadow accounting following the decrease in interest rates.

IV.8.3 Investment contract liabilities

In thousands of euros	30 June 2019	31 December 2018
Mathematical provisions	4,245,262	4,319,353
Claims provisions	-	-
Shadow accounting	439,676	274,341
Other provisions	19,026	-
Investment contract liabilities with discretionary participation features	4,703,964	4,593,694
Liabilities related to unit-linked investment contracts with discretionary participation features	912,541	810,010
Mathematical provisions	3,412	3,727
Investment contract liabilities without discretionary participation features	3,412	3,727
Liabilities related to unit-linked investment contracts without discretionary participation features	13,023	27,372
Total investment contract liabilities (gross)	5,632,940	5,434,804
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
Total investment contract liabilities (after deduction of the reinsurers' share)	5,632,940	5,434,804

The amount of 19 million euros included under "Other provisions" corresponds to the estimated profit-sharing during the year.

The increase in liabilities related to investment contracts is mainly explained by the increase in shadow accounting following the decrease in interest rates.

IV.8.4 Profit sharing liabilities

In thousands of euros	30 June 2019	31 December 2018
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	4,327	9,875
Profit sharing related to investment contracts	-	33,732
Liabilities for profit sharing of policyholders	4,327	43,607

IV.9 Financial debts

The following table details the financial debts.

In thousands of euros	30 June 2019		31 December 2018	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	472,038	573,141	480,369	531,909
Subordinated debts	472,038	573,141	480,369	531,909
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	52	52	45	45
Payables arising from repurchase operations (repo)	93,833	93,833	216,167	216,167
Collateral received as guarantee	60,977	60,977	41,665	41,665
Others	49,132	49,132	45,014	45,014
Other financial debts	203,994	203,994	302,891	302,891
Total of the financial debts	676,032	777,135	783,260	834,800

The assessments at fair value of the loans issued in 2015 and the balance of the 2005 perpetual loan, with a total nominal amount of 417 million euros, are based on the “Ask” market price (source Bloomberg). The fair value of the bond loan issued in 2005 with a 2023 maturity, for a nominal amount of 75 million euros, is determined on the basis of observable factors such as the levels of interest rate markets and credit markets. The valuation model is based on the discounting of future cash flows and takes into account the probability of exercise of the various repayment options available to investors.

IV.10 Lease obligations

This section complies with IFRS 16, applicable as from 1 January 2019.

IV.10.1 Evolution of lease obligations

In thousands of euros	30 June 2019		
	Due in less than one year	Due in more than one year	Total
Opening balance on 1 January	10,366	18,950	29,286
Issuances	-	-	-
Repayments	(5,215)	-	(5,215)
Reclassifications between categories	-	-	-
Other changes	-	-	-
Net book value on 30 June	5,121	18,950	24,071

IV.10.2 Breakdown of maturities

In thousands of euros	30 June 2019	31 December 2018
Less than 1 year	5,121	-
Between 1 and 5 years	18,356	-
More than 5 years	594	-
Total lease obligations	24,071	-

IV.11 Employee benefits

There were no significant changes in the first half of 2019. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2018.

IV.12 Trade and other payables

The following table details trade and other payables.

In thousands of euros	30 June 2019	31 December 2018
Liabilities arising from direct insurance operations and accepted reinsurance	112,618	122,646
Liabilities arising from ceded reinsurance operations	141,060	120,679
Liabilities from operating activities	253,678	243,325
Tax on current result	6,174	9,459
Other contributions and taxes	58,442	19,740
Tax payables	64,616	29,199
Social security payables	50,246	58,752
Payables to associates	-	-
Payables from finance leases	5,091	7,051
Trade payables	75,514	92,602
Other payables	79,040	70,495
Other payables	209,890	228,900
Accruals for liabilities	23,675	14,096
Total other payables	551,860	515,520

Debt arising from direct insurance operations and accepted reinsurance operations include premiums paid prior to maturity, amounts due to various applicants and benefits to be paid.

The other debts mainly include rental guarantees, costs on ring-fenced funds to be liquidated, unallocated payments and stock exchange transactions to be paid.

The accruals mainly include the subsidies to be carried forward and the other income to be carried forward.

The fair value equals the net book value of the debts. Indeed, the Group considers that for this type of debts the book value is sufficiently close to the market value of the debts.

V. NOTES TO THE CONSOLIDATED INCOME STATEMENT

V.1 Insurance premiums

In thousands of euros	30 June 2019			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	172,066	918,514	382,440	1,473,020
Premiums ceded to reinsurers	(2,876)	(32,876)	-	(35,752)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(193,535)	-	(193,535)
Other income from insurance activities	1,810	1,159	(228)	2,741
Revenues of insurance activities (net of reinsurance)	170,999	693,263	382,212	1,246,474

In thousands of euros	30 June 2018			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	163,804	890,545	483,650	1,538,000
Premiums ceded to reinsurers	(2,818)	(34,893)	-	(37,711)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(191,298)	-	(191,298)
Other income from insurance activities	1,642	1,144	41	2,826
Revenues of insurance activities (net of reinsurance)	162,628	665,498	483,691	1,311,817

Premiums regarding investment contracts without discretionary participation features follow the deposit accountancy. They are recognised in investment revenues.

V.2 Claims and insurance benefits

In thousands of euros	30 June 2019			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Insurance service expenses	249,723	540,580	485,312	1,275,614
Net expenses or revenues ceded to reinsurers	(2,441)	(7,110)	-	(9,551)
Management costs	16,067	127,482	25,366	168,914
Technical expenses for insurance activities	263,348	660,952	510,678	1,434,977

In thousands of euros	30 June 2018			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Insurance service expenses	239,288	513,702	503,675	1,256,665
Net expenses or revenues ceded to reinsurers	(1,842)	(10,255)	-	(12,097)
Management costs	17,901	125,441	30,330	173,672
Technical expenses for insurance activities	255,347	628,887	534,005	1,418,240

Deposit accounting is applied to expenses and benefits regarding investment contracts without discretionary participation.

Management costs include acquisition costs of the contracts, administrative costs and other technical expenses. Internal and external claim handling costs are included in the expenses and insurance benefits.

V.3 Net financial result without finance costs

In thousands of euros	30 June 2019					Total
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations of investments	Other investment financial expenses	
Investment properties	16,350	9,834	-	(7,821)	-	18,364
Available for sale	1,518	30,286	-	246	-	32,050
Participating interests	1,518	30,286	-	246	-	32,050
Available for sale	14,021	(3,265)	-	12,379	-	23,135
At fair value through profit or loss	5,293	10,793	67,979	-	-	84,065
Held for trading	25	511	(13)	-	-	524
Shares and investment funds	19,340	8,038	67,966	12,379	-	107,723
Available for sale	155,368	554	-	-	-	155,922
At fair value through profit or loss	8,758	312	26,153	-	-	35,224
Unlisted at amortized cost price	19	-	-	-	-	19
Bonds	164,145	867	26,153	-	-	191,164
Loans, deposits and other financial investments	6,372	(46)	-	2,882	-	9,208
Held for trading	-	-	(619)	-	-	(619)
Held for hedging purposes	-	-	371	-	-	371
Derivative financial instruments	-	-	(248)	-	-	(248)
Investments belonging to unit-linked insurance contracts	(2,002)	-	-	-	-	(2,002)
Cash and cash equivalents	414	-	(68)	-	-	346
Others	1,121	-	-	-	(5,080)	(3,958)
Net financial result without finance costs	207,258	48,980	93,803	7,686	(5,080)	352,647

In thousands of euros	30 June 2018					Total
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations of investments	Other investment financial expenses	
Investment properties	15,411	5,854	-	(8,165)	-	13,099
Available for sale	3,724	(59)	-	30	-	3,694
Participating interests	3,724	(59)	-	30	-	3,694
Available for sale	11,648	11,585	-	(960)	-	22,273
At fair value through profit or loss	2,740	2,858	(10,796)	-	-	(5,198)
Held for trading	693	1,898	(3,351)	-	-	(760)
Shares and investment funds	15,081	16,341	(14,148)	(960)	-	16,315
Available for sale	163,249	7,813	-	-	-	171,062
At fair value through profit or loss	11,400	32,604	(18,766)	-	-	25,238
Unlisted at amortized cost price	-	-	-	-	-	-
Bonds	174,649	40,417	(18,766)	-	-	196,299
Loans, deposits and other financial investments	7,102	14	-	815	-	7,930
Held for trading	153	(29)	(192)	-	-	(68)
Held for hedging purposes	1,172	(1,377)	-	-	-	(205)
Derivative financial instruments	1,326	(1,407)	(192)	-	-	(273)
Investments belonging to unit-linked insurance contracts	(772)	-	-	-	-	(772)
Cash and cash equivalents	566	(6)	24	-	-	585
Others	766	-	-	-	(6,628)	(5,862)
Net financial result without finance costs	217,852	61,154	(33,082)	(8,280)	(6,628)	231,017

Net income of investments include dividends, interests as well as actuarial depreciation of premiums and discounts on bonds.

The change in the "net realized capital gains or losses on investments" at the level of "participating interests" is mainly due to the sale of a participating interest (+30 million euros).

The change in fair value of investments through profit or loss (+126.9 million euros) is mainly related to the significant increase in the fair value of shares and investment funds (+82.1 million euros) and the fair value of bonds (+44.9 million euros). This increase is related to the improvement observed on the market in the first half of 2019.

V.4 Employee benefit expenses

There were no significant changes in the first half of 2019. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2018.

VI. NOTES RELATING TO ITEMS NOT INCLUDED IN THE BALANCE SHEET

VI.1 Related parties

Represented in this appendix are transactions with related parties, which are the Directors and Manager of the Group, Vitrufin SA, Ethias Pension Fund OFP and EthiasCo SCRL in 2018 and the first half of 2019.

VI.1.1 Transactions related to the balance sheet

In thousands of euros	30 June 2018	31 December 2018
Other financial investments	-	36,338
Receivables	81	737
Any other assets	-	-
Total assets with related parties	81	37,075
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Trade and other payables	-	-
Total liabilities with related parties	-	-

Other financial investments (36.3 million euros in 2018) related to the Vitrufin bond held by Ethias SA following the transfer of business from Ethias Droit Commun AAM at end-2017, for a nominal amount of 33.8 million euros. This bond matured in January 2019, and was reimbursed.

VI.1.2 Transactions related to revenues and expenses

In thousands of euros	30 June 2019	30 June 2018
Revenues	-	-
Operating expenses	(27,439)	(23,652)
Financial income	111	213
Total of the revenues and expenses with related parties	(27,328)	(23,865)

Operating expenses mainly relate to invoices paid to the OFP for the employees' group insurance.

VI.1.3 Remunerations for key management personnel

The remuneration of the members of the Board of Directors and the key executives is determined annually. For this reason, no other details are included in this interim report.

As at 30 June 2019, no loans, credits or bank guarantees had been granted to members of the Board of Directors or the Executive Committee or to members of their close relatives.

VI.1.4 Other transactions with related parties

In the first half of 2019, the Group did not receive or give any commitment towards related parties.

VI.2 Commitments

VI.2.1 Received commitments

In thousands of euros	30 June 2019	31 December 2018
Guarantee commitments	776,861	800,225
Finance commitment	623	623
Other received commitments	-	-
Total	777,483	800,847

Guarantee commitments mainly include guarantees linked to mortgage loans granted to the Group as well as guarantees received from reinsurers.

On 30 June 2019, the mortgage loan portfolio amounts to 666.7 million euros, which corresponds to the initially guaranteed amounts (against 695.1 million euros on 31 December 2018).

VI.2.2 Given commitments

In thousands of euros	30 June 2019	31 December 2018
Guarantee commitments with regard to financing	-	-
Other guarantee commitments	12,610	16,817
Commitments on securities	93,876	216,259
Other given commitments	252,252	261,556
Total	358,738	494,632

The commitments on securities include repurchase operations (repo or “repurchase agreements”) with a maturity of 3 months.

The other given commitments mainly include commitments to acquire securities for 190.4 million euros on 30 June 2019 (against 233.4 million euros at end-December 2018) as well as infrastructure lending commitments for 60.9 million euros on 30 June 2019 (against 7.5 million euros on 31 December 2018).

VII. OTHER INFORMATION

VII.1 Statutory auditor's report on the consolidated interim financial statements for the six-month ending 30 June 2019



ETHIAS SA/NV

**Statutory auditor's report on the review of
the consolidated interim financial
information for the six-month period ending
30 June 2019**

10 October 2019



To the board of directors
Ethias SA/NV

Statutory auditor's report on the review of the consolidated interim financial information for the six-month period ending 30 June 2019

Introduction

We have reviewed the accompanying consolidated interim financial information, consisting of the consolidated balance sheet of Ethias SA/NV and its subsidiaries as of 30 June 2019, the consolidated income statement, the statement of consolidated comprehensive income, the consolidated cash flows statement and the consolidated statement of changes in equity for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Liège, 10 October 2019

The statutory auditor
PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren cvba
Represented by



Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor