

CONSOLIDATED ANNUAL REPORT

2019





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INTRODUCTORY WORD FROM THE CHAIRS

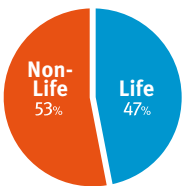
100 years! It is an exceptional, unforgettable and rare anniversary in the Belgian economic landscape that we have just proudly celebrated in 2019.

Thanks to our unique business model, the commitment of our 3500 employees (including 1,800 for Ethias SA), the trust of our clients (1,200,000 individual clients and more than 40,000 public and private entity clients) and the support of our shareholders, Ethias is more than ever a remarkable company. It is no coincidence that we are ranked 3rd in the Belgian insurance industry and that our excellent 2019 results reflect both the satisfaction of our clients and our financial strength. It is also this unique model - as a direct and digital insurer - that will enable Ethias to cope with the unprecedented crisis that has hit the world in the spring of 2020. A model that demonstrates once again its relevance towards its clients so as to remain a dynamic and social entrepreneur at the service of all.

Our non-financial report, which is an appendix to this annual report, demonstrates the performance of our model on a social, societal and environmental level.

As at 31/12/2019, the **net result of Ethias amounts to 212 million euros**. This net result increases by nearly 16% compared to the previous year.

The results of Individual Non-Life business are excellent, while those of Public Bodies & Companies have been marked by a decrease in profitability. Life business has performed very well. **Overall income** amounts to 2,662 million euros. Non-Life increases with 3% compared to 2018. The decrease in Life income (-5%) is due to a difference in timing of premium payment for pension insurances.



The **Solvency II ratio** stands at 191%. This performance was highlighted by the rating agency Fitch Ratings. Ethias' IFS rating («Insurer Financial Strength»), which had already been upgraded in January from BBB+ to A- (Strong), was confirmed and the outlook was raised from stable to positive in August 2019. In March 2020, after examining the macroeconomic situation and the prospects for many companies and sectors, including the insurance sector in Europe, within the framework of its «event driven» rating committee, the agency took the decision to review the outlook of Ethias' «A-» rating from positive to stable.

Beyond our centenary, 2019 was marked by the deployment of our **organizational transformation** plan so as to make our company even more **agile and efficient for clients**.

With this in mind, we have strengthened our group with new alliances, including a stake in IMA Benelux.

The implementation of our **strategic fundamentals** during 2019 has also allowed Ethias to consolidate its positioning as:

- N°1 Direct Insurer
- N°1 Digital Insurer
- N°1 in the Public Sector

Global news in 2019 was marked by an increased awareness of societal issues. Social responsibility has been part of our company's DNA since its creation in 1919 since, let's not forget, Ethias anticipated the reconstruction of Belgium as soon as the First World War ended. We are convinced that a company's mission is not only about economic or financial results. A company must also act in a respectful and responsible manner.

Today, faced with the Covid-19 pandemic, we all perceive the importance of prevention and social responsibility issues that companies must embody. We also realize to what extent our unique model as direct and digital insurer allows us to face this crisis with determination in order to continue to serve our clients 24/7. Being technically and technologically prepared, Ethias was immediately able to:

- enable almost all of its employees to work from home, thus ensuring their safety and that of their families;
- guarantee uninterrupted service to its clients, by promoting all digital tools (website, clients space, online sales, live chat) and by strengthening the accessibility of its Contact Centers.

So simply human

ethias

100 YEARS

Given the seriousness of the situation, Ethias immediately took responsibility and joined forces in several areas. In the field of health care, Ethias provided emergency aid to the Belgian Red Cross and Doctors Without Borders/ Médecins Sans Frontières (MSF) and circulated their call for donations. In terms of economic distress, a series of exceptional measures, were taken, both individually and by the sector, to help citizens and businesses financially affected by the crisis. In concrete terms, we immediately halted the recovery of premiums and postponed the tariff revisions, postponed the payment of premiums for a number of contracts until 30 September, maintained the coverage of collective contracts for people in technical unemployment, suspended certain contracts for companies with temporarily discontinued operations, reimbursed the premiums for cancelled events and also extended the coverage in Workers' Compensation and Civil Liability to all volunteers who have been called upon by our first-line policyholders (hospitals, rest and care homes, municipalities, public social welfare centres, police, Red Cross, etc.). Ethias has also developed a solidarity app, called "App4You", bringing together volunteers and people in need of help, no matter how diverse the help is. We would like to highlight here the technical prowess of a team in lockdown and the illustration of the relevance and strength of an ecosystem at the service of all.

At the time of printing this foreword, the pandemic is not yet behind us, but our company is up and running and is in control of its impact. As an insurer, investor, societal player and entrepreneur, **Ethias will continue to take all possible steps to help reduce the negative consequences of this global catastrophe on its policyholders and on Belgian society.**

Our teams are also preparing the post-Covid-19 period and are working, day after day, on the development of innovative solutions that meet the new needs of our clients, on the prevention of psychosocial risks, on new solutions related to mobility and access to health care, environmental protection, ethical investments, a professional and human approach to managing personal injury claims. This culture of corporate social responsibility is supported by a joint ethics committee that was established in 2003 and is made up of as many management representatives as employee representatives. This is the guarantee of a transversal and committed approach.

We have also continued to invest in the development of new products, in supporting the Belgian economy in general and local authorities - our historical clients - in particular as well as in modernizing our IT tools.

We are particularly proud of the further developments in our activities, our values, our organization and the results achieved in 2019.



Philippe LALLEMAND

Chairman of the
Executive Committee



Myriam VAN VARENBERGH

Chair of the
Board of Directors

I. INTRODUCTION

The Annual Report of the Ethias Group, hereafter «the Group», includes the management report, the consolidated financial statements prepared in accordance with the IFRS reference document (International Financial Reporting Standards) as adopted by the European Union as well as the financial statements of Ethias SA prepared in accordance with the legal and regulatory dispositions which are applicable in Belgium.

These consolidated financial statements were established by the Board of Directors of Ethias SA on 29 April 2020.

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.

1. Presentation Ethias

1.1. A GROUP WITH A MUTUAL INSURANCE PHILOSOPHY

Just **100 years** ago, on 25 September 1919, a group of municipal and provincial authorities founded the « **Société Mutuelle des Administrations Publiques** » (abbreviated as **SMAP**) for the insurance against fire, lightning and explosions.

A mutual insurance association is created by its members and operates for its members. While our legal form has evolved over time, we remain true to our values and our mission to simplify insurance by providing innovative products and services. We are proud of our almost 1,800 employees who represent the proximity partners our 1,200,000 clients can rely on. We want to keep this position for years to come.

1.2. OUR VALUES, OUR MISSION AND OUR VISION

#HUMAN

humanity is at the heart of all our relationships.
We are a true partner for each of our interlocutors.
For us, proximity and solidarity are no empty words.

#COMMITMENT

for nearly 100 years, we are daily committed to our clients, to our colleagues and to society. We are reliable, trustworthy and purposeful. This commitment also relates to ethics, which remains at the root of all our actions, and to our social responsibility.

#CLIENT SATISFACTION

this is the driving force of our activities and of all our actions. Through our mutualist origins, we emphasize on client contact possibilities and on exemplary service quality. Our accessibility, our efficiency, our flexibility clearly contribute to the satisfaction of our clients.

#ENTHUSIASM

because whatever happens, a heart beats within Ethias. Every day, we show energy, vitality, optimism and dynamism. This enthusiasm leads us to be creative and to undertake innovative projects in support of clients.

Our **values** are the foundation of our identity, our culture and our personality. In a nutshell, they constitute the DNA of Ethias.

Our values are expressed in daily life (when welcoming our clients, settling a claim, providing advice on prevention, etc.). They are also materialized when implementing our dynamic policy of corporate social responsibility (CSR), listening to the concerns of our policyholders, private individuals as well as public bodies.

Our **mission** is our raison d'être. In a clear and concise way, it presents what we do and how we stand out. It gives meaning to all our actions and makes us work together in the same direction. Our mission is as follows:

Making insurance easier so as to bring you security, peace of mind and freedom of initiative, with innovative services and products. As partner of your daily life, we put our expertise and our energy at your service.

Our vision for the future revolves around 3 pillars, viz. digital, direct and reinforced partnership with public authorities, linked to a constant drive for innovation at the client's service.

The company has embarked on an ambitious plan for technological and organizational transformation.

For more info: <https://www.ethias.be/corporate/fr.html>

1.3. OUR POLICYHOLDERS AND OUR PRODUCTS

Private Individuals

Ethias is a direct insurer, offering a complete range of Life and Non-Life products:

- In Non-Life, besides its flagship products, namely car insurance and home insurance, Ethias also offers assistance, health care coverage, coverage for civil liability and travel cancellation insurance;
- In Life, Ethias mainly sells life insurance policies with no Life component and branch 23 contracts. Ethias has also entered into a distribution partnership with Integrale for branch 21 products.

We continue the work to make insurance easier and accessible to all, with the strengthening of our position as a direct insurer while maintaining profitable growth in Belgium. The strategic actions are concentrated on the axes : Digital and omnichannel strategy, the diversification of the way Ethias accompanies the client (service strategy) and excellence in technical management.

Our client base is loyal and includes over one million policyholders with insurances for personal risks.

Public & Corporate Sector

Ethias has been the privileged insurance partner of the Public Sector since 1919. Its insured parties include the Federal State, Regions and Communities, local public authorities (provinces, cities and municipalities, public social welfare centres ...), public companies as well as thousands of intercommunity and semi-public bodies, schools, hospitals, public interest organisations and miscellaneous associations ...

Our ambition is to extend our position as a multi-product and service insurer in the form of a partnership with public authorities, where all risks incurred by staff are covered by Ethias: civil liability, health care, work or sports accidents, motoring, assistance ... Ethias also covers damage to or possible destruction of equipment, buildings and installations.

Furthermore, we have the ambition to be an all-round player in first and second pension pillar management.

But being an insurer today is not simply covering a series of financial risks, it is also about adopting a comprehensive prevention risk policy. Ethias has been pursuing a proactive and dynamic prevention policy for several years through all its products and services or through innovative initiatives.

Companies

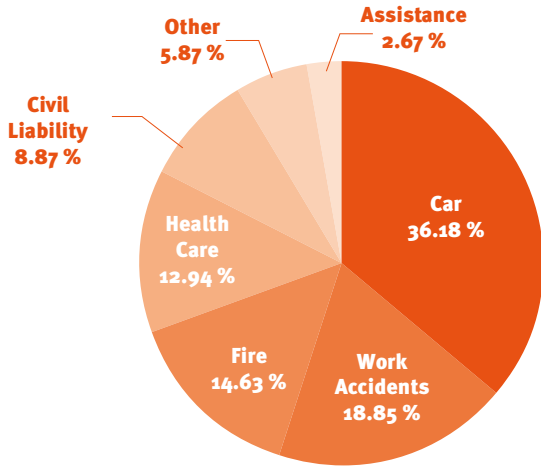
Since 2000, Ethias has also been accessible to private businesses, offering them its skills and expertise acquired in the public sector and non-profit sector. For allowing these businesses to take a lead in risk management, Ethias offers them a range of insurances responding to their specific needs and including the protection of:

- Their patrimony: car insurance, property and casualty insurance, machine breakage, all-risk insurance ...
- Their liabilities: civil liability for businesses, civil liability for directors and officers;
- Their staff: work accidents insurance, life accidents insurance, hospitalization insurance, guaranteed income insurance, group insurance.

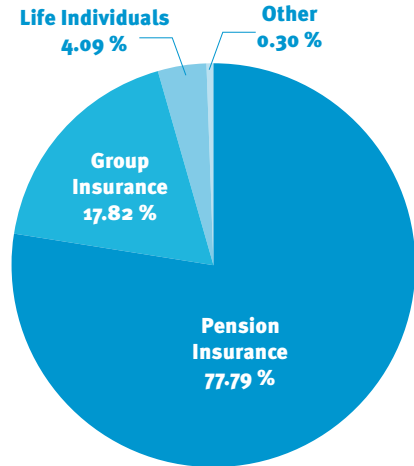
1.4. PARTITION OF PREMIUM INCOME 2019 FOR ETHIAS SA

The premium income stands at 2.7 billion by end-2019 and is relatively balanced between Life and Non-Life activities. It is split per product as follows:

Premium Collection Non-Life : 1.4 billion €



Premium Collection Life : 1.3 billion €



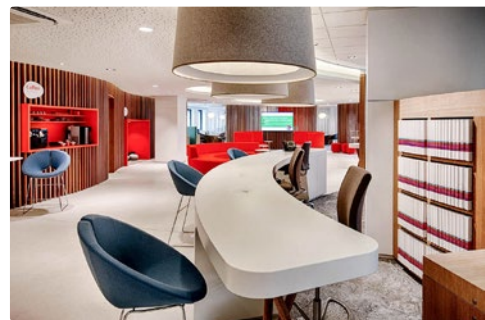
The majority of Ethias’ activities are focused on the Belgian market. Ethias is the country’s 3rd largest insurer, for all activities combined, with a 9.3% market share, of which 10.6% in Non-Life and 8.3% in Life¹, and is the country’s premier insurer of the public sector and its agents.

1.5. OUR DISTRIBUTION NETWORK

Ethias is the only major direct insurer in Belgium.

For individual clients, Ethias distributes its products through three direct distribution channels:

- Insurance advisors, located throughout the country, in a network of 37 offices;
- Two «customer centers» available to policyholders where 96 employees managed in 2019 more than 1,000,000 incoming and outgoing calls, 54,000 emails, 3,000 WhatsApp messages and 13,000 social media contacts;
- The website with over 16,200,000 web pages viewed in 2019:
 - » a secure personal space (“client space»), allowing policyholders to consult their insurances and to declare certain claims;
 - » 11 insurance products (various products and formulas in Owner and Tenant Home Insurance, Assistance Insurance, Cancellation and Luggage, Private Life Civil Liability Insurance, Digital Omnium) can be fully underwritten online (entire process ranging from quote to payment).



A team of inspectors and prevention specialists is at the service of local public authorities and companies, with the collaboration of specialized brokers for private businesses. With the Ethias Extranet, public authorities and companies can obtain all the required information on the nature and type of products offered by Ethias, they can calculate one or more quotes and directly subscribe online the insurance contract(s) they require in view of an optimal protection.

¹ Based on Assuralia data 31/12/2018.

1.6. TROPHIES OBTAINED IN 2019

- Ethias Bike & More, elected «Product of the Year 2019» in the Insurance category:

On the basis of a study carried out by the independent company Nielsen, Ethias Bike & More was voted «Product of the Year» in the Insurance category. Launched in May 2018, Bike & More is a tailor-made insurance dedicated to soft mobility vehicles (classic and electric bikes, scooters, single-wheelers, hoverboards, etc.). Through this 100% online available offer, Ethias provides simple solutions adapted to the needs of users, thus encouraging the development of these new means of movement.

- Four additional DECAVI Trophies for Ethias in 2019, confirming the performance of its business model:

During the 15th edition of the DECAVI (Non Life) Awards Ceremony on April 24th in Brussels, Ethias distinguished itself by receiving four prizes:

- ✓ Best «Digital Insurer»
- ✓ Best «Tenant Insurance»
- ✓ Best «Family Insurance»
- ✓ Better «Workers' Compensation Insurance»

- Ethias received an award from Link2fleet:

This recognition highlights Ethias' efforts for a greener and more client-oriented fleet management. This award is an incentive to go even further and meet future mobility-related challenges.

- Ethias is rewarded for its social commitment: «We're going even further»:

Ethias is committed every day to a better, fairer, more ecological, equitable and social world. At present, in recognition of its approach, Ethias wins the 1st DECAVI Trophy for Social Commitment. Beyond being an insurer, Ethias is a partner that knows how to create added value for the benefit of society. Indeed, it intends to provide a response to societal problems such as global warming, poverty and psychosocial risks.



2. Key figures

2.1. ESSENTIAL DATA OF THE CONSOLIDATED INCOME STATEMENT

In thousands of euros	31 December 2019	31 December 2018	Change during the year
Premium collection Non-Life	1,419,125	1,381,839	2.70%
Public bodies and Companies	836,908	805,234	3.93%
Private Individuals	582,217	576,605	0.97%
Premium collection Life	1,242,645	1,302,194	-4.57%
Public bodies and Companies	1,191,413	1,247,392	-4.49%
Private Individuals	51,232	54,802	-6.51%
Total premium collection Life and Non-Life	2,661,771	2,684,033	-0.83%
Net profit (loss) on current transactions after tax	225,535	193,198	16.74%
Share of the associates in the result	(5)	129	-103.57%
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	0.00%
Net consolidated profit (loss)	225,530	193,327	16.66%
Group's share	211,956	183,321	15.62%
Non-controlling interests	13,574	10,006	35.66%

2.2. ESSENTIAL DATA OF THE CONSOLIDATED FINANCIAL POSITION

In thousands of euros	31 December 2019	31 December 2018	Change
Total assets	19,506,398	18,261,854	6.81%
Equity of the Group	2,687,735	2,292,799	17.23%
Non-controlling interests	65,374	49,507	32.05%

2.3. REGULATORY COEFFICIENTS

	31 December 2019	31 December 2018	Change (in absolute value)
Solvency II ratio* of the company Ethias SA	191 %	181 %	+ 10 %

(*) The SII margin is calculated according to the standard formula.

The Solvency II margin at end-December 2019, established according to the standard formula, amounts to 191% without dividend distribution as requested by the supervisory authorities, while the Solvency II margin of 181% at end-2018 is calculated after deduction of a dividend of 118 million euros.

2.4. OTHER KEY FIGURES

	31 December 2019	31 December 2018	Change
Number of employees	3,535	3,427	3.15%
Ethias SA	1,887	1,829	3.17%
NRB Group	1,648	1,598	3.13%

II. REPORT OF THE BOARD OF DIRECTORS

1. The year 2020 in a number of dates and key facts

1.1. DIVIDENDS

On 7 April 2020, in accordance with the EIOPA recommendations of 17 March and 2 April following the Covid-19 crisis (see Chapter II.6), the NBB has issued a circular asking all insurance companies to temporarily suspend discretionary dividend distributions until the 1st of October. Consequently, the Board of Directors will propose to the General Assembly of 20 May 2020 not to pay dividends and to appropriate the result of the financial year to the profit carried forward.

1.2. FITCH RAISES ETHIAS' GRADE

On 22 January 2019, the agency Fitch Ratings upgraded the IFS rating («Issuer Financial Strength») of Ethias SA from BBB+ (Good - outlook positive) to A- (Strong - outlook stable). This rating reflects the assessment of Ethias' financial strength.

On August 13, Fitch affirms Ethias' rating at A- and raises its outlook from stable to positive. The confirmation of the rating reflects Ethias' financial strength, its good profitability and its strong business model. The positive outlook reflects Fitch's expectation that the company will maintain a solid level of capitalization in 2019. Fitch points out in its press release that Ethias has begun to build a track record of stability following the implementation of a multi-year action plan that has resulted in a strengthening of its capitalisation, financial flexibility and asset-and-liability risk management. Fitch indicates that Ethias' strategic plan aims to strengthen its leading position in direct, digital and public authority insurance, which are the three key competitive advantages of Ethias.

In March 2020, after examining the macroeconomic situation and the prospects for many companies in the wake of the Covid-19 health crisis, within the framework of its «event driven» rating committee, the agency took the decision to bring the ratings of a whole series of companies with a positive outlook to a stable outlook. In this context, Ethias' «A-» rating therefore changes from a positive outlook to a stable outlook.

1.3. MARKET CONDITIONS IN 2019

2019 turned out to be a year of slowing global economic growth and contrasting performances in the financial markets. The past year was marked above all by (geo)political uncertainties, such as the China/USA trade war and uncertainties about Brexit.

In this context, the IMF has further revised downwards its growth forecasts for the world economy in 2019 and 2020 (3% in 2019, the worst since 2008, and 3.4% in 2020). The euro zone is, along with the emerging countries, one of the causes of the global economic slowdown, and this situation could deteriorate further in 2020. In Europe, growth has slowed significantly in 2019, especially in Italy and Germany, with a decline in business confidence indicators and steadily declining industrial production. Nevertheless, household consumption remains stable and the unemployment rate continues to drop, but at a slower pace than in previous years.

In the United States, consumption and services, which represent a significant part of the US economy, continue to provide support. On the other hand, the contributive share of investment and exports is declining. It is mainly the uncertainty surrounding the ongoing trade war and the weakness of the manufacturing sector that have negatively impacted the economic figures in recent months.

In this economic context, and in the absence of inflation, central banks have remained cautious. For the third time in a row in 2019, the Fed lowered its key rate by 25 basis points, bringing it into the 1.50%-1.75% range. For its part, the ECB left its rates unchanged (0%) but confirmed the monetary stimulus arsenal in September despite deep internal division. Net purchases have been relaunched under Quantitative Easing at a monthly rate of 20 billion euros as of November 1, 2019.

With regard to the financial markets, against this backdrop of mixed macroeconomic figures with

persistent political tensions, bond yields declined sharply with a peak in August and a 10-year Bund that hit -0.71% (an all-time low). For its part, the 10-year OLO rate of 0.78% at the beginning of January reached a low of -0.39% in August. It finally ended the year just above 0 to 0.09%.

In the peripheral countries, the trend was also downwards. Portugal and Spain benefited from their strong economic results and positive comments from rating agencies. As a result, their risk premiums went down in 2019. Italy, despite its political instability, saw its 10-year rate continue to go down, reaching 1.41% at the end of the year (compared to 2.74% at end-2018).

Stock market performance over the year 2019 was impressive: +24.78% for the EuroStoxx50 (CAC40: +26.37%, DAX: +25.48%, FTSE MIB: +28.28%, BEL20: +21.96%, IBEX: +11.82%), +28.88% for the S&P, +35% for the Nasdaq. Support from central banks as well as the back-and-forth in the trade negotiations between China and the United States, were the main market drivers, as were the uncertainties surrounding Brexit and the deterioration of the global manufacturing worldwide.

Indeed, the recurring threats and decisions to introduce customs duties by China and the United States caused intermittent periods of stress on the equity markets (in May and August); fears that an escalation of customs duties would have a strong impact on the world economy led to mini-corrections on the EuroStoxx50 index (-6.66% in May, -5.94% in August). It finally took 12 months to reach a first agreement in which the United States will lower its customs duties on certain products imported from China in exchange for China's purchase of American products over the next two years. In Europe, it was the political worries of a «hard Brexit» and the political turmoil in Italy that fuelled investors' concerns. At the end of the year, the removal of a Brexit without an agreement calmed the markets.

1.4. IMA

On December 4, 2019, Ethias finalized the acquisition of a stake in IMA Benelux, a company specializing in Assistance management since 2001, by signing an agreement with the IMA Group and P&V Group.

On 1 January 2020, Ethias will become a 33% shareholder (alongside P&V and the IMA Group) in IMA Benelux. This agreement provides for a true acceleration of Ethias' ambitions, and in particular of the "Ethias Assistance" brand, in terms of innovative services offering.

1.5. SIMPLIFICATION OF THE GROUP'S STRUCTURE

In order to simplify the group, Vitrufin SA, the holding company owning 100% of Ethias SA, was liquidated on October 25, 2019. The four shareholders, namely the Federal State (31.66%), the Walloon Region (31.66%), the Flemish Region (31.66%) and EthiasCo (5%), now hold their participation directly in Ethias SA.

2. Result of the financial year

The year 2019 records a **consolidated profit** (Group's share) of 212 million euros, up 16% compared to the result of 2018 thanks to a strong performance in Life business.

Total income amounts to 2,662 million euros, i.e. a decrease by 1% compared to the 2018 income, resulting from a 2.7% increase in Non-Life income and a 4.6% decrease in Life income.

The **result of Non-Life business** amounts to 157 million euros. The deterioration of the claims ratio in the "Public Bodies & Companies" segment, mainly due to the poor performance of a portfolio of international activities put in run-off, is offset by certain non-recurring items and by the good performance of financial assets.

The **result of Life business** amounts to 112 million euros. The excellent Life business result in 2019 was mainly driven by non-recurring financial income (capital gains on real estate and equity sales). These good results have enabled the provision for profit sharing (net of taxes) to be endowed by 50 million euros (compared to 42 million euros in 2018, for the segments Life and Death), mainly on the ring-fenced funds of the 1st pillar.

The **result of the other activities** amounts to -19 million euros, while tax expenses for the financial year amount to 38 million euros.

Point 7 of Chapter *IV. General information* contains more information on the result of the financial year.

3. Assessment of Internal Control

The preparation of the report on the assessment of the internal control system is in conformity with the BNB circular 2015_21 on internal control as well as with the COSO 2013 standards.

In terms of control environment, Ethias:

- pays attention to the respect of the integrity and the ethical values it enshrines;
- aims at reaching its objectives through a clear definition of its organic structures and of the appropriate competences and responsibilities.
- shows its commitment to attract, train and hold competent co-workers in accordance with the objectives of its multi-year plan;
- reinforces for each of its employees the duty to give account of his internal control responsibilities.

In terms of risk assessment:

- Ethias ensures a clear definition of the objectives assuring the identification and assessment of risks linked to its objectives.
- Ethias identifies the risks linked to the achievement of its objectives within the scope of its responsibilities and regularly analyses these risks in order to determine the appropriate management modalities for its risks.
- integrates the internal and external fraud risk in the assessment of risks that can compromise the achievement of its objectives.
- identifies and regularly assesses the changes that could have a significant impact on its internal control system.

In terms of controlling activities:

- develops and/or reviews its controlling activities by means of guidelines which specify the objectives and procedures implementing these directives.
- selects and develops the controlling activities - including information technology general controls - that contribute to the maintenance or decrease of risks linked to the achievement of its objectives at acceptable levels.

In terms of information and communication:

- Ethias communicates internally the information which is required for proper functioning of the other internal control components, more specifically by obtaining relevant and qualitative information.
- communicates with third parties on the points that may affect the functioning of other components of the internal control.

In terms of steering:

- realizes permanent and/or punctual assessments to check if the internal control components have been developed and are operable.
- communicates, in due time, an assessment of the internal control's deficiencies to the persons responsible for corrective measures, in particular to the Executive Committee and the Audit and Risk Committee.

The internal control system is constantly evolving and, in 2019, a monitoring was carried out on the actions aimed at improving governance. In addition, Ethias is continuing the implementation of an operational excellence programme and is finalizing the overhaul of all internal policy guidelines.

4. Risk Governance

4.1. INTRODUCTION

Besides its business activity of managing the risks underwritten by its clients, an insurance company, like any company, is itself confronted with various categories of risks. In such circumstances, it is a matter of managing the uncertainty as satisfactorily as possible, by identifying, assessing and effectively dealing with the risks the company is confronted with, in order to control them. The purpose is to strike the best possible balance between the objectives and the associated risks, with an excessive risk aversion itself posing a risk, and keeping in mind that, alongside each threat, opportunities do exist.

Therefore, the general risk management process aims at «offering a reasonable security with regard to achieving the objectives of the organisation by maintaining the risk exposure within the limits of risk appetite».

As a result, Ethias has adopted a coherent approach of risk management with regard to all material risks it is confronted with and which is rendered in the individual risk management policies.

4.2. GOVERNANCE WITH REGARD TO RISK MANAGEMENT

A review of structure for the risk management committees took place in early 2019, and the presentation below takes this adaptation into account.

Good governance of an insurance company requires the introduction of the following functions: Internal Audit, Compliance, Risk Management and Actuarial Control. These are not only independent monitoring functions but also governance functions. Their conclusions and advices are translated into measures to reinforce the management structure, the organisation and the internal control system. These functions are structured in such a way that they constitute three «defence lines»:

First defence line - Daily risk monitoring

The first defence line is provided by operational lines and support functions (accounting, asset management, IT, human resources ...). It is their responsibility to identify the risks posed by each operation and to respect the procedures and limits set.

Ethias sees to it that every employee has a suitable understanding of the risks that are likely to threaten the correct fulfilment of the activities he/she is responsible for. Hence, each employee is responsible for the identification and the assessment of the risks that are incurred on an ongoing basis.

Furthermore, a network of «risk» correspondents within the operational lines and the support functions permits to benefit from the technical skills of the experts in the field, including complaints, operational incidents and GDPR.

Second defence line - Risk supervision

The second defence line includes the control functions of the risk management function, the actuarial function (actuarial control) and the compliance function, which are responsible for ensuring that the risks have been identified and managed by the 1st line, according to the rules and procedures envisaged.

These three functions depend on the CRO, who ensures the transversal coordination of the work and the adequate exchange of relevant information.

The CRO, who is a member of the Executive Committee, has to make sure that the structure of Ethias' risk management is operational and has to improve its effectiveness and efficiency. The entities that are hierarchically answerable to the CRO assist him in his assessment of the company's risk profile, of its alignment with its strategy and risk appetite as well as in the identification of future risks.

This second defence line, which is independent of the first one, maintains a methodological framework and underlying processes that allow the control and the supervision of the implemented risk management structure. In the event of exceeding the risk profile wanted by Ethias, it can intervene at the operational level to initiate changes and to help the first defence line in resolving the problems.

Finally, in order to reinforce risk governance, Ethias' Executive Committee relies on committees dedicated to risk management:

- the **Insurance Reinsurance Committee (IRC)**;
- the **Assets and Liabilities Committee (ALCO)**

In fact, these committees are monitoring, decision-making and reporting instruments, particularly in terms of risks. Each committee is chaired by a member of the Executive Committee. The CRO is present in each committee dedicated to risk management. It was the willingness of the Executive Committee and of the Board of Directors to create «strong committees», so as to set up an effective risk governance within the company. It is also with this aim in view that the responsibilities of each committee have been clearly established by means of internal regulations.

The IRC follows the technical risks of the existing products, analyses the mitigation actions of the technical risks, analyses the modifications to existing products or the proposals for new ones and supervises the reinsurance programme.

The ALCO has the task of contributing to the protection of Ethias in its liquidity, profitability and solvency aspects, through the alignment of the company's assets and liabilities and to set the guidelines for the investment strategy as well as to monitor the investment portfolios in accordance with the risk appetite and investment philosophy approved by the Executive Committee and the Board of Directors.

Third defence line - Independent assessment

The third defence line is provided by the Internal Audit, which assesses, among other things, compliance with procedures by the first and second lines of defence and, more generally, the effectiveness of the internal control system. To ensure its independence, this entity reports hierarchically to the CEO directly and functionally to the Audit and Risk Committee.

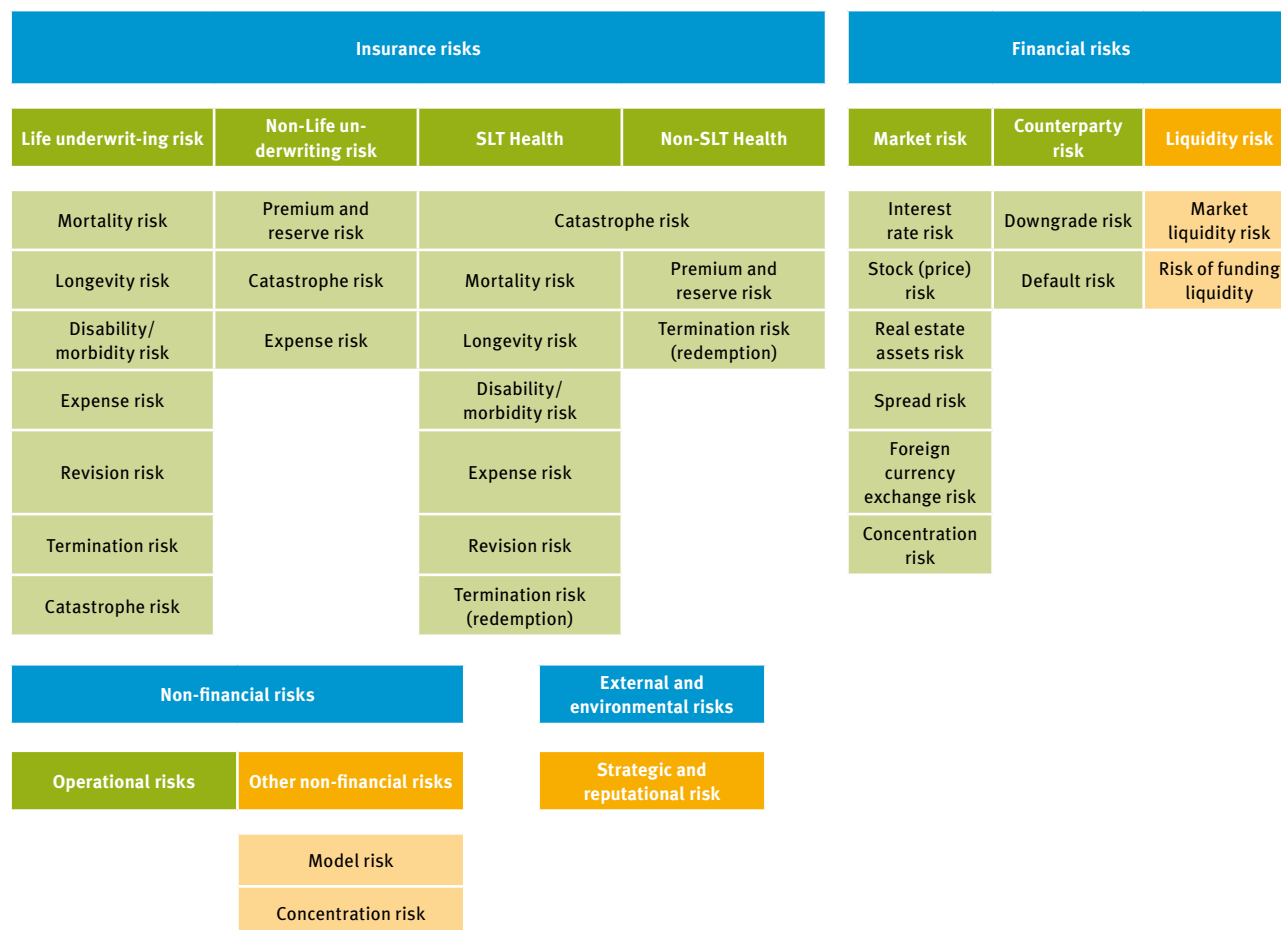
With regard to risk management, the Board of Directors of Ethias SA assumes ultimate responsibility for the effectiveness of the risk management system. To carry out its missions, it relies on the Audit and Risk Committee. The Audit and Risk Committee advises the Board of Directors on Risk Appetite and risk tolerance issues, analyzes risk reporting, challenges the implementation of the risk management system by the Executive Committee, and verifies its proper application.

4.3. TYPOLOGY OF RISKS

Ethias has drawn up a cartography of the different risks in order to ensure a common and shared comprehension of the risks managed by the company.

The typology adopted by Ethias is presented in the diagrams below and

- relies on the modules of the standard formula used to calculate regulatory capital requirements in the Solvency II framework (in green in the diagram)
- is completed by the risks not covered by the standard formula (in orange in the diagram)



4.4. RISK MANAGEMENT POLICY

Risk management within Ethias is materialized through the setting up of various monitoring processes allowing the identification, the monitoring and the reporting of the different endured risks.

4.4.1. Risk appetite

The clear and definite expression of the organization’s objectives constitutes a prerequisite for all risk management and the company’s objectives have to be formally listed up to the level of granularity that corresponds to the aimed risk analysis.

The company’s risk appetite and its strategic objectives have to be consistent with each other. Risk appetite falls within the competence of the Board of Directors. In practice, it is proposed by the Chief Risk Officer, validated by the Executive Committee and approved by the Board of Directors. The risk policies are the direct translation of the Board of Directors’ view in terms of risk appetite. Similar to the strategic objectives that are translated into operational objectives, risk appetite, as it has been approved by the Board of Directors, is equally due to translate itself, through policies into operational terms. The Risk Appetite of Ethias, adapted to Solvency II, has been approved by the Board of Directors and it is structured around four main axes: solvency, profitability, liquidity and operational excellence.

4.4.2. Stress testing and capital planning process

Within the framework of the planning exercise, the company regularly carries out an evaluation of its solvency (i.e. the adequacy of its internal equity to face its global risk profile). The exercise takes the specific risk profile into account: it integrates the main risks and their interactions during the carrying out of stress tests. Stress tests are in themselves tools for measuring specific risks. On a quarterly basis, spot stress tests are performed on the coverage ratio of the SCR. These stress tests are either standardized sensitivity tests or impact tests adapted to the specific risk profile of the company. This process also is a promotion tool and a means of spreading the «Risk Management» culture within all the departments of the company.

4.5. INSURANCE RISKS

All insurance companies are subject to risks arising from insurance contracts taken out. Those risks, gathered under the name «Insurance risks» come either from the guarantees offered by the different insurance products, or from the very process of the insurance activity. Nevertheless, the risks relating to the various processes will be reclassified in strategic, business or operational risks according to the various factors causing them.

The insurance risks are mainly borne and managed at the level of Ethias SA. The other companies of the Group do not undertake insurance activities. Consequently, the sensitivity analyses in Life and Non-Life hereafter, are only carried out on the level of Ethias SA.

4.5.1. Non-Life

4.5.1.1. Nature and extent of the risks

Non-Life underwriting risk

The Non-Life underwriting risk is the risk ensuing from insurance liabilities in Non-Life, considering the covered risks and the processes applied in the exercise of this activity.

- Premium and reserve risk

The premium and reserve risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the triggering date, the frequency and the gravity of the insured events as well as the date of payment and the total of the claim settlements. The definition also includes the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance contracts. This risk takes the inflation and the hyperinflation into account.

- Catastrophe risk

The catastrophe risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty related to the extreme or exceptional events and carrying some weight on the pricing and provisioning assumptions.

Special health underwriting risk

The underwriting risk in Health is the risk ensuing from the underwriting of health insurance liabilities, whether it is exerted or not on a technical basis similar to that of Life insurance, considering the covered risks and the processes applied in the exercise of this activity.

SLT Health (Similar to Life Techniques) underwriting risk

The SLT Health underwriting risk results from the underwriting of health insurance liabilities pursued on a technical basis similar to that of Life insurance. This module also includes the annuities resulting from Non-SLT Health (Non-Similar to Life Techniques) contracts such as the workers' compensation contracts or Accident contracts. The risks in this category are the same as those under «Life Underwriting Risk», except Catastrophe Risk.

- Mortality risk

The mortality risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.

- Longevity risk

The longevity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.

- Disability/morbidity risk

The disability/morbidity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend or volatility of claims due to changes in sickness, disability, recovery, revalidation and morbidity rates.

- Expense risk

The expense risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance SLT Health contracts.

- Revision risk

The revision risk, applicable to annuities, is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend or volatility of the inflation rate, a change in the legal environment or in the state of health of the individual. The revision risk applied to annuities resulting from Non-SLT Health (Non-Similar to Life Techniques) contracts, is also classified under this risk.

- Termination risk

The termination risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level or volatility of the termination, maturity or renewal rates for policies.

Non-SLT Health (Non-Similar to Life Techniques)

- Premium and reserve risk

The premium and reserve risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the triggering date, the frequency and the gravity of the insured events as well as the date of payment and the total of the claim settlements. The definition also includes the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance contracts.

- Termination risk

The termination risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level or volatility of the termination, maturity or renewal rates for policies.

- Catastrophe risk

The catastrophe risk is the risk of loss or unfavourable change in the value of the insurance liabilities, resulting from the considerable uncertainty, related to the unusual accumulation of risks under such extreme circumstances.

4.5.1.2. Sensitivity analysis

The table hereafter shows the gross impact, excluding reinsurance, of the sensitivity analyses on the income statement. These estimates represent the effect resulting from an increase in management costs or in claims frequency on the evaluation of the Non-Life insurance contracts within the framework of IFRS 4 (phase 1).

In thousands of euros; solely Ethias SA

Increase in internal claims handling costs by 10%
 Increase by 5% in claims

	31 December 2019	31 December 2018
Increase in internal claims handling costs by 10%	(13,792)	(15,303)
Increase by 5% in claims	(52,443)	(51,854)

4.5.2. Life

4.5.2.1. Nature and extent of the risks

Life underwriting risk

The life underwriting risk is the risk ensuing from insurance liabilities in Life, considering the covered risks and the processes applied in the exercise of this activity.

- Mortality risk

The mortality risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.

- Longevity risk

The longevity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.

- Disability/morbidity risk

The disability/morbidity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness, recovery, revalidation and morbidity rates.

- Expense risk

The expense risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance (or reinsurance) SLT Health contracts.

- Revision risk

The revision risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from a change in the legal environment or in the state of health of the individual.

- Termination risk

The termination risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the reduction, maturity, redemption rates and renewal rates of the policies.

- Catastrophe risk

The catastrophe risk in Life is the risk of loss or adverse change in the value of insurance liabilities resulting from the significant uncertainty associated with extreme or irregular events.

4.5.2.2. Sensitivity analysis

The table below shows the gross impact of the sensitivity analyzes on own funds. These estimates represent the effect induced by the modification of various valuation assumptions on the evaluation of Life insurance and investment contracts within the framework of IFRS 4 (phase 1). The shocks considered are those used by the company's management as part of the assessment of Life insurance risks. The orders of magnitude used are similar to those identified within the framework of the Solvency II standard.

In thousands of euros; includes impact on the ring-fenced funds	31 December 2019	31 December 2018
Mortality risk		
Increase by 15 % in mortality	27,144	23,105
Longevity risk		
Increase by 20 % in longevity	(58,053)	(42,675)
Expense risk		
Increase in internal claims handling costs by 10%	(36,135)	(31,000)
Doubling of inflation relating to the base-case inflation vector	(47,285)	(36,527)

4.5.3. Concentration risk

The management team analyses the insurance activities of the Group and distinguishes two major segments of policy holders: Public Bodies & Companies on the one hand, and Private Individuals, on the other hand.

Public bodies and Companies

Ethias is the privileged insurer of the Public Sector thanks to the exceptional knowhow it has developed during more than 90 years of partnership. Its insured parties include the Federal State, Regions and Communities, local public authorities (provinces, cities and municipalities, public social welfare centres ...), public companies as well as thousands of intercommunity and semi-public bodies, schools, hospitals, public interest organizations ...

For several years now, Ethias has also been making its competence and its expertise available to companies.

Ethias' positioning towards this category of policy holders explains the high concentration of encashment with regard to Public Bodies and Companies.

Private Individuals

Ethias, as a direct insurer, also offers a complete product range via a wide range of distribution channels to Private Individuals.

In thousands of euros	31 December 2019		31 December 2018	
	Income	Part of the in-come	Income	Part of the in-come
Non-Life insurance				
Public bodies and Companies	836,908	32%	805,234	30%
Private Individuals	582,217	22%	576,605	22%
Gross premiums	1,419,125	54%	1,381,839	52%
Public bodies and Companies	(30,375)	-1%	(30,492)	-1%
Private Individuals	(7,075)	0%	(6,946)	0%
Premiums ceded to reinsurers	(37,450)	-1%	(37,438)	-1%
Public bodies and Companies	806,533	31%	774,742	29%
Private Individuals	575,142	22%	569,659	22%
Net premiums	1,381,675	53%	1,344,401	51%
Life insurance				
Public bodies and Companies	1,191,413	45%	1,247,392	47%
Private Individuals	51,232	2%	54,802	2%
Gross premiums	1,242,645	47%	1,302,194	49%
Public bodies and Companies	(2,883)	0%	(2,812)	0%
Private Individuals	(5)	0%	(5)	0%
Premiums ceded to reinsurers	(2,888)	0%	(2,817)	0%
Public bodies and Companies	1,188,530	45%	1,244,580	47%
Private Individuals	51,227	2%	54,797	2%
Net premiums	1,239,757	47%	1,299,376	49%
Total amount Life and Non-Life insurance	2,621,432	100%	2,643,777	100%

4.5.4. Reinsurance

Reinsurance lies within the control process of the insurance risks. In general, risk appetite is expressed throughout four main streams: solvency, profitability, liquidity and security. Reinsurance intervenes in these four fields.

When it turns out to be necessary or useful, Ethias SA reinsures itself in order to reduce the insurance risk and/or to improve its solvency ratio. Reinsurance is taken out on the basis of treaties that apply to a portfolio on the whole or on the basis of optional conventions relating to policies that are outside the conditions of these treaties. Treaties are reinsured by a panel of reinsurers being at least “A” rated (allowing for exceptions) and taking a participation that is generally limited to 20%.

The premiums that are ceded to the reinsurers are indicated in the previous section.

Non-Life management

The different portfolios (car, accidents at work, civil liability, fire, comprehensive, construction all risk and ten-year risk) are reinsured by excess of loss treaties. Reinsurance intervenes whenever a damage or an event exceeds the amount determined according to risk aversion.

The purchased capacities are a function of the underwriting limits and/or of the MPL (Maximum Possible Loss) in excess of loss per risk treaty. They are a function of very cautious catastrophe scenarios for the excess of loss per event treaty.

Life management

Death and disability are reinsured on the basis of an excess of loss treaty.

Non-Life and Life management

In case of an accident affecting at least two persons insured in accidents at work, in accidents common law; in death or in disability, an excess of loss per event treaty intervenes globally on top of the formerly presented treaties.

Terrorism is reinsured through the national TRIP pool. Our retention following on the TRIP intervention is also reinsured.

4.6. FINANCIAL RISKS

Financial risk includes all the risks relating to the performance and the value of the financial assets. It holds:

- the counterparty risk which materializes itself in case of default of one of the counterparties of the company;
- the market risk which reflects the impact of the fluctuations and of the volatility of the market prices of the company’s assets and liabilities;
- the liquidity risk which measures the company’s capacity to satisfy its cash flow needs without prejudicing its daily activities.

4.6.1. Counterparty risk

4.6.1.1. Nature and extent of the risks

The counterparty risk reflects possible losses due to unexpected default or deterioration in the credit rating, of the insurance company’s counterparties and debtors. The definition covers risk-mitigating contracts, such as reinsurance arrangements, securitizations and derivatives, and receivables from intermediaries, as well as any other credit exposures which are not covered in the spread risk module.

The counterparty risk can be subdivided into:

- Downgrade risk: downgrade risk is the risk of exposure to financial losses related to the downgrade of a country or of a company in which the company has invested (directly or via a debt security), of a counterparty of a financial transaction, (e.g. OTC contracts) or of a reinsurer.
- Default risk: default risk is the risk of exposure to financial losses related to the default of a country or of a company in which the company has invested (directly or via a debt security), to the default of a counterparty of a financial transaction, (e.g. loans or OTC contracts) or to the default of a reinsurer.

4.6.1.2. Maximum exposure and mitigation of credit risk

The table hereafter shows the credit risk to which the Group is exposed. It mentions the market value of the main categories of financial assets.

Besides diversification and measures to avoid concentrations, credit risk can be reduced by coverages or by obtaining collaterals or guarantees. The value of the collateral is determined by a cautious approach, based on several criteria including the nature and the specific type of collateral as well as its liquidity and the volatility of its value. The breakdown of these collaterals and guarantees obtained to cover the financial assets of the Group can also be found hereafter.

In thousands of euros, in market value, at the Group's level	31 December 2019					
	Maximum exposure to credit risk	Cash	Securities	Real estate properties	Total amount of received guarantees	Unsecured exposure
Available for sale	766,840	-	-	-	-	766,840
Designated at fair value through profit or loss	126,845	-	-	-	-	126,845
Held for trading	2,719	-	-	-	-	2,719
Participating interests, shares and investment funds	896,403	-	-	-	-	896,403
Available for sale	14,227,209	-	504,582	-	504,582	13,722,627
Designated at fair value through profit or loss	486,462	-	-	-	-	486,462
Bonds	14,713,672	-	504,582	-	504,582	14,209,089
Loans and deposits recognized at amor-tized cost	504,958	-	-	305,323	305,323	199,636
Other investments	504,958	-	-	305,323	305,323	199,636
Held for trading	479	-	-	-	-	479
Held for hedging purposes	54,542	57,551	-	-	57,551	(3,010)
Derivative financial instruments	55,021	57,551	-	-	57,551	(2,531)
Receivables arising from insurance operations or accepted reinsurance	224,682	-	-	-	-	224,682
Receivables arising from ceded reinsurance operations	110,833	-	102,909	-	102,909	7,924
Other receivables	147,406	-	5,264	-	5,264	142,143
Cash and cash equivalents	398,372	-	-	-	-	398,372
Total amount of exposure to credit risk	17,051,348	57,551	612,756	305,323	975,630	16,075,718

In thousands of euros, in market value, at the Group's level	31 December 2018					
	Maximum exposure to credit risk	Cash	Securities	Real estate properties	Total amount of received guarantees	Unsecured exposure
Available for sale	637,205	-	-	-	-	637,205
Designated at fair value through profit or loss	115,142	-	-	-	-	115,142
Held for trading	-	-	-	-	-	-
Participating interests, shares and investment funds	752,347	-	-	-	-	752,347
Available for sale	12,982,409	-	548,300	-	548,300	12,434,109
Designated at fair value through profit or loss	576,260	-	-	-	-	576,260
Bonds	13,558,669	-	548,300	-	548,300	13,010,369
Loans and deposits recognised at amor-tized cost	497,792	-	-	352,780	352,780	145,012
Other investments	497,792	-	-	352,780	352,780	145,012
Held for trading	-	-	-	-	-	-
Held for hedging purposes	42,962	40,525	-	-	40,525	2,437
Derivative financial instruments	42,962	40,525	-	-	40,525	2,437
Receivables arising from insurance operations or accepted reinsurance	222,862	-	-	-	-	222,862
Receivables arising from ceded reinsurance operations	104,474	-	97,759	-	97,759	6,715
Other receivables	176,543	-	3,421	-	3,421	173,122
Cash and cash equivalents	690,037	-	-	-	-	690,037
Total amount of exposure to credit risk	16,045,686	40,525	649,480	352,780	1,042,785	15,002,901

Assets held for hedging purposes are considered at their net risk position by issuer. Derivatives vis-à-vis a counterparty whose net value is negative are therefore not included here because they have no credit risk exposure.

Participating interests, shares and investment funds

The breakdown of the Group's exposure towards price risk on shares can be found in chapter *II. Report of the Board of Directors*, point 4.6.4.3.

Bonds

The bond portfolio of the Group contains a certain number of securities backed by various types of assets. It consists of covered bonds, among other things.

Covered bonds are debt securities issued by a credit institution and whereof the payment is guaranteed by specifically dedicated (or «hedging assets») assets. The holders of covered bonds have, in the event of insolvency of the issuer, a «dual recourse» on the issuer's general assets on the one hand, and on the specifically dedicated assets, on the other hand. They represent 504.6 million euros at 31/12/2019 and 548.3 million euros at 31/12/2018.

Loans and deposits

The received guarantees linked with mortgages are limited to the outstanding balance in order to take the fair credit risk into account.

As far as loans and deposits are concerned, up to now, there has been no revaluation of the guarantee.

Loans are granted in accordance with a well-defined credit investment policy.

Derivative financial assets

In 2019, the amount of collateral received on derivative products stands at 57.5 million euros compared to 40.5 million euros at end-2018.

Receivables

The breakdown of guarantees relating to the account receivables can be found in chapter **VII. Notes relating to items not included in the balance sheet**, point 4.1.

The credit quality of the receivables is set out in Chapter **V. Notes to the consolidated balance sheet**, point 8.3.

4.6.2. Concentration risk

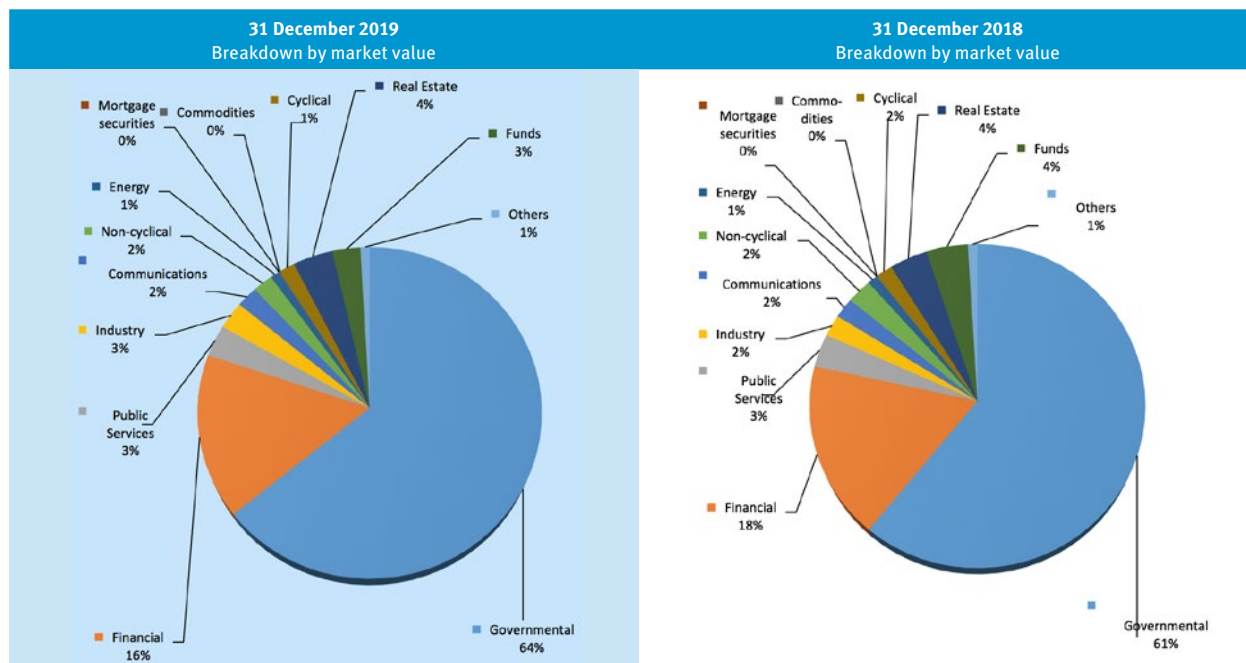
The concentration risk on the market risks includes the risk of additional losses borne by the company as a result of either, the lack of diversification in its assets portfolio (losses increased by the concentration of investments in a geographical zone or activity sector) or an important exposure to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

4.6.2.1. Sectoral distribution

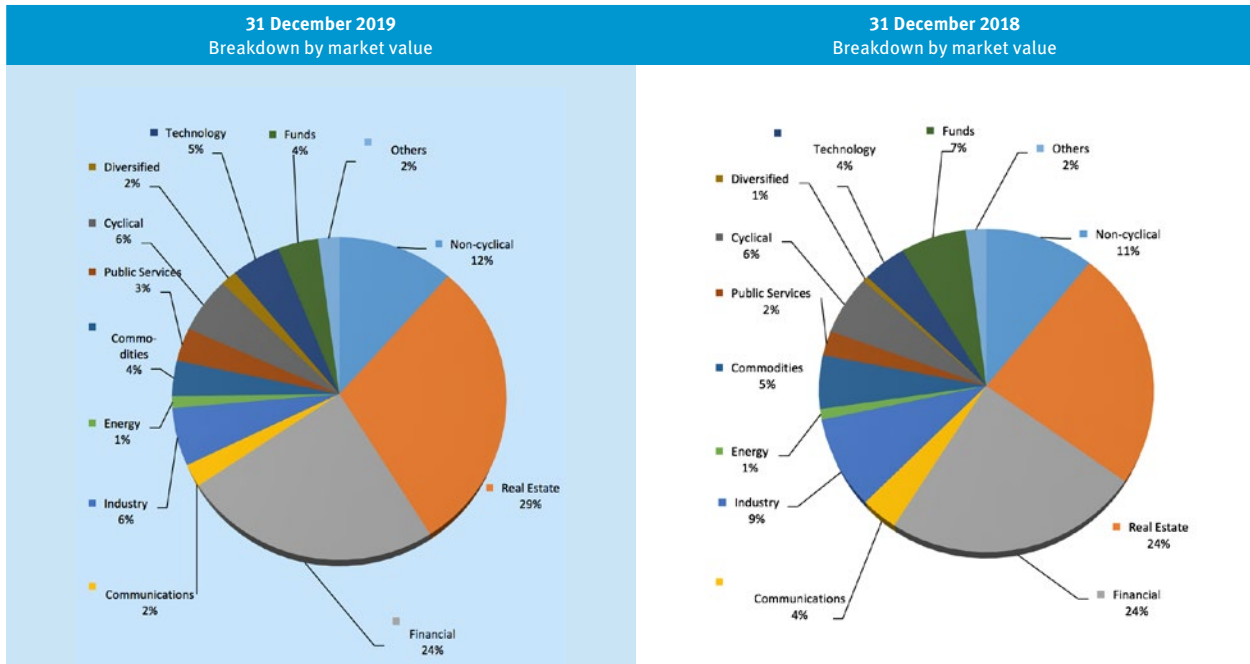
In order to manage the concentration at sectoral level of the financial assets, the financial limits system groups the assets together per distinct asset class and defines an asset allocation strategy which allows a sound diversification.

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:

Bonds and equivalent stocks



Shares, participating interests and investment funds



4.6.2.2. Exposure to sovereign risk

At end-December 2019, the part invested in sovereign or supranational debt amounts to 67% of the total amount of the fair value of all the bonds (i.e. 9.812,2 million euros on a total of 14.713,7 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.

	31 December 2019	31 December 2018
Germany	441,279	365,746
Austria	154,642	121,301
Belgium	4,221,393	4,475,169
Spain	856,579	532,054
Central and Eastern Europe	624,393	415,253
France	1,437,801	1,336,932
Ireland	507,255	358,602
Italy	243,472	289,478
The Netherlands	21,786	28,126
Scandinavia	44,734	41,329
Portugal	585,287	88,225
Supranational securities	628,867	502,784
Others	44,692	11,873
Total	9,812,179	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, 9.812,2 million euros per December 31, 2019 (against 8,566.9 million euros per December 31, 2018), is higher than the amount mentioned under the sector «Governmental», i.e. 9,438.9 million euros (against 8,254.6 million euros for the year 2018).

4.6.3. Liquidity risk

4.6.3.1. Nature and extent of the risks

We consider that the liquidity risk to which the Company is subject can be analysed in two distinct ways:

- Risk of market (il)liquidity: the risk of loss resulting from the fact that the company cannot easily compensate or eliminate a position at market price because of inadequate market depth or market disruptions.
- Risk of funding (il)liquidity: the risk of loss resulting from the fact that the company is not able to satisfy the need for present and future, expected and unexpected cash flows, without affecting its day-to-day operations or its financial position.

On the whole, the liquidity risk is the risk of not being able to meet the demands, expected or not, issued by the insurers or by other counterparties, without significantly burdening the profitability of the company.

This risk is analysed and monitored on a quarterly basis through comparisons between the contractual maturities of assets and liabilities as well as the realisation of stress tests, making it possible to measure the impact of a change in repayment profiles mainly in liabilities.

4.6.3.2. ALM risks

A quarterly ALM report allows to diagnose the asset-liability management and the liquidity situation and to propose the necessary corrective measures. This report is analysed by the ALCO committee. The conclusions are presented to the Executive Committee which takes, if necessary, the corrective measures required and which determines the specific steering of certain identified risks. A summary report is transmitted to the Board of Directors.

The ALCO Committee's mission is to contribute to the protection of Ethias in its aspects relating to profitability, liquidity and Solvency II positioning. This committee is responsible for validating the strategies regarding ALM, investment, the investment risk and for assuring their follow-up, for validating the strategic asset allocation (SAA), for ensuring the consistency with the Risk Appetite.

4.6.3.3. Analysis of contractual maturities

The liquidity risk is analysed essentially within the company Ethias SA, which concentrates the majority of the Group's cash flows and on the basis of which the liquidity risk is analysed and monitored by the management. The table below shows the contractual cash flows expected by Ethias SA per category of financial assets and liabilities, grouped per maturity date.

In thousands of euros Only Ethias SA	31 December 2019							
	Book value	Expected cash flows (undiscounted)						
		Total amount of undiscounted flows	Up to 1 year	Between 1 and 5 years	Between 6 and 10 years	Between 11 and 20 years	More than 20 years	Undetermined maturity
Assets								
Bonds and similar securities	14,695,048	16,883,852	1,769,366	4,639,873	2,805,586	3,673,396	3,995,631	-
Participating interests, shares, investment funds and investment property	1,429,772	2,138,354	62,335	360,683	484,719	603,093	627,524	-
Loans and deposits	651,338	1,050,699	126,655	346,167	293,666	218,543	65,667	-
Cash and cash equivalents	354,676	354,676	354,676	-	-	-	-	-
Investments belonging to unit-linked insurance contracts	1,394,250	1,463,963	1,463,963	-	-	-	-	-
Derivatives	98,440	-	-	-	-	-	-	-
Total assets	18,623,525	21,891,543	3,776,995	5,346,723	3,583,971	4,495,033	4,688,822	-
Liabilities								
Insurance and investment contract liabilities	13,780,389	14,462,704	2,248,934	3,695,980	2,471,200	3,306,110	2,740,480	-
Liabilities belonging to unit-linked insurance contracts	1,394,250	1,394,250	1,394,250	-	-	-	-	-
Subordinated debts	487,707	636,153	23,323	162,740	444,339	2,738	3,012	-
Other financial debts	185,507	185,507	185,507	-	-	-	-	-
Derivatives	43,722	-	-	-	-	-	-	-
Total liabilities	15,891,576	16,678,616	3,852,015	3,858,720	2,915,540	3,308,849	2,743,492	-

In thousands of euros Only Ethias SA	31 December 2018							
	Book value	Expected cash flows (undiscounted)						
		Total amount of undiscounted flows	Up to 1 year	Between 1 and 5 years	Between 6 and 10 years	Between 11 and 20 years	More than 20 years	Undetermined maturity
Assets								
Bonds and similar securities	13,539,499	14,916,524	1,430,988	4,636,701	2,860,621	3,281,449	2,706,765	-
Participating interests, shares, investment funds and investment property	1,280,841	2,060,597	52,938	279,243	297,903	650,650	779,863	-
Loans and deposits	640,480	1,005,130	88,433	325,858	298,332	219,770	72,737	-
Investment properties								-
Cash and cash equivalents	654,896	654,896	596,474	58,422	-	-	-	-
Investments belonging to unit-linked insurance contracts	1,173,222	1,233,120	1,233,120	-	-	-	-	-
Derivatives	52,317	20,289	20,289	-	-	-	-	-
Total assets	17,341,255	19,890,556	3,422,242	5,300,224	3,456,856	4,151,869	3,559,365	-
Liabilities								
Insurance and investment contract liabilities	13,178,545	14,274,391	1,616,221	3,859,229	2,493,399	3,489,827	2,815,715	-
Liabilities belonging to unit-linked insurance contracts	1,173,222	1,173,222	1,173,222	-	-	-	-	-
Subordinated debts	484,037	686,376	24,364	182,974	475,788	3,250	-	-
Other financial debts	257,852	257,852	257,852,00	-	-	-	-	-
Derivatives	9,355	-	-	-	-	-	-	-
Total liabilities	15,103,010	16,391,841	3,071,659	4,042,203	2,969,187	3,493,077	2,815,715	-

The projection of cash flows is based on several assumptions.

Financial assets

The portfolios are projected in run-off, except for long-term insurance products where reinvestments are planned: we reflect the management decisions to reinvest according to the asset allocation defined for these products, so as to reproduce more realistically the actually expected liquidity flows. The activities having a decreasing profile are backed by a shorter asset portfolio to ensure the benefits provided.

Hence, liquidity is managed using the expected evolution profile of each insurance product.

We also note that actual maturities may differ from contractual maturities because certain assets are accompanied by early redemption clauses, with or without penalties, or maturity extension clauses.

Liabilities

Only contractual future premiums are taken into account, including for the Non-Life activities, and the expected cash flows on insurance contracts are based on the repurchase assumptions defined internally.

Repos

In the past, it was considered in this table that repos were rolled with the same maturity as the underlying bond. The strategy for financing via repos was modified in 2018. It was decided to assume a reimbursement of the repo's at the first possible maturity date. For this reason, all cash flows related to other financial debts take place during the year and in the same way most of the cash is at maturity during the year.

Derivative instruments

Only hedges giving rise to an exchange of cash at maturity have been taken into account in the cash flow statement.

4.6.4. Market risk

The market risk reflects the risk related to the volatility level in the market value of the financial instruments which have an impact on the value of assets and liabilities of the company concerned.

It covers interest rate risk (sensitivity to changes in the interest rate curve), stock price risk (sensitivity to changes in the level or volatility of the stock market value), risk on real estate assets (sensitivity to changes in the level or volatility of the market value of real estate assets), spread risk (sensitivity to changes in the level or volatility of credit spreads related to the risk-free interest rate curve), foreign exchange risk (sensitivity to changes in the level or volatility of exchange rates), as well as the concentration risk.

Furthermore, the market risk reflects in principle the structural mismatch between assets and liabilities, in particular with regard to their duration.

The market risk on financial investments related to unit-linked contracts is assumed by the policyholder. Financial investments are not included in the different analyses below.

4.6.4.1. Interest rate risk

The interest rate risk is the risk associated with the sensitivity of the value of assets, liabilities and financial instruments to the changes affecting the interest rate curve (including the slope) or the volatility of the interest rates.

Interest rate fluctuations can have an impact on the products marketed by the company, such as guarantees and bonuses, as well as on the value of the company's investments. This risk arises from the difference in sensitivity of assets and liabilities to changes in interest rates.

The monitoring of the market risk is realised in two ways:

- At the asset level, monthly monitoring of the duration of the portfolio's bond positions;
- in terms of asset-liability management: systematic analysis of the duration gap between assets and liabilities in order to reduce it as much as possible or, if necessary, to cover part of the risk

4.6.4.2. 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	31 December 2019						Total
	AAA	AA	A	BBB	BB and below	No rating	
Bonds and similar securities	733,402	6,688,201	2,718,613	3,704,699	142,226	726,530	14,713,672
Loans and deposits	-	15,654	7,079	-	-	482,225	504,958
Receivables	-	-	11	-	-	482,911	482,922
Cash and cash equivalents	-	-	362,803	1,250	230	34,089	398,372
Total	733,402	6,703,856	3,088,506	3,705,949	142,457	1,725,755	16,099,924

In thousands of euros In market value	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 significant increase in «BBB» ratings explained by the purchases on Spain and Portugal made in 2019.

4.6.4.3. Stock price risk

The share risk is the risk associated with the sensitivity of the value of financial instruments to changes which affect the level of the market value of the shares.

The price risk relates to the overall position in the market value of the share in participating interests, shares and investment funds. The overall position of the Ethias Group is shown in the below table.

In thousands of euros, in market value	31 December 2019		31 December 2018	
	Fair value	% of the value in the balance	Fair value	% of the value in the balance
Participating interests	115,996	0.59%	115,875	0.63%
Equities	508,108	2.60%	439,783	2.41%
Investment funds	272,299	1.40%	196,689	1.08%
Total	896,403	4.60%	752,347	4.12%

4.6.4.4. Price risk on investment properties

The risk on real estate is the risk associated with the sensitivity of the value of financial instruments to changes which affect the level of the real estate assets' market value.

In 2019, the market value of the Group's investment properties amounts to 637 million euros (i.e. 3.28% of total assets) against 582.6 million euros (i.e. 3.19% of total assets) in 2018.

4.6.4.5. Foreign currency exchange risk

The exchange risk (or currency risk) is the risk associated with the sensitivity of the value of financial instruments denominated in foreign currencies to changes which affect the level of the currency exchange rates. The foreign currency exchange risk is limited for the Group.

4.6.5. Analysis of sensitivity to financial risks

The measurement and monitoring of each risk results in sensitivity analyses allowing to estimate the gross impact of stress tests on the overall result as well as on the company's solvency.

The table hereafter shows the shocks taken into account when assessing the different types of risk as well as their impact on the income statement and on other items of comprehensive income. The shocks considered are those used by the company's management as part of market risk assessment. The orders of magnitude used are similar to those identified within the framework of the Solvency II standard. The sensitivity analysis proposed is based on the portfolio of shares and bonds held by Ethias SA. In the case of shares, the impact on the SICAV «Ethias Sustainable Investment Fund» (E.S.I.F), formerly «RTD Ethias High Yield», is also taken into account. The amounts do not include the effects of the application of shadow accounting, nor of the adequacy test for the technical provision.

In thousands of euros; only Ethias SA (and plus Ethias S.I.F. in the case of shares)

	31 December 2019	
	Estimated impact on the income statement	Estimated impact on other comprehensive income items
Interest rate risk (excluding derivatives)		
Increase in the yield curve by 100 basis points	(6,280)	(1,207,190)
Decrease in the yield curve by 100 basis points	6,280	1,207,190
Credit spread risk		
Increase in the credit spread by 100 basis points	(15,504)	(1,207,795)
Decrease in the credit spread by 100 basis points	15,504	1,207,795
Stock price risk		
Stock price decrease by 39 %	(69,458)	(231,195)
Stock price increase by 39 %	43,124	257,219

In thousands of euros; only Ethias SA (and plus Ethias S.I.F. in the case of shares)

	31 December 2018	
	Estimated impact on the income statement	Estimated impact on other comprehensive income items
Interest rate risk (excluding derivatives)		
Increase in the yield curve by 100 basis points	(10,882)	(926,135)
Decrease in the yield curve by 100 basis points	10,882	926,135
Credit spread risk		
Increase in the credit spread by 100 basis points	(22,883)	(920,759)
Decrease in the credit spread by 100 basis points	22,883	920,759
Stock price risk		
Stock price decrease by 39 %	(102,188)	(123,354)
Stock price increase by 39 %	37,622	188,852

Sensitivities to interest rates and credit spreads have increased in terms of the estimated impact following the increase in dirty value bond exposure. In terms of equity risk, we observe a significant transfer of sensitivities between other items of comprehensive income (OCI) and P&L (more in OCI and less in P&L) in the event of a decline in equity levels, as equity levels are significantly higher than the levels at which impairments are applied following the general significant increase in market values at end-2019.

Derivative hedging strategies are used in order to mitigate Ethias' exposure to the risk of falling interest rates (swap futures contracts) and the risk of widening credit spreads on Belgian government bonds (bond futures contracts). The estimated impact of these hedging derivatives at 31/12/2019 on the sensitivity of other items of comprehensive income is presented below.

Impact related to swap futures contracts:

- Increase in the yield curve by 100 basis points: -47 million euro
- Decrease in the yield curve by 100 basis points: +55 million euro

Impact related to bond futures contracts:

- Increase in the credit spread by 100 basis points: +40 million euro
- Decrease in the credit spread by 100 basis points: -40 million euro

These different levels of impact have significantly decreased compared to 2018 following the maturity of part of our interest rate hedges and part of our spread hedges.

The amounts included in this chapter do not include the effect of the application of shadow accounting, nor of the adequacy test for the technical provisions. The application of these two accounting adjustments strongly offsets the sensitivity of the result and of the OCI to market risks. Indeed, the application of shadow accounting to these various shocks would imply residual impacts on own funds that are much lower than the amounts in the table. It should be noted that for the interest rate effect or the spread effect on bonds, there would only be a net impact on own funds of -331 million euros. It should also be noted that the residual impact on own funds of the equity shock on shares would be in the range of -80 million euros (for the equity downward shock) and +87 million euro (for the equity upward shock).

4.7. OPERATIONAL RISKS

The operational risk is described as “the risk of direct or indirect loss resulting from an inadequacy or failure attributable to procedures, processes, and people as well internal as external and to systems within the organisation, or resulting from external events”.

External events are for instance natural disasters (fire, flooding...), legal changes, strikers preventing access to the workplace, etc.

The definition includes legal risk, but excludes strategic and reputational risks.

With regard to operational risks, Ethias carries out different types of risk assessment, namely:

- operational risk assessment on activities
- operational risk assessment on projects
- operational risk assessment on new products
- operational risk assessment on organisational changes

Information security & cyber risk management in 2019 is still a complementary entity that is separated from the entity in charge of operational risk management. End 2019, this entity was directly linked to the management in view of the importance of cyber risk problems.

Business continuity management is still integrated into the operational risk management with a view to optimization. The process description work in support of the business is integrated into it.

A change in organisation has taken place leading to the appointment of a new Chief Risk Officer and a new Risk Manager.

End 2019, the Chief Risk Officer has:

- strengthened the Operational Risk Management (ORM) with the appointment of a Head of ORM;
- initiated a new process of centralizing qualitative risks (operational, strategic, reputational and financial) in order to better understand the risks of the entire company and to facilitate the arbitration of decision-making.

The Executive Committee now directly monitors the operational risk. It analyses and proposes guidelines for the corresponding mitigation/management measures. This action was formerly performed by the Risk Management Committee.

5. Information regarding environmental and staffing matters

Information relating to environmental and staffing matters is dealt with in the annual reports of Ethias SA (as well as in Ethias SA's non-financial report that is appended to the annual report) and of its various subsidiaries. The Ethias group would be nothing without the strength and commitment of its employees.

6. Events subsequent to the date of the consolidated balance sheet

Covid-19 crisis

At the end of January 2020, the coronavirus pandemic (COVID-19) became the main driver of movements on the financial markets.

By mid-March, volatility on the financial markets had reached levels of panic equivalent to those observed at the height of the 2008 crisis. The lack of coordination at the global level in the response to the crisis had strongly increased risk aversion. Fortunately, central banks have learned from 2008. During the weekend of March 15, for example, the Fed returned to a zero interest rate policy by lowering its key rates by 100 bp.

At the beginning of April, the crisis also became economic, as the quarantine measures taken almost everywhere to contain the spread of the virus had a very high cost for economic actors and public finances. The various governments and central banks are stepping up their efforts by announcing new support measures.

Since mid-April, continental Europe has been showing some encouraging signs, with a decrease in new infections in Belgium and in Italy and Spain, the countries most affected. On the other hand, the pandemic is progressing in the United States, England and many emerging countries. The peak of infections is not yet reached at the global level.

Europe and the United States are preparing for a start to lift lockdown measures and a resumption of local trade, while fears in Asia of a second wave of infection from abroad are not facilitating the resumption of world trade.

Over the next few weeks, stock markets should continue to be on a rollercoaster ride as long as investors have no visibility on the way out of the health crisis.

The Ethias investment portfolio has resisted rather well to the impact of the COVID-19 crisis. It is a defensive portfolio, 83 % of which is composed of long-term bonds. The proportion of listed shares is only 3 %. The credit quality of the bonds is monitored daily under current market conditions.

The impact of this health crisis is not limited to financial risk alone. Other insurance and operational consequences are added. Ethias has taken the full measure of these risks and various preventive actions have been carried out, thanks among other things to the regular maintenance of our Business Continuity Plan. These decisions were motivated by Ethias' absolute priority to follow the recommendations of the public authorities and to ensure the safety of its employees and their families, its clients and its partners.

Thus, being technically and technologically prepared, Ethias was immediately able to:

- enable almost all of its employees to work from home, thus ensuring their safety and that of their families;
- guarantee uninterrupted service to its clients, by promoting all digital tools (website, client space, online sales, live chat) and by strengthening the accessibility of its Contact Centers.

Given the seriousness of the situation, Ethias immediately took responsibility and joined forces in several areas. In the field of health care, Ethias provided emergency aid to the Belgian Red Cross and Doctors Without Borders/ Médecins Sans Frontières (MSF) and circulated their call for donations. In terms of economic distress, a series of exceptional measures, were taken, both individually and by the sector, to help citizens and businesses financially affected by the crisis. In concrete terms, we immediately halted the recovery of premiums and postponed the tariff revisions, postponed the payment of premiums for a number of contracts until 30 September, maintained the coverage of collective contracts for people in technical unemployment, suspended certain contracts for companies with temporarily discontinued operations, reimbursed the premiums for cancelled events and also extended the coverage in Workers' Compensation and Civil Liability to all volunteers who have been called upon by our first-line policyholders (hospitals, rest and care homes, municipalities, public social welfare centres, police, Red Cross, etc.). Ethias has also developed a solidarity app, called "App4You", bringing together volunteers and people in need of help, no matter how diverse the help is.

At the time of writing this report, the consequences of the pandemic for the company cannot be accurately estimated. While this event has no impact on the annual financial statement of the company at 31 December 2019, it could however have a potentially significant impact on the company's solvency, as well as on its technical and financial results, depending on the economic impact of this crisis.

On this basis, and following the circular NBB_2020_012 of 7 April 2020 (see point 1.1 of chapter **II. Report of the Board of Directors**), the Board of Directors will propose to the General Assembly of 20 May 2020 not to pay dividends and to appropriate the result of the financial year to the profit carried forward.

Ethias SA's solvency at 31 December 2019 stands at 191% and therefore provides a solid base to withstand this crisis. In addition, the situation is closely monitored by the management, who continually ensure that the best response is given to any new information. In that respect, we remain confident about Ethias' solidity in this particular context.

As an insurer, investor, societal player and entrepreneur, Ethias will continue to take all possible steps to help reduce the negative consequences of this global catastrophe on its policyholders and on Belgian society.

7. Information on circumstances which may significantly impact the company's development

Regulatory developments - Solvency II

Certain methods, assumptions and parameters used in the calculation of the solvency capital required (SCR) under the standard formula have been reviewed. The overall impact of this revision on Ethias' solvency ratio was very limited (around +0.40%). A broader revision is planned for 2020. The European Insurance and Occupational Pensions Authority (EIOPA) launched a consultation with stakeholders in the course of 2019 in order to identify the adjustments to be made in the calibration of the SCR in standard formula. These proposals aim at adapting the Solvency II regime to the market developments and to incorporate the practical experience gained during the first years of its application.

The regulatory uncertainty associated with this revision (actual nature and extent of the changes selected) could have a material impact on the Solvency II ratios of certain insurers. In order to better anticipate these changes, Ethias participates in the working group of the Professional Union of Belgian Insurance Companies (Assuralia). In addition, Ethias carefully analyses the European Commission's proposals in order to assess the financial and organisational impacts.

8. Research & Development

8.1. PRODUCT INNOVATION

Ethias goes fully digital with Flora!



Flora is a new way of looking at insurance in a 100% digital way. From underwriting a contract to declaring a claim and consulting one's insurance portfolio: everything happens within the Flora app.

Ethias has integrated Flora in order to respond to the new consumption habits of digital natives and millennials, offering them the simplicity and transparency they want for their insurances.

Flora wants to be at the forefront of innovation! This new entity also represents a unique opportunity to experiment and set the insurance industry in motion.

Hospi Quality+

Ethias, a major player in health care insurances, offers a complete and innovative solution for hospitalization insurance: Hospi Quality+.

Taking out a car insurance online from A to Z!

Ethias.be users can now take out their car insurance online.

Our car insurance thus joins a dozen other products (Home Fire Insurance, Tenant Fire Insurance, Starter Pack, Family Civil Liability, Digital Omnium, Car & Family Assistance, Family Assistance, Luggage Insurance, Annual Travel Cancellation, Temporary Travel Cancellation) that can already be taken out online from A to Z.

Ethias Mobility & More!

Mobility is an integral part of our corporate strategy. A new innovative product is now completing this coherent ecosystem.

Ethias and Comunicare digitise the therapeutic accompaniment of chronic diseases

The "Comunicare" project is part of the reinforcement of Ethias' digital strategy, affirms our involvement in the health of our affiliates and thus participates in the societal challenges of the Belgian public authorities and health institutions.

Legal Aid Insurance

Our world and the way we live together is constantly changing. It is therefore logical that new types of litigation arise. Ethias adapts to these new needs and launches a new product «Legal Aid Insurance», which is more comprehensive than our current «Access to Justice» insurance and comes with a tax advantage.

8.2. TECHNOLOGICAL DEVELOPMENTS

Ethias regularly re-evaluates its technological orientations in order to strengthen its position as the n° 1 Direct insurer, the n° 1 Digital insurer and the n° 1 insurer for Public Bodies. In this context, we are pursuing our IT transformation programmes:

- the “Century” programme is designed to review claims management applications;
- the “Digital” programme aims to offer Ethias’ clients innovative online services and applications, both in terms of functionality and automation. Security, which is continuously improved, is a central element of the “Digital” programme.

Certain developments have been the subject of deductions in the context of tax incentive measures for research and development.

9. Other activities of the Group

The net profit (loss) of the other activities of the Group is mainly generated by the NRB Group, by the company “Ethias Sustainable Investment Fund SA” (ESIF) and by the real estate subsidiaries.

As for the NRB Group, several important elements have influenced the course of business:

- Continued deployment of the 2017-2022 Industrial Plan, with a view to achieving the objectives defined in terms of growth and increasing the quality of the services provided. This Industrial Plan has guided all actions since then and the mid-term results are very encouraging from all points of view (commercial, operational, human and financial) and confirms the leadership position in the digital transformation of clients.
- Winning major contracts in “Public & Social sector”, “International Organizations” and «Industry”.
- Effective production launch of the “Hybrid Cloud NECS 4.0” platform (NRB Enterprise Cloud Solution), which is used in production by several clients thanks, among other things, to the continued partnership with IBM.
- Completed relocation of equipment to the new Villers-le-Bouillet Datacenter, which not only enables the development of server hosting and storage activities, but also better responds to the requirements of clients and regulators in terms of disaster recovery.
- Organizational transformations within Delivery and the consequent investments made in infrastructure and network to improve the quality of service.
- Unrestricted renewal of the ISO 9001 and 27001 certifications.
- Very good results of the Xperthis group, well above budget expectations, following the continuation of the «B1» plan.
- Implementation of various large-scale projects within the Adinfo group, such as the “Elections” project at Civadis in collaboration with other entities of the NRB Group.
 - » At Civadis, we also note the replacement of the application for the management of public social welfare centres and the implementation of important developments in the field of Pay/HR. Particular emphasis was placed on innovative analyses and developments, such as application integrations with eBox and digital payment systems. In addition, a cloud hosting solution with NRB has been studied and will be put into operation in the course of 2020.
 - » For CEVI and Logins, the year 2019 was marked by the operational integration of the Siggis subsidiary (acquired in 2018), by the installation of a new CEO (since January 1st) and by the validation of a transformation plan in order to make up for the losses of the library and election activities in 2020.
- In accordance with NRB’s intentions, the withdrawal of the PSF certification for Trasys Luxembourg SA was made effective in January 2019, and this with a view to discontinuing the “Finance” activity and concentrating solely on “International Organizations”. Thanks to the Action Plan put in place, the entity shows a positive profitability for the first time since its creation.
- Pursuing the external growth strategy by identifying several targets in order to strengthen its sector, geographic and product portfolio positioning. These acquisitions will contribute, in addition to strong organic growth, to achieving the revenue target of around half a billion euros in 2022.
- The NRB Group is now structured around 3 pillars:
 - » Finance & Insurance, Public & Social (Regional and Federal), Energy & Utilities, Industry and International Organizations (through the legal entities NRB, Afelio, Ucon, Trasys International, Trasys Luxembourg and BelgiumDC);
 - » Health care (through the Xperthis group);
 - » Local authorities (through the Adinfo group).

The NRB sub-group contributes 30.5 million euros to the consolidated result, including 13 million euros in third-party interests.

Regarding the real estate subsidiaries and ESIF, there were no major events during 2019.

10. Governance report²

10.1. COMPOSITION OF THE BODIES

10.1.1. The Executive Committee

Name	Function
Philippe Lallemand	Chairman – Chief Executive Officer
Benoît Verwilghen	Vice-President – Chief Operating Officer Life
Brigitte Buyle	Member – Chief Information Officer
Cécile Flandre	Member – Chief Financial Officer
Benoît-Laurent Yerna ³	Member – Chief Risk Officer
Frank Jeusette ⁴	Member – Chief Risk Officer
Luc Kranzen	Member – Chief Operating Officer Non-Life

10.1.2. The Board of Directors

Name	Function
Myriam Van Varenbergh	Chair
Jacques Braggaar	Director
Marc Descheemaecker	Director
Kathleen Desmedt	Director
Philippe Donnay	(Independent) Director
Olivier Henin	Director
Ingrid Loos	(Independent) Director
Marc Meurant	Director
Philip Neyt	Director
Anne-Marie Seeuws	(Independent) Director
Karl Van Brom	Director
Bruno van Lierde	(Independent) Director
Philippe Lallemand	Director
Benoît Verwilghen	Director
Cécile Flandre	Director
Benoît-Laurent Yerna ³	Director
Frank Jeusette ⁴	Director

10.1.3. The Audit and Risk Committee

Name	Function
Bruno van Lierde	Chairman
Marc Descheemaecker	Member
Philippe Donnay	Member
Ingrid Loos	Member
Marc Meurant	Member

² Situation as of 31/12/2019

³ As from 02/09/2019

⁴ Until 22/05/2019

10.1.4. The Appointments and Remuneration Committee

Name	Function
Myriam Van Varenbergh	Chair
Jacques Braggaar	Member
Olivier Henin	Member
Anne-Marie Seeuws	Member

10.1.5. The Statutory Auditor

PwC - Reviseurs d'Entreprises SCRL

Woluwe Garden, Woluwedal 18 – B-1932 Sint-Stevens-Woluwe

Represented by K. Cappoen, Accredited Auditor

A01969 - Appointed for the financial years 2017, 2018, 2019.

10.2. EXTERNAL OFFICES EXERCISED BY THE LEADERS OF THE GROUP

In accordance with the CBFA circular PPB-2006-13-CPB-CPA on the exercise of external functions by the leaders of insurance companies, we publish a list with the external offices exercised by the directors and the members of the executive committee of Ethias SA in other companies than those with which Ethias SA establishes a close relationship.

Are not included in the list of external offices exercised in collective investment undertakings: asset-holding companies and so-called «management companies»

10.2.1. Directors of Ethias SA

Name	Company	Registered office	Field of activity	Office exercised
Braggaar Jacques	Mutualité Solidaris Mons-Wallonie Picarde	Rue du Fort 48 7800 Ath	Health insurance fund	Director
Descheemaeker Marc	European Investment Bank	Boulevard Konrad Adenauer 98-100 L-2950 Luxembourg	Investments and credits	Director
	Brussels Airport Company	Boulevard Reyers 80 1030 Bruxelles	Airport management	Chairman of the Board of Directors
	De Lijn	Motstraat 20 2800 Mechelen	Public transport	Chairman of the Board of Directors
	European Investment Fund	Avenue J.F. Kennedy 37b L-2968 Luxembourg	Investments and credits	Director
	GIMV (Listed company)	Karel Oomstraat 37 2018 Antwerpen	Investments	Director
	NMBS/SNCB	Rue de France 56 1060 Bruxelles	Railway transport	Director
Donnay Philippe	Walloon Agency for Export and Foreign Investment (AWEX)	Place Saintelette 2 1080 Bruxelles	Development and management of economic relations	Director
	Federal Planning Bureau	Avenue des Arts 47-49 1000 Bruxelles	Production of economic studies and forecasts	Planning Commissioner
	National Accounts Institute	Rue du Progrès 50 1210 Bruxelles	Production of statistics, analyses and economic forecasts	Director
	Reacfin	Place de l'Université 25 1348 Louvain-la-Neuve	Actuarial, financial and risk consultancy	Independent director

Henin Olivier	Brussels Airport Company	Boulevard Reyers 80 1030 Bruxelles	Airport management	Director
	Eurogare	Place De Bronckaert 26 4000 Liège	Realisation of railway and architectural projects	Director
	Fedimmo	Chaussée de Wavre 1945 1160 Bruxelles	Property management	Chairman of the Board of Directors
	Lineas	Boulevard du Roi Albert II 37 1030 Bruxelles	Rail freight management and development	Director
	Sabena Aerospace Engineering	Avenue E. Mounier 2 1200 Bruxelles	Aeronautical and space maintenance	Director
	NMBS/SNCB	Rue de France 56 1060 Bruxelles	Railway transport	Chief Financial Officer
	Federal Shareholding and Investment company	Avenue Louise 54/1 1050 Bruxelles	Financial holding	Vice-Chairman of the Board of Directors
	Thi Factory	Place Marcel Broodthaers 4 1060 Bruxelles	Railway transport	Director
Loos Ingrid	Universiteit Antwerpen	Prinsstraat 13 2000 Antwerpen	Education	Director
Meurant Marc	AMIFOR	Galerie du Centre 1000 Bruxelles	Insurance	Chairman of the Board of Directors
	Bessonnat	Rue Jean Piret 1B L-2350 Luxembourg	Financial holding	Chairman of the Board of Directors
	CPH Life	Rue Perdue 7 7500 Tournai	Insurance	Director
	M.M.H.	Boulevard A. de Fontaine 15 6000 Charleroi	Insurance	Executive Director
	Scottish Widows Europe	Avenue de Bois 1 L-1251 Luxembourg	Insurance	Director
	SmartPlan	Rue de Linthout 120 1040 Bruxelles	Insurance intermediation and brokerage	Chairman of the Board of Directors
Neyt Philip	Curalia	Rue Archimède 61 1000 Bruxelles	Insurance	Director
	Ghelamco Invest (listed company)	Zwaanhofweg 10 8900 Leper	Real estate investments	Director
	Leo Stevens and Co	Schildersstraat 33 2000 Antwerpen	Investments	Director
Van Lierde Bruno	Buy Way	Rue de l'Evêque 26 1000 Bruxelles	Credits	Chairman of the Board of Directors
	E-Sport Management	Route des Macarons 120 F-06560 Valbonne	Engineering	Director
	Look and Fin	Allée de la Recherche 12 1070 Bruxelles	Investments and credits	Director
	Sopartec	Place de l'Université 1 1348 Louvain-la-Neuve	Investments	Chairman of the Board of Directors
	Tempora	Rue des Anciens Etangs 44-46 1170 Bruxelles	Design and management of exhibitions and cultural sites	Chairman of the Board of Directors
Van Varenbergh Myriam	Vandenbussche	Groendreef 21 9880 Aalter	Construction and real estate development	Director

10.2.2. Effective leaders of Ethias SA

Name	Company	Registered office	Field of activity	Office exercised
Cécile Flandre	Elia Asset	Boulevard de l'Empereur 20 1000 Bruxelles	Electricity transmission	Director
	Elia System Operator (listed company)	Boulevard de l'Empereur 20 1000 Bruxelles	Electricity transmission	Director
Philippe Lallemand	Safran Aero Boosters	Route de Liers 121 4041 Herstal	Aircraft and space construction	Director
	Assuralia	Square de Meeûs 29 1000 Bruxelles	Insurance	Member of the Executive Committee and Director
	Socofe	Avenue Maurice Destenay 13 4000 Liège	Financial holding	Director
Benoit Verwilghen	Fin.Co	Duboisstraat 48, 2060 Antwerpen	Insurance	Director
	Assuralia	Square de Meeûs 29 1000 Bruxelles	Investments	Director

10.3. JUSTIFICATION FOR THE INDEPENDENCE AND COMPETENCE OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE OF ETHIAS SA

The Audit and Risk Committee is composed of five non-executive directors, amongst whom three independent directors.

The Audit and Risk Committee is chaired by Bruno van Lierde and is also composed of Ingrid Loos, Marc Descheemaecker, Philippe Donnay and Marc Meurant.

M. van Lierde is a graduate in law and economics (UC Louvain), and has completed the Stanford Executive Programme. He has extensive experience in financial services, having advised, as Senior Partner and Managing Director of the Boston Consulting Group, the general management of banks and insurance companies on strategy, mergers and acquisitions, organization, major change and performance improvement programmes. He is chairman of the board of directors of Buy Way, Sopartec, Tempora, Europe Hospitals and SOS Children's Villages (Belgium). He is also a member of the board of directors of NRB, Look&Fin and E-Sport Management. He is Professor of Strategy at the Solvay Brussels School of Economics and Management. M. van Lierde meets the independence criteria defined in Article 7:87 of the Belgian Company Code.

Ms. Loos holds a degree in applied economics, a master in economics and a master in change management (Sioo - University of Utrecht-Amsterdam). She has made a career in the financial sector by holding senior positions in credit granting, financial engineering, risk management and internal audit. She was Secretary-General of the Fortis Group. She was also a director at PwC Belgium Advisory, where she was involved in corporate governance issues. Ms. Loos is also an independent member of the audit committee of the «Groep Stad Antwerpen» (City of Antwerp) and a director of the University of Antwerp. She meets the independence criteria defined in Article 7:87 of the Belgian Company Code.

M. Descheemaecker has a degree in applied economics and a post-graduate degree in European Economic Studies. He was managing director of the SNCB, executive vice-president of the ISS group, managing director of ISS Belgium and director of Vitrufin (liquidated on 25/10/2019). He is currently chairman of the board of directors of Brussels Airport Company and De Lijn, and director of the EIB, the EIF, GIMV and the SNCB, where he is also chairman of the audit committee.

Mr. Donnay holds a licentiate and a master's degree in economics. After having been a macro-economist at Banque Degroof Luxembourg, Chief Economist at the FEB and Chief of Staff - General and Strategic Policy Units of the Deputy Prime Minister and Minister of Employment and Equal Opportunities and the Deputy Prime Minister and Minister for the Interior and Equal Opportunities, he is currently Plan Commissioner at the Federal Planning Bureau (FPB). He is also an independent director of Reacfin, director of the National Accounts Institute, of AWEX (and chairman of the audit committee), member of the High Council of Employment, the High Council of Finance, the Study Committee on Ageing and chairman of the Scientific Committee for the Economic Budget. He was also a director of Vitrufin (liquidated on 25/10/2019). He meets the independence criteria defined in Article 7:87 of the Belgian Company Code.

Mr. Meurant is a civil engineer in applied mathematics and has a degree in actuarial sciences. He has acquired a solid experience in the insurance world, having been a member of the executive committee and then CEO of Winterthur-Europe Assurances for Belgium and Luxembourg. He was then CEO of CPH Life where he led, among other things, the implementation of the SII regulation. He was also a director of BBL Life and BBL Insurance, Touring Assurances, Atelia, Verheyen, Winterhur Czech Republic and a member of the Executive Committee of Assuralia. Mr. Meurant is also currently chairman of the board of directors of Amifor, Smartplan and Bessonnat, risk manager and executive director of M.M.H., director of CPH Life and director and chairman of the audit and risk committee of Scottish Widows Europe.

10.4. JUSTIFICATION FOR THE COMPETENCE OF THE MEMBERS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF ETHIAS SA

The Appointments and Remuneration Committee is composed of four non-executive directors. It is chaired by Myriam Van Varenbergh, Chair of the Board of Directors, and is also composed of Anne-Marie Seeuws, Jacques Braggaar and Olivier Henin.

Ms. Van Varenbergh has among other things a degree in tax law and a complementary degree in corporate law. She is a lawyer specializing in corporate law. Ms. Van Varenbergh has been a member of the board of directors of Vandebussche SA, of the Flemish Regulator for Media and of the Luca School of Arts for several years. In addition, she has been a member of the Superior Commission of Justice, the Notary Nomination Commission, the Flemish Council for Electoral Disputes, chair of the non-profit association Amazone and chair of the Council for Equal Opportunities between Men and Women. She is currently still active in several associations, in particular as treasurer of the European Women Lawyers Association. In addition, she was a director and member of the executive committee of Vitrufin (liquidated on 25/10/2019).

Ms. Seeuws has a degree in applied economics. She has acquired solid experience in the insurance world, having been a director-member of the executive committee of Baloise Insurance, a director of Euromex Insurance, a director-member and then chair of the executive committee of Nateus Life Insurance, Nateus Insurance, Audi Insurance and a director of Nateus Netherlands and Korfina Insurance. She meets the independence criteria defined in Article 7:87 of the Belgian Company Code.

Mr. Braggaar holds a bachelor's degree in law and master's degree in criminology. He held the position of Head of HR-Budget in various ministerial offices. He was Deputy Secretary General, member of the French-speaking and National Management Committee of UNMS, where he was in charge of human resources management of the Directorate-General, and director of several non-profit associations linked to mutual organizations. He was also a director and member of Sowaer's Nomination and Remuneration Committee. He is currently Secretary General of the Socialist Party. He is a director of Solidaris and Government Commissioner for Wallimage SA and Wallimage Entreprises. Mr. Braggaar has a thorough knowledge of Ethias, having been a director of SMAP, then of Ethias Droit Commun (now EthiasCo) and of Vitrufin (liquidated on 25/10/2019).

Mr. Henin is licensed in law and holds a DEA in economic law. He was director of cabinet for various Ministers, director of the European Investment Bank, a representative of the Minister of Finance at the Council of Regency of the NBB and a government commissioner on the Board of Directors of the Deposit and Financial Instrument Protection Fund. He is currently CFO of the SNCB and chairman of the board of directors of Fedimmo, vice-chairman of the SFPI and director of Brussels Airport Company, Sabena Aerospace Engineering, Thi Factory, Eurogare and Lineas. Mr Henin is also chairman of the board of directors of EthiasCo.

III. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated balance sheet

In thousands of euros	Notes	31 December 2019	31 December 2018
Assets			
Goodwill	V.1	61,675	61,675
Other intangible assets	V.2	112,963	117,813
Operational buildings and other tangible fixed assets	V.3	94,600	130,933
Right-of-use of assets	V.4	18,922	-
Investment in associates	V.5	595	599
Investment properties	V.3	503,392	464,639
Financial assets available for sale		14,994,049	13,619,615
Financial assets at fair value through profit and loss		616,026	691,401
Loans, deposits and other financial investments recognized at amortized cost		483,324	481,852
Derivative financial instruments	V.7	98,742	52,317
Investments belonging to unit-linked insurance contracts		1,394,250	1,173,222
Financial investments	V.6	17,586,391	16,018,407
Reinsurers' share of technical provisions	V.14	157,350	142,604
Deferred tax assets	V.11	24,908	99,229
Receivables arising from insurance operations or accepted reinsurance	V.8	224,682	222,862
Receivables arising from ceded reinsurance operations	V.8	110,833	104,474
Other receivables	V.8	147,406	176,543
Any other assets	V.9	43,032	32,039
Cash and cash equivalents	V.10	398,372	690,037
Assets available for sale including assets from discontinued operations	V.12	21,276	-
Total assets		19,506,398	18,261,854
Liabilities			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		985,255	813,631
Net profit (loss) of the period		211,956	183,321
Other items of comprehensive income		490,523	295,848
Equity of the Group		2,687,735	2,292,799
Non-controlling interests		65,374	49,507
Total equity	V.13	2,753,109	2,342,306
Insurance contract liabilities		8,845,234	8,431,686
Investment contract liabilities with discretionary participation features		4,769,558	4,593,694
Investment contract liabilities without discretionary participation features		3,464	3,727
Liabilities belonging to unit-linked insurance contracts		1,394,250	1,173,222
Profit sharing liabilities		53,268	43,607
Insurance and investment contract liabilities	V.14	15,065,775	14,245,936
Subordinated debts	V.15	484,037	480,369
Lease obligations due in less than one year	V.16	8,739	-
Lease obligations due in more than one year	V.16	10,211	-
Other financial debts	V.15	234,020	302,891
Employee benefits	V.17	290,283	296,789
Provisions	V.18	32,201	45,628
Derivative financial instruments	V.7	43,722	9,355
Tax liabilities payable	V.19	29,484	29,199
Deferred tax liabilities	V.11	31,259	23,060
Liabilities from operating activities	V.19	292,137	243,325
Other payables	V.19	231,421	242,996
Liabilities related to assets available for sale and discontinued operations	V.12	-	-
Total other liabilities		16,753,289	15,919,548
Total liabilities		19,506,398	18,261,854

The statements and notes of chapters III. to VI. form an integral part of the consolidated financial IFRS statements as at 31 December 2019.

2. Consolidated income statement

In thousands of euros	Notes	31 December 2019	31 December 2018
Gross premiums	VI.1	2,661,771	2,684,033
Premiums ceded to reinsurers	VI.3	(40,338)	(40,256)
Change in the provision for unearned premiums and outstanding risks ^(a)		(1,702)	1,821
Other income from insurance activities		5,584	5,268
Revenues from insurance activities^(a)	VI.1	2,625,314	2,650,866
Revenues from other activities	VI.4	294,837	278,622
Net income from investments		410,193	460,068
Net realized gains or losses on investments		63,325	49,981
Change in fair value of investments through profit and loss ^(b)		160,919	(117,201)
Net financial income	VI.5	634,437	392,848
NET REVENUES		3,554,588	3,322,336
Claims and insurance benefits		2,698,055	2,538,313
Net expenses or revenues ceded to reinsurers	VI.3	(31,387)	(28,413)
Management costs ^(c)		304,861	282,892
Technical expenses for insurance activities	VI.2	2,971,529	2,792,792
Expenses for other activities	VI.4	264,197	287,947
Change in depreciation and amortization on investments (net)	VI.5	(225)	22,705
Other investment financial expenses	VI.5	24,518	54,557
Finance costs	VI.6	28,032	29,367
Financial expenses		52,324	106,629
NET EXPENSES		3,288,051	3,187,368
Goodwill impairment		-	-
NET PROFIT (LOSS) BEFORE TAX		266,537	134,968
Income taxes	VI.9	(41,002)	58,230
NET PROFIT (LOSS) AFTER TAX		225,535	193,198
Share of the associates in the result		(5)	129
Net profit (loss) from discontinued operations		-	-
Net consolidated profit (loss) attributable to:		225,530	193,327
Group's share		211,956	183,321
Non-controlling interests		13,574	10,006

a) Net of reinsurance

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

c) Including acquisition costs of the contracts, administrative costs and other technical expenses

3. Statement of consolidated comprehensive income

In thousands of euros	31 December	31 December
	2019	2018
NET CONSOLIDATED PROFIT (LOSS)	225,530	193,327
Actuarial gains and losses on defined benefit pension liabilities	(35,807)	4,282
Tax	8,952	(1,071)
Items that will not be reclassified to the income statement	(26,855)	3,212
Change in fair value of financial assets available for sale	274,870	(157,733)
Change in fair value of derivative instruments designated as cash flow hedges	8,166	42,026
Tax	(61,505)	27,029
Items likely to be reclassified to the income statement	221,530	(88,678)
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	194,675	(85,467)
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	420,206	107,860
Group's share	406,632	97,854
Non-controlling interests	13,574	10,006

4. Consolidated cash flows statement

In thousands of euros	Notes	31 December 2019	31 December 2018
Net profit (loss) before tax (Total 1)		266,537	134,968
Depreciations and impairments on intangible and tangible assets	V.2, V.3, V.4	58,688	39,686
Change in depreciations on financial instruments and investment proper-ties	V.3, V.6, VI.5	(225)	22,705
Change in fair value on investments through profit or loss	V.6, VI.5	(160,919)	117,201
Provisions for risks and expenses, and other liabilities	V.18, VI.7	(35,163)	(81,007)
Change in provisions of insurance and investments contracts	V.14	344,677	51,895
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(398,902)	(454,519)
Corrections of the amounts that do not impact cash flows (Total 2)		(191,844)	(304,039)
Dividends and instalments on earned dividends		27,006	24,449
Earned financial income	VI.5	383,330	459,553
Use of provision for employee benefits		(19,705)	(9,564)
Change in current receivables and debts	V.8, V.19	44,170	(12,506)
Change in liabilities from insurance and investments contracts		(14,124)	(42,070)
Tax paid		(23,390)	(24,655)
Other changes (Total 3)		397,286	395,206
Net cash flows from operating activities (Total 1+2+3)		471,979	226,135
Shares in subsidiaries, net of acquired cash in hand	IV.3.1	(34,656)	(3,986)
Acquisition of financial assets and investment properties	V.3, V.6	(3,764,142)	(3,628,944)
Acquisition of intangible and tangible fixed assets	V.2, V.3, V.4	(36,696)	(37,066)
Disposals of shares in subsidiaries, net of transferred cash	IV.3.2	-	(16)
Disposals of financial assets and investment properties	V.3, V.6	3,215,500	3,888,200
Disposals of intangible and tangible fixed assets	V.2, V.3, V.4	2,480	5,547
Net cash flows from investing activities		(617,514)	223,734
Subscription to capital increase		-	-
Capital refund		-	-
Dividends paid by the parent company		-	(268,400)
Dividends paid to third parties		(5,227)	(4,386)
Issues of financial liabilities	V.15	13,621	2,096
Refund of financial liabilities	V.15	(36,095)	(16,823)
Interests paid on financial liabilities	VI.6	(24,427)	(27,840)
Issuance of lease obligations	V.16	-	-
Reimbursement of lease obligations	V.16	(10,336)	-
Interest paid on lease obligations		(74)	-
Net cash flows from financing activities		(62,539)	(315,354)
Total cash flows		(208,074)	134,515
Cash or cash equivalents at the beginning of the period	V.10	432,160	297,621
Cash or cash equivalents at the end of the period	V.10	216,982	432,160
Change in the cash accounts		(208,074)	134,515
Impacts of exchange rate differences of foreign currency and of other transactions		(7,052)	-
Changes in accrued interests not yet due on cash equivalents		(52)	24
Change in cash		(215,178)	134,539

5. Consolidated statement of changes in equity

In thousands of euros	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:	-	211,956	-	-	211,956	13,574	225,530
Total of other items of comprehensive income	-	-	233,129	(38,454)	194,675	-	194,675
Other movements	-	-	-	-	-	-	-
Net consolidated comprehensive income	-	211,956	233,129	(38,454)	406,632	13,574	420,206
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(5,227)	(5,227)
Change in the consolidation scope	-	(6,606)	-	-	(6,606)	7,521	915
Other movements	-	(5,090)	-	-	(5,090)	-	(5,090)
Equity as of 31 December	1,000,000	1,197,212	464,881	25,642	2,687,735	65,374	2,753,109

In thousands of euros	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:	-	183,321	-	-	183,321	10,006	193,327
Total of other items of comprehensive income	-	-	(131,929)	34,731	(97,198)	-	(97,198)
Other movements	-	-	11,731	-	11,731	-	11,731
Net consolidated comprehensive income	-	183,321	(120,198)	34,731	97,854	10,006	107,860
Capital movements	-	-	-	-	-	-	-
Dividends	-	(268,400)	-	-	(268,400)	(4,386)	(272,786)
Change in the consolidation scope	-	-	-	-	-	(1,603)	(1,603)
Other movements	-	(11,731)	-	-	(11,731)	-	(11,731)
Equity as of 31 December	1,000,000	996,951	231,752	64,096	2,292,799	49,507	2,342,306

The column «Unrealized gains and losses» shows, after application of shadow accounting, the net change in unrealized gain or loss recognized 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.

The line «other movements» includes the revaluation reversal of a building following the decision to sell it.

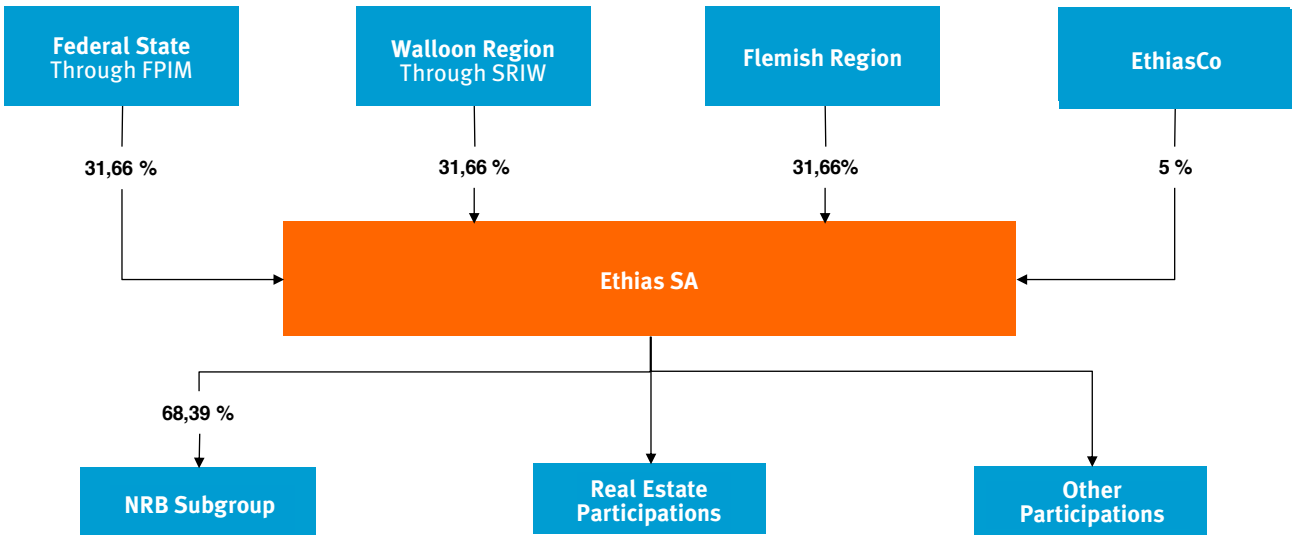
The dividends distributed for an amount of 5.2 million euros mainly consist of dividends distributed outside of the Group by the NRB subgroup.

The line «change in scope» includes a decrease in the equity of the Group following the change in NRB's ownership percentage in Xperthis Group. Minority interests are also impacted by this change as well as by the integration of Naos in the consolidation.

IV. GENERAL INFORMATION

1. Legal structure

Its legal structure is as follows:



Ethias SA centralises all Life and Non-Life insurance activities.

Since the liquidation of its shareholder Vitrufin in 2019, Ethias SA is directly held by the Federal State through SFPI-FPIM, by the Walloon Region through SRIW, by the Flemish Region and by EthiasCo (historical shareholder).

It is also the shareholder of several companies in the group, including Ethias Services (a service company specialising in pension insurance in particular), NRB (IT company) and various real estate subsidiaries.

The main purpose of **EthiasCo** is the holding and management of participating interests. Among these, the most important ones are Ethias SA, Socofe and VEH (both active in the energy sector).

2. Consolidation scope

2.1. LIST OF THE CONSOLIDATED SUBSIDIARIES

	31 December 2019					31 December 2018		
	Country	Sector	Currency	Integration percentage	Control percentage	Integration percentage	Control percentage	Change in scope
Consolidating company								
Ethias SA	Belgium	Insurance	EUR	100.00%	100.00%	100.00%	100.00%	
Consolidated companies with 100 % consolidation								
Real estate subsidiaries								
Air Properties	Luxembourg	Real estate	EUR	51.00%	51.00%	51.00%	51.00%	
Ankaret Invest	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ariane Real Estate	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Bora	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Archeion (former Développement Cauchy)	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Dockx Jan	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Patrimoine	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Foncière du Berlaymont	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Real Goed Invest (former Goed Arthur)	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Het Gehucht	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Immo Hofveld	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Immovivegnis	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Koala	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Les Hauts prés	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Lothian Developments IV	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Naos	Luxembourg	Real estate	EUR	67.00%	67.00%	0.00%	0.00%	Acquisition by Ethias SA
Sagitta	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
UP 38	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Vecquim	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Veran Real Estate	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
NRB Group								
Adinfo	Belgium	IT	EUR	34.88%	51.00%	34.88%	51.00%	
Afelio	Belgium	IT	EUR	68.37%	100.00%	68.36%	100.00%	
Cevi	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Civadis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Logins	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
NRB	Belgium	IT	EUR	68.39%	68.39%	68.39%	68.39%	
Siggis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Trasys International G.E.I.E.	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%	
Trasys Luxembourg PSF	Luxembourg	IT	EUR	68.39%	100.00%	68.39%	100.00%	
Ucon	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%	
Xperthis (former Xtenso)	Belgium	IT	EUR	54.71%	100.00%	37.61%	100.00%	Change in percentage
Xperthis Group	Belgium	IT	EUR	54.71%	80.00%	37.61%	55.00%	Change in percentage
Others								
Ethias Sustainable Invest. Fund - Global Equities	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Sustainable Invest. Fund - High Yield	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Services	Belgium	Other	EUR	99.90%	99.90%	99.90%	99.90%	
Associates and equity method								
NRB Group								
Belgium DC	Belgium	IT	EUR	34.19%	50.00%	34.19%	50.00%	

3. Acquisitions and disposals of subsidiaries

3.1. ASSETS AND LIABILITIES OF COMPANIES ACQUIRED

In thousands of euros	31 December 2019	31 December 2018
Goodwill and other intangible assets	-	2,309
Investment properties	75,798	-
Financial investments	-	40
Reinsurers' share of technical provisions	-	-
Other assets and tangible fixed assets	449	4,511
Cash and cash equivalents	122	461
Insurance and investment contract liabilities	-	-
Financial debts	(29,918)	(22)
Provisions for risks and expenses	-	-
Other liabilities	(10,758)	(4,468)
Non-controlling interests	(7,515)	1,603
Changes in equity following acquisitions	6,600	-
Net assets acquired	34,778	4,435
Less: cash acquired	(122)	(448)
Cash used for acquisitions	34,656	3,986

In 2018, NRB acquired 100 % of the shares of UCON. At the same time, Logins and Cevi, which are part of the NRB group, each acquired 50% of the shares of Siggis.

In 2019, NRB, which is continuing its expansion and growth strategy, acquired an additional 25% of the shares in Xperthis Group, increasing its stake from 55% to 80%. For its part, Ethias SA acquired 67% of the shares of Naos. Net cash flow relating to acquisitions amounts to 10 million euros for Xperthis Group and 24.7 million euros for Naos.

3.2. ASSETS AND LIABILITIES OF DIVESTED COMPANIES

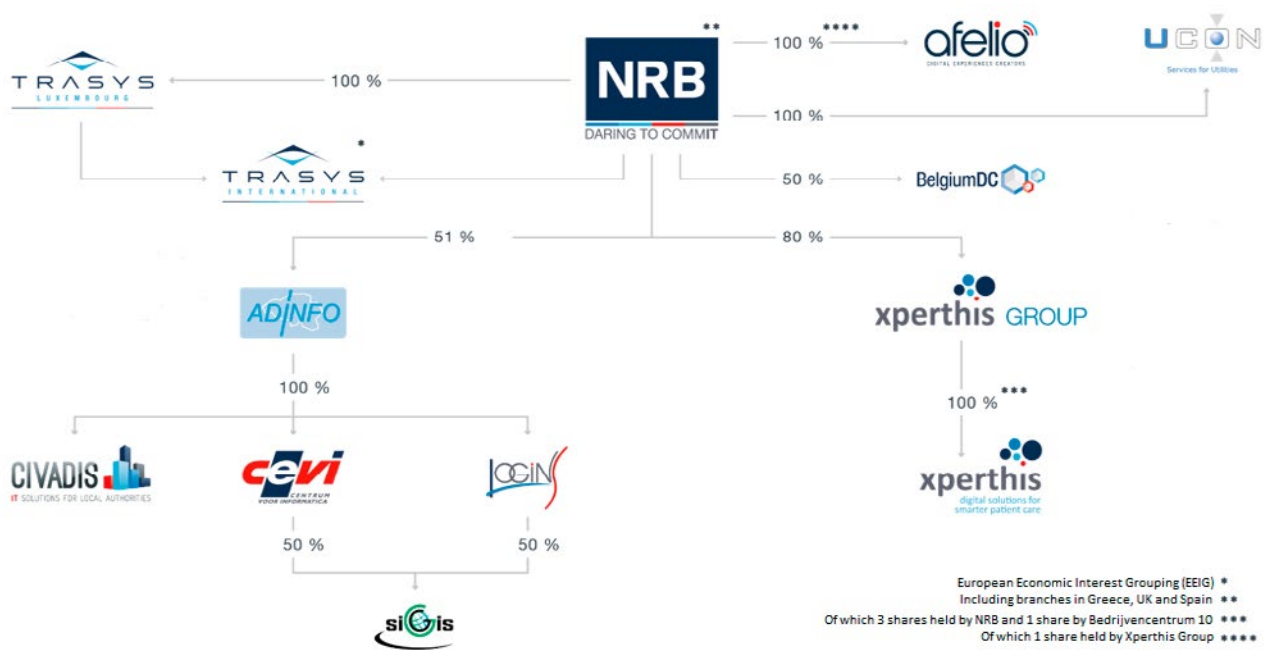
In thousands of euros	31 December 2019	31 December 2018
Intangible assets	-	-
Financial investments	-	-
Reinsurers' share of technical provisions	-	-
Any other assets	-	-
Cash and cash equivalents	-	322
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Provisions for risks and expenses	-	-
Other liabilities	-	84
Net assets acquired	-	406
Gain/(loss) on disposals, net of tax	-	(9,717)
Net cash received related to disposals without loss of control	-	10,023
Transferred cash	-	(322)
Cash received for disposals	-	390

In order to simplify the group's structure, several group companies were liquidated during 2018 (AME Conseils, AME and Ethias Distribution Epargne-Crédit).

In 2019, there were no disposals of subsidiaries.

4. Presentation of the NRB subgroup

The NRB sub-group, of which 68% is owned by Ethias, is as follows:



The tables below present the consolidated statement of financial position, income statement and statement of comprehensive income of the NRB sub-group, considered at 100%, in application of the IFRS standards.

The amounts shown under the heading «non-controlling interests» relate to the holders of interests in subsidiaries of the NRB subgroup that do not give control to NRB. They received a dividend of 2.1 million euros in 2019 and of 1.2 million euros in 2018. In addition, the holders of NRB interests not giving control to Ethias received a dividend of 3.2 million euros in both 2019 and 2018.

4.1. CONSOLIDATED BALANCE SHEET

En milliers d'euros	31 December 2019	31 December 2018
Assets		
Goodwill	61,989	61,989
Other intangible assets	8,743	8,256
Operational buildings and other tangible fixed assets	29,228	35,842
Right-of-use of assets	14,811	-
Investment in associates	595	599
Investment properties	-	818
Financial assets available for sale	210	210
Financial assets at fair value through profit and loss	27,091	23,941
Loans, deposits and other financial investments recognised at amortized cost	7,179	279
Financial investments	34,480	24,430
Reinsurers' share of technical provisions	-	-
Deferred tax assets	-	131
Receivables arising from insurance operations or accepted reinsurance	-	-
Receivables arising from ceded reinsurance operations	-	-
Other receivables	82,504	83,374
Any other assets	40,879	29,970
Cash and cash equivalents	28,187	25,427
Assets available for sale including assets from discontinued operations	-	-
Total assets	301,416	270,837
Liabilities		
Share capital	16,837	16,837
Reserves and retained earnings	82,257	85,741
Net profit (loss) of the period	26,131	16,176
Other items of comprehensive income	2	2
Equity of the Group	125,227	118,755
Non-controlling interests	19,920	17,487
Total equity	145,147	136,242
Insurance and investment contract liabilities	-	-
Subordinated debts	-	-
Lease obligations due in less than one year	7,108	-
Lease obligations due in more than one year	7,725	-
Other financial debts	23,855	25,681
Employee benefits	6,046	6,600
Provisions	6,930	2,579
Derivative financial instruments	-	-
Tax payables	9,142	8,100
Deferred tax liabilities	869	66
Liabilities from operating activities	-	-
Other payables	94,595	91,569
Liabilities related to assets available for sale and discontinued operations	-	-
Total other liabilities	141,436	134,595
Total liabilities	301,416	270,837

4.2. CONSOLIDATED INCOME STATEMENT

In thousands of euros	31 December Revenues from insurance activities	31 December 2018
Revenues from other activities	-	-
Net income from investments	372,667	353,229
Net realized gains or losses on investments	849	1,120
Change in fair value of investments through profit and loss ^(a)	(55)	(49)
Net financial income	3,210	(1,574)
NET REVENUES	4,005	(503)
	376,672	352,726
Technical expenses for insurance activities		
Expenses for other activities	-	-
Change in depreciation and amortization on investments (net)	333,694	322,815
Other investment financial expenses	817	410
Finance costs	266	637
Financial expenses	608	551
NET EXPENSES	1,691	1,598
Goodwill impairment	335,385	324,413
NET PROFIT (LOSS) BEFORE TAX	-	-
	41,286	28,313
Income taxes		
NET PROFIT (LOSS) AFTER TAX	(10,311)	(7,852)
SHARE OF THE ASSOCIATES IN THE RESULT	30,975	20,461
Net consolidated profit (loss) attributable to:	(5)	129
Group's share	30,971	20,590
Non-controlling interests	26,131	16,176
Participations ne donnant pas le contrôle	4,840	4,414

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

4.3. STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

In thousands of euros	31 December 2019	31 December 2018
NET CONSOLIDATED PROFIT (LOSS)	30,971	20,590
Actuarial gains and losses on defined benefit pension liabilities	-	-
Tax	-	-
Items that will not be reclassified to the income statement	-	-
Change in fair value of financial assets available for sale	-	-
Change in fair value of derivative instruments designated as cash flow hedges	-	-
Tax	-	-
Other items likely to be reclassified to the income statement	-	-
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	-	-
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	30,971	20,590
Group's share	26,131	16,176
Non-controlling interests	4,840	4,414

5. Summary of significant accounting principles

5.1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

5.1.1. General principles

The consolidated financial statements of the Group are established on the basis of the IFRS reference document (International Financial Reporting Standards), as definitive, in force on 31 December 2019, and adopted by the European Union with effect as of that date.

The consolidated financial statements are prepared on a basis of business continuity. They give an accurate image of the financial situation, the financial performances and the cash flows of the Group, based on relevant, reliable, comparable and understandable information. The accounts are presented in thousands of euros and are rounded to the nearest thousand.

The financial statements are established on the basis of a historical cost approach, except for, in particular, insurance contract assets and liabilities, which are estimated according to methods already applied by the Group in Belgian standards, and for financial instruments estimated at fair value (financial instruments at fair value through profit or loss and available-for-sale financial instruments).

5.1.2. 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 IV.5.1.3);
- 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 recognize (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 31 December 2019 amounts to 19 million euros;

- Amendments to IAS 28 - Long-term interests in associates;
- Amendments to IAS 19 - Amendment, curtailment or settlement of a plan;
- 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 - Business combinations,
 - » Amendment IFRS 11 - Joint arrangements,
 - » Amendment IAS 12 - Income taxes, and
 - » Amendment IAS 23 - Borrowing costs.

The impact of these amendments to IFRS on our consolidated financial statements at December 31, 2019 is not material.

5.1.3. 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, with the exception of the amendments to IAS 1 «Presentation of Financial Statements». These amendments are intended to clarify the application of the concept of materiality, by specifying that it applies to financial statements including the notes and that the inclusion of immaterial information can be detrimental to their understanding. In addition, the amendments recommend the application of professional judgement when an entity determines the order in which it presents the information in the notes.

Furthermore, the Group has made an analysis of the standards and interpretations that will come into effect from January 1, 2020 onwards. The “deferral option”, which allows the deferred application of IFRS 9, at the same time as IFRS 17, was applied. In fact, the activities of Ethias and its subsidiaries meet the criteria in paragraph 20B of IFRS 4 amendment as they are predominantly connected with insurance. In this regard, management has assessed that the group has not previously applied any version of IFRS 9 and, in accordance with paragraph 20D of IFRS 4 amendment, the total carrying amount of the group’s liabilities connected with insurance for the year ended 31 December 2015, as the Standard requires a year end preceding 01.04.2016, relative to the total carrying amount of all its liabilities is 99%, which is greater than 90%. In accordance with paragraph 20G of IFRS 4 amendment, there has been no change in the group’s activities that might warrant a reassessment.

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.

IFRS 17 - Insurance Contracts

IFRS 17 «Insurance Contracts» was published on May 18, 2017 and is expected to be effective as of January 1, 2021. Once in force, IFRS 17 will replace IFRS 4 Insurance Contracts, which was published in 2005.

In March 2020, the IASB again voted to postpone the effective date, bringing it to January 1, 2023. Anticipatory application remains optional.

Insurance contracts combine the characteristics of a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with a significant variability over a long period of time. To provide useful information on these features, IFRS 17:

- combines the current valuation of future cash flows with the recognition of profit over the period in which the services are provided under the contract;
- presents the results of insurance services (including the presentation of insurance revenues) separately from insurance financing revenues or expenses; and
- requires an entity to choose, depending on its accounting method, to recognize all insurance financing income or expense in profit or loss or to recognize part of that income or expense in other items of comprehensive income.

Ethias is eligible for deferral of IFRS 9, which allows both standards to be applied for the first time to reporting periods beginning on or after January 1, 2023.

The standard has not yet been approved by the European Union. The implementation of IFRS 9 and IFRS 17 will result in a major change in the accounting and presentation of IFRS financial statements and the impact on equity, net profit or loss and other items of comprehensive income is expected to be material. The application of IFRS 17 and its potential impact on the Group’s Consolidated Financial Statements is currently under review. In the light of current developments at IASB level and the fact that IFRS 17 may still be amended in 2020, it is not currently possible to provide an analysis of the impact of this standard.

With the exception of certain issues that may arise in the final drafting of the standard, the IASB has essentially completed all its deliberations in response to the feedback received on its Exposure Draft. The IASB expects to publish the amended IFRS 17 in the second quarter of this year.

IFRS 9 - Financial instruments

As noted above, the group meets the specific criteria for the temporary exemption offered to insurers to defer the application of IFRS 9.

In this context, IFRS 4 requires the presentation of certain information relating to assets classified as SPPI (“solely payments of principal and interest”).

Changes in the fair value of financial instruments classified as «SPPI» with respect to all the financial assets presented in point 6.2 of Chapter V. *Notes to the consolidated balance sheet* are set out below:

In thousands of euros	2019		
	Amortized cost	Fair value through other items of comprehensive income	Total
Opening balance on 1 January	985,308	12,520,048	13,505,356
Acquisition	56,249	2,004,413	2,060,662
Profits and losses realised on hedging instruments not yet recognized through profit or loss	-	(38,903)	(38,903)
Disposals and reimbursements	(318,560)	(1,151,624)	(1,470,184)
Foreign currency translation differences on monetary assets	-	-	-
Adjustment at fair value	20,002	638,008	658,010
Amortizations	-	(38,684)	(38,684)
Change in accrued interests not yet due, other	1,136	(53,748)	(52,612)
Impairments	608	2,716	3,324
Balance at 31 December	744,743	13,882,226	14,626,969

In thousands of euros	2018		
	Amortized cost	Fair value through other items of comprehensive income	Total
Opening balance on 1 January	992,696	13,375,529	14,368,225
Acquisition	52,327	790,475	842,802
Profits and losses realised on hedging instruments not yet recognised through profit or loss	-	2,393	2,392
Disposals and reimbursements	(55,799)	(1,281,529)	(1,337,328)
Foreign currency translation differences on monetary assets	3	(1)	2
Adjustment at fair value	-	(301,969)	(301,969)
Amortizations	-	(36,891)	(36,891)
Change in accrued interests not yet due, other	(4,184)	(28,153)	(32,337)
Impairments	265	195	460
Balance at 31 December	985,308	12,520,048	13,505,356

The fair value of financial assets classified as «SPPI» in accordance with IFRS 9 that are neither held for trading nor recognized on the basis of fair value (i.e. assets related to branch 23 contracts) amounts to 14,627 million euros at 31 December 2019. The amount increased by 1,122 million euros, mainly due to reinvestments and the increase in fair value.

In addition to this information, the bonds classified as SPPI, listed under the heading «Bonds and similar securities» in the table 4.6.4.2 of Chapter *II. Report of the Board of Directors*, are detailed in the table below:

In thousands of euros	31 December 2019						
	AAA	AA	A	BBB	BB and below	No rating	Total
SPPI bonds	658,014	6,651,284	2,429,128	3,494,552	42,743	429,518	13,705,239

In thousands of euros	31 December 2018						
	AAA	AA	A	BBB	BB and below	No rating	Total
SPPI bonds	610,108	6,546,781	2,094,997	2,521,780	16,908	433,052	12,223,626

The fair value of financial assets that meet the SPPI criteria, which are not recognized in FVTPL and whose credit risk is not low, represents a maximum exposure of 472 million euros at 31/12/2019 under IFRS 9 (497 million euros at 31/12/2018).

This amount includes only bonds that are below “investment grade” or have no rating. This exposure could be significantly reduced when Ethias uses its own methodology to determine the internal rating of the assets in the absence of a rating.

It should be noted that the other SPPI assets not incorporated in the above table, which include mortgage loans as well as cash accounts, are assumed to have a low credit risk at 31/12/2019.

5.2. 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.

5.3. CONSOLIDATION PRINCIPLES AND METHODS

The Group consolidates the entities of its scope by using the consolidation method according to the type of control it has on the entity.

The subsidiaries are the entities controlled by the Group.

The definition of control implies that an investor can have authority over another entity in various ways, not only through the power to direct the financial and operational policies. The investor has to evaluate if he has or not the rights allowing to direct the relevant activities of the other entity. Even if the exposure to risks and advantages is a control indicator, this is not the only element that is taken into account for the consolidation of all kinds of entities.

An investor controls an issuing entity if and only if all the elements below are combined:

- (a) The investor has authority over the issuing entity.
- (b) He is exposed or is entitled to variable yields because of his links with the issuing entity.
- (c) He has the capacity to exert his authority over the issuing entity so as to influence the amount of the yields which he obtains.

The accounts of a subsidiary are integrated into the consolidated accounts of the Group as of the date on which the parent company acquires control over the subsidiary until the date on which it ceases to have this control.

Intragroup transactions, balances and gains and losses on transactions between the companies of the Group have been eliminated. Investments without control over the net assets and net income are shown separately in the balance sheet and the income statement. After the acquisition date, non-controlling investments include the amount estimated at the acquisition date and the share in equity changes since the acquisition date attributable to non-controlling investments.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Interests in joint ventures are recognized in the consolidated accounts via the equity method.

Associates are entities over which the Group exerts a significant influence on the financial and operational policies without having control over these policies. The consolidated accounts incorporate the Group's share of the results of such companies using the equity method from the date on which the parent company acquires a significant influence until the date on which it ceases to have such influence. When the Group's share in losses of an associate equals or exceeds its interest in the associate, the Group's book value is reduced to nil and the Group's recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The amount of the Group's interests in associates includes any goodwill (net of accumulated impairment) identified at the time of the acquisition.

5.4. BUSINESS COMBINATIONS

Business acquisitions are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed (including possible costs) at the date of transaction. The excess of the cost of acquisition over the fair value of the Group's share in the identifiable net assets acquired is recognized as goodwill. Acquisition-related costs are generally recognized through profit or loss when incurred.

The identifiable assets acquired and liabilities assumed are recognized at fair value at the acquisition date.

Non-controlling interests can be initially measured either at fair value or at the proportionate share of the minority interest in the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The equity and net income attributable to the non-controlling interests are shown separately in the balance sheet and income statement respectively.

When the consideration which the Group transfers in exchange for the acquiree includes a variable part, the consideration is measured at fair value at the date of acquisition and is included as part of the consideration transferred in exchange for the acquiree within the frame of a business combination. Subsequent changes in the value of the consideration, if any, are recognized in profit or loss.

For associates, the goodwill is not separately recognized but integrated into the amount of investments in the associates. If the acquisition price is less than the fair value of the Group's share in the net assets of the subsidiary acquired, the difference is directly recognized through profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree that prior to the acquisition date have been recognized in the equity are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

When the Group conducts a business combination involving entities under joint control, the assets acquired and liabilities assumed are measured at book value such as existing in the accounts of the subsidiary prior to the business combination.

On the basis of the contractual rights and obligations of the parties involved, the Group has concluded that there are no joint undertakings as defined in IFRS 11 and that all the joint agreements concluded by the Group can be classified as joint ventures.

5.5. FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

5.5.1. Functional and reporting currency

The functional currency of all consolidated companies within the Group is the euro. The euro is also the Group's reporting currency.

5.5.2. Conversion

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through profit or loss.

Translation differences on non-monetary items measured at fair value through profit and loss are reported as part of the fair value gain or loss. Non-monetary items are translated when their fair value is determined. Translation differences on non-monetary items measured at fair value through the revaluation reserve are included in the revaluation reserve in equity.

5.6. INTANGIBLE ASSETS

5.6.1. Goodwill

5.6.1.1. Measurement

The goodwill, initially estimated at purchase price, represents the surplus part of the fair value of the consideration transferred with regard to:

- the Group's share in the identifiable net assets acquired and liabilities assumed, and
- the fair value of each interest previously held by the acquiree.

A negative revaluation (negative goodwill) is recognized directly through profit or loss.

Variations in the percentage of ownership in fully-consolidated companies are considered as transactions with shareholders. Therefore neither fair value adjustments nor goodwill adjustments are made whenever the percentage increases or decreases take place without any change in the consolidation method.

5.6.1.2. Impairment

The carrying amount of goodwill is systematically reviewed each year. For this purpose, the Group allocates goodwill to cash generating units or groups of such units.

Goodwill is written down for impairment when the recoverable amount of the cash generating unit or group to which it has been allocated is lower than the book value.

The recoverable amount is the highest amount between the fair value net of the selling costs and the value in use.

The value in use is the sum of the future cash flows that are expected to be derived from a cash generating unit. The expected future cash flows which the Group takes into account are derived from the financial multi-annual plan approved by the management.

The calculation of the value in use shall also reflect the time value of money (current market risk-free rate of interest) adjusted for the price for bearing the uncertainty inherent in the asset. This is reflected in the discount rate. The discount rate which the Group takes into account is the average cost of capital.

5.6.2. Other intangible assets

Software and development costs are capitalized if they are related to investment projects, i.e. major projects that introduce or replace an important commercial objective or model.

Computer software and licences that have been purchased or internally generated for own use are stated at historical cost, less depreciation and any impairment losses.

Internally generated software and licence developments are only recognized as intangible fixed assets when the following conditions are met: identifiability criterion for the asset, control over the resource, likelihood of future economic profits and ability to reliably measure the cost.

Software developed by third parties, as well as internal and external development costs related to investment projects, are amortized on a straight-line basis over 5 years from the time the software or developments are available, while for central systems with a longer useful life, the period is 10 years.

Internal and external research expenses for these projects and all expenses for ICT projects other than investment projects are charged directly to the income statement. The acquisition of an insurance contract in a business combination or portfolio transfer is performed in accordance with paragraphs 31, 32 and 33 of IFRS4.

Other intangible assets with a finite useful life are amortised over their expected economic life.

Intangible fixed assets with an indefinite life are not amortized and are assessed for impairment in the same way as goodwill.

5.7. PROPERTY AND INVESTMENT PROPERTY

The Group recognizes property (held for investment or operating purposes) in accordance with the cost method.

Land and properties are recorded at acquisition value including purchase costs and taxes. This value is increased with further capitalizable expenses, net of depreciation and any impairment losses.

The properties and their various components are depreciated separately over their estimated useful life. The depreciable amount is net of their residual value if it can be reliably estimated.

When a building is made up of components with different useful lives, each component is depreciated separately over its estimated useful life. The Group has adopted the following components:

Components	Useful life
Land	Unrestricted
Structural work	Between 80 and 100 years
Roof	25 years
External woodwork	Between 30 and 40 years
Special techniques	20 years
Finishing	Between 10 and 15 years

The average useful life can be different depending on the type of property, the degree of completion or the construction period. The Group defines useful lives that generally should be used depending on the category to which the building belongs.

Borrowing costs directly attributable to the acquisition or construction of a property qualified under IAS 23 are part of the cost of that asset.

5.8. OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets include facilities, machinery and equipment, computer equipment, furniture and office equipment, as well as rolling stock. They are capitalized at their purchase or cost price, including incidental expenses. Depreciation is calculated on a straight line basis over their estimated useful lives, i.e. between 2 and 10 years. Furniture and office equipment whose acquisition value is negligible are supported.

5.9. FINANCIAL INVESTMENTS

5.9.1. Classification

Financial instruments are classified into the following categories:

- Financial assets available for sale at fair value, with changes in fair value recognized in equity. This category includes by default all other fixed maturity investments, shares, loans and receivables, which are not included in another class;
- Financial assets at fair value with changes in fair value recorded through profit or loss. These assets are of two types: (i) investments held for trading are investments for which the management intention is to earn short-term profits; and (ii) financial assets designated optionally;
- Loans, deposits and receivables carried at amortized cost. This relates to assets for fixed or determinable payments that are not quoted in an active market; and
- Financial assets held to maturity, recorded at amortized cost. These assets include fixed-term investments for which the company has the explicit intention and capacity to hold them to maturity.

The fair value option of designating, upon entry, financial assets and liabilities at their fair value with changes in fair value through profit or loss, is used by the Group primarily in the following cases:

- financial assets for which the choice of the fair value option allows to reduce the accounting disparity;
- managed groups of financial assets whose performance is evaluated on a fair value basis; and
- hybrid instruments, for which the Group has opted not to separate the embedded derivative from the host contract.

5.9.2. Reclassifications

Only the following reclassifications are allowed:

- A financial asset may, in exceptional circumstances, be reclassified out of the category of investments held for trading.
- A financial asset classified as available for sale may be reclassified out of the category of assets available for sale to: (i) the category of investments held to maturity when the intent or ability has changed or when the entity no longer has a reliable measurement of fair value; and (ii) the category of loans and receivables when the financial asset meets the definition of loans and receivables at the date of reclassification and when the entity has the intention and ability to hold the financial asset for a foreseeable period or until maturity.
- A financial asset classified as investments held to maturity may be reclassified as available for sale if the intention or ability of the entity has changed. If, within the two preceding years, the Group has reclassified or sold a substantial portion of its investment portfolio originally held to maturity, the Group can no longer classify investment into instruments held to maturity. Furthermore, in the case of sale or reclassification of a portion of these investments, the entire category of financial instruments held to maturity must be reclassified.

5.9.3. Initial recognition

The Group recognizes financial assets when the contractual obligations of the contract are met. Purchases and sales of financial assets are recorded on the trade date.

Financial assets are initially designated at fair value plus, in the case of an asset that is not designated at fair value through profit or loss, transaction costs directly attributable to the acquisition. However, transaction costs are not included in the acquisition cost of financial assets since they are not significant.

Securities given under repurchases are maintained in assets in the balance sheet.

Hence, the Group conducts repurchase transactions and securities lending.

These correspond to disposals of financial assets to a counterparty, accompanied by a simultaneous repurchase commitment for these financial assets on a set date and at a set price. To the extent that virtually all the risks and benefits related to financial assets are retained by the Group over the life of the transaction, the Group will continue to recognize the financial assets. The cash consideration received for the sale is recorded separately. Interest expense on repurchase agreements and securities lending transactions is recognized over the term of the contracts.

5.9.4. Measurement

Financial assets available for sale, those held for trading, assets optionally designated at fair value through profit or loss and all derivative instruments are measured at fair value.

The fair value is the price at which an asset could be exchanged between knowledgeable negotiators against competitive market conditions. The Group applies the hierarchy for determining fair value under IAS 39 as explained in more detail in the note relating to the determination of the fair value of financial instruments.

Assets available for sale are carried at fair value and unrealised gains and losses are recorded under a separate heading of equity (through other items of comprehensive income), except the following elements which are recorded directly through profit or loss: interest calculated using the effective interest rate method, currency differences on monetary financial assets and impairment losses.

Financial assets held to maturity, unlisted shares for which fair value cannot be measured reliably, and loans and receivables are recorded at amortized cost or at historical cost. Amortized cost is the amount at which the asset was valued at initial recognition net of principal repayments, plus or minus accumulated amortization (depending on the effective interest rate) of differences between the initial amount and the maturity amount and adjusted for any impairment losses. The effective interest rate is the rate that exactly discounts the expected future cash flows over the expected lifetime or, where more appropriate, over a shorter period to obtain the net book value of the asset or financial liability. The value of financial assets includes accrued interest not yet due at the balance sheet date.

5.9.5. Impairment

At each date of the financial statements, the Group looks for the existence of objective evidence of impairment among its investments available for sale or measured at amortized cost. By their accounting, financial assets at fair value through profit or loss are not subject to an impairment test.

A financial asset or group of financial assets has undergone an other-than-temporary impairment when there is objective evidence of impairment due to one or more events whose impact on the estimated future cash flows of the asset(s) can be measured reliably.

For available-for-sale assets, a significant or prolonged decline in the fair value of the security below its carrying value is an indication of impairment.

5.9.5.1. Financial assets available for sale

Equities

A significant or prolonged decline in the fair value of the security is applied when:

- the security had already been impaired from a previous closing; or
- a loss in value of 50 % compared to the acquisition value is observed on the closing date of the accounts; or
- the stock was in a constant state of unrealised loss in relation to its acquisition value over the last 12 months preceding the close.

Bonds

Impairments are systematically applied to the bonds in order to reflect the risk that the counterparties of such securities and receivables do not fully or partially honour their commitments relating thereto, including, but not limited to, the probability that the reimbursement of these securities and receivables is in whole or partly uncertain or compromised. When these securities' market value is permanently lower than their net book value, this circumstance is, unless proved otherwise, presumed to be an other-than-temporary impairment which is to be considered for the application of this provision.

The application of the above rules and the decision to recognize an impairment or not is subject to an analysis at each balance sheet closing date. In that analysis, we take into account the following criteria to identify durable losses in value, on the one hand, and to assess whether the recognition of an impairment is required:

Criteria for determining durable losses in value

- The insurance portfolio / separate management relating thereto;
- The ability of the company to hold these securities to maturity;
- The duration of the unrealised loss observed.

Criteria taken into account to determine whether an impairment should be recognized

- A significant increase in credit spreads for listed issuers;
- A significant deterioration in credit rating;
- A voluntary or imposed restructuring of the debt;
- The occurrence of a credit event under ISDA rules;
- Significant financial difficulties;
- A failure to pay interests or principal;
- The disappearance of an active market for that financial asset because of financial difficulties;
- A significant decrease in the value of collateral or underlying assets.

Revaluation reserve

If any such situation exists for financial assets available for sale, the cumulative loss determined as the difference between the acquisition cost and the current fair value is taken from the equity and is subject to an impairment through profit or loss. Losses in value on shares recorded through profit or loss are only included through profit or loss when the asset is sold or derecognized.

5.9.5.2. Financial liabilities valued at amortized cost

For investments valued at amortized cost, the amount of the impairment is equal to the difference between the net book value of the asset and the present value of expected future cash flows, determined using the original effective interest rate of the financial instrument and corrected for any provisions. The amount of the impairment is included in the net income of the accounting year. The impairment can be taken over in the result.

For assets recognized at amortized cost, including loans and investments classified as «assets held to maturity» or assets under the category «loans and receivables», the impairment test is first performed on a unitary basis. A collective test is then carried out for groups of assets with similar risks.

Some assets are subject to impairment given the economic circumstances, but without corresponding to any of the situations mentioned above. Thus, if under the risk management policy, a durable loss in value is identified, an impairment will be recognized according to the above terms.

5.9.6. De-recognition

Financial assets are no longer recognized when the contractual rights expire or when the Group disposes the financial asset. Gains or losses on the disposal of financial investments are determined using the weighted average cost method.

In case of the disposal of securities, the realised gain or loss is recognized through profit or loss on the date of completion and represents the difference between the sales price and the net book value of the asset.

5.10. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at fair value at the date of the contract's conclusion and are subsequently measured at fair value. All derivative financial instruments are recorded on the balance sheet (as assets when their fair value is positive and as liabilities when their fair value is negative). Unrealised gains and losses are recognized through profit or loss. In the case of derivative financial instruments held by the Group which are subject to a qualification as hedge accounting, the details of the accounting are mentioned below.

Embedded derivatives are components of compound instruments that meet the definition of a derivative. Depending on the choice for the fair value option, they are not separated from the host contract. Thus, the hybrid instrument, consisting of the host instrument and the derivative embedded in the contract, is measured at fair value with changes in fair value through profit or loss.

Hedge accounting

The Group designates certain derivative financial instruments as cash flow hedges.

At the time of establishing the hedge relationship, the entity prepares a documentation describing the relationship between the hedging instrument and the hedged item as well as its objectives of risk management and its strategy for undertaking various hedging transactions. Moreover, at the establishment of the hedging and periodically thereafter, the Group indicates whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in fair value of derivative financial instruments that are designated as cash flow hedges is recognized in other items of comprehensive income and accumulated in the reserve for the hedging of cash flows. The gain or loss relating to the ineffective portion is recognized immediately in the net income.

The amounts previously recognized in other items of comprehensive income and accumulated in equity are reclassified to the net income in the periods when the hedged item affects the net income, under the same position as that of the hedged item.

Under IAS 39, there is a cessation of the hedging relationships when:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedged forecast transaction, for cash flow hedging, is no longer highly probable;
- the hedge no longer meets the accounting criteria for hedging transactions;
- the entity alters or revokes the designation.

Any gain or loss recognized in other items of comprehensive income and accumulated in equity at that time is reclassified to the net income when the forecast transaction is ultimately recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is recognized immediately in the net income.

5.11. REINSURANCE

5.11.1. Disposals

Premiums, claims and technical reserves are stated before ceded reinsurance. The transferred quota share is included in the reinsurance result.

The reinsurers' share of technical provisions is subject to an impairment test at each balance. If there is objective evidence, as a result of an event that occurred after the initial recognition, that the provision for the reinsurer must be impaired, the Group reduces the book value of this asset accordingly and recognizes the resulting loss through profit or loss. When the reinsurance asset is guaranteed by securities received as collateral, the present value of future cash flows of the asset reflects the cash flows that may result from the realisation of pledged assets after deducting the costs of implementing this guarantee, whether the realisation is probable or not.

5.11.2. Acceptances

The rules for reinsurance acceptance contracts are included in the section «Insurance and investment contracts liabilities».

5.12. RECEIVABLES

Receivables more and less than one year are recognized initially at fair value and are subsequently measured at amortized cost net of any impairment. An impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original payment terms of the receivable. The applied impairment rule corresponds to the one described above for bonds under the heading «Impairment».

When the settlement of a portion of the receivable cash flows is deferred, the amounts receivable in the future are discounted to their present value.

5.13. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Regarding the cash flow table, cash and cash equivalents are presented net of bank overdrafts, debts incurred on repurchase operations and other financial debts.

5.14. EQUITY

Equity includes, in addition to share capital and retained earnings in reserve, the portion of unrealised gains and losses on investments, net of tax, and the impact of shadow accounting, of which the change in fair value is not recognized in the income as well as other items of comprehensive income.

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other assets to the holders. Additional costs, net of tax, directly attributable to the issue of an equity instrument are deducted from the value of the equity instrument.

Financial instruments issued by the Group are classified as equity instruments if their consideration clauses provide the issuer with control over the interest payment date and if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity.

Any financial instrument issued by the Group, comprising both an equity component and a debt instrument, is recognized separately in liabilities in the balance sheet, in which the equity component is reported as equity of the Group. Gains and losses associated with redemptions or refinancing of the equity component are presented as variations in equity.

When the Group buys back its own equity instruments, the amount paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to shareholders of the company until the shares are cancelled or «reissued».

Dividends and other distributions to shareholders are recognized directly in equity, net of tax. A debt corresponding to the amount of dividend not yet paid is not recognized as long as the dividend has not been declared and approved.

5.15. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

5.15.1. Classification

The Group issues contracts that cede an insurance risk or financial risk or both. Based on a review of each contract, the Group classifies its insurance and investment contract liabilities in four categories:

- Insurance contract liabilities
- Investment contract liabilities with discretionary participation features
- Investment contract liabilities without discretionary participation features
- Investment or insurance contract liabilities of which the financial risk is borne by the insured, i.e. corresponding to unit-linked contracts.

Insurance contracts, investment contracts with discretionary participation and reinsurance contracts are covered by IFRS 4 «Insurance Contracts», while investment contracts without discretionary participation are covered by IAS 39 «Financial instruments». Contracts that do not cede insurance risks or significant investment risks are covered by IAS 18 «Revenue from ordinary activities», which calls for revenue recognition.

Insurance contracts, including reinsurance acceptances, are contracts with a significant insurance risk. These contracts can also cede a financial risk from the insured to the insurer. Investment contracts are contracts that carry a financial risk with no significant insurance risk.

IFRS 4 allows the separation of the deposit component («savings») and the risk component («insurance») of the contract. This separation or «unbundling» is permitted if the deposit component can be exploited regardless of the risk component.

Some insurance and investment contracts contain a discretionary participation clause. This element entitles the contract holder to receive additional benefits as a supplement to the guaranteed benefits:

- that normally account for a significant share of the contractual benefits;
- of which the amount and/or expiry date is contractually at the discretion of the Group;
- that are contractually based on the performance of a set of contracts, the investment returns of a portfolio of assets or the income of the Company, of a fund or other entity that issues the contract.

If a contract was initially recognized as an insurance contract, it cannot be reclassified as an investment contract even if the risk attached thereto becomes insignificant. Conversely, an investment contract whose characteristics change during the term of the contract, may, if the changes induce a significant insurance risk, be reclassified as insurance contracts.

5.15.2. Measurement and recognition

In accordance with IFRS 4, the rules regarding recognition and de-recognition as described below are based on the accounting principles used by the Group prior to the adoption of the IFRS, with as main exception the elimination of the flashing-light provision and the provisions for equalization and catastrophes.

The accounting principles applicable prior to the IFRS and which are still in force after the conversion have the following main characteristics:

- provisions must be sufficient;
- provisions are calculated with caution;
- Life insurance provisions may not be discounted using an interest rate higher than the prudently estimated return of the assets;
- acquisition costs are deferred to the extent they are recoverable, and amortized on the basis of estimated gross profits over the lifetime of the contracts;
- reserves for claims represent the ultimate estimated cost.

5.15.2.1. Non-Life insurance contracts

The assessment of provisions for claims is based on the estimated value of foreseeable expenses net of any recoveries. The provision for claims outstanding includes the claims and capital due remaining to be paid at the end of the period. The provisions related to claims are generally not discounted, except in limited cases.

Claims settlement and readjustment costs are recognized through profit or loss when incurred. Non-settled claims and readjustment expenses include estimates for reported claims and provisions for claims that are incurred but not reported.

Claims management costs are provisioned.

Mathematical provisions are also established to cover constituted annuities.

Premium provisions are calculated pro rata temporis. Additional premium provisions can be made if a group of homogeneous products proves to be unprofitable.

5.15.2.2. Insurance contracts Life

Provisions for Life insurances include the mathematical provisions that represent the difference between the current values of the commitments made by the insurer and those made by the insured.

Provisions are calculated according to the technical bases in force at the time of signing the contract. Adjustments can be made later following any changes made to the contracts.

Liabilities are discounted applying a rate that is at the most equal to the rate of the policy concerned, and using regulatory mortality tables. As for annuities, there is also provided a longevity provision to reflect the increase in life expectancy.

For contracts with risk coverage deaths, the constituted provision contains the portion of premiums written but not earned during the period concerned.

5.15.2.3. Investment contracts with discretionary participation features

The provision for profit sharing corresponds to the interests of policyholders in technical and financial profits made by the companies. They are intended to be paid to the policyholders and to increase their guarantees after incorporation into mathematical provisions.

The discretionary participation elements are a conditional promise related to unrealised gains and losses. They are therefore incorporated into the unrealised gains and losses included in the equity. When the promise is unconditional, the amount thereon is reclassified to the liabilities of the Life insurance contracts.

Profit sharing also includes the deferred unrealised participation resulting from shadow accounting.

5.15.2.4. Investment contracts without discretionary participation

Investment contracts without discretionary participation are treated as financial liabilities within the scope of IAS 39. These contracts are recognized:

- either at fair value with the changes accounted for through profit or loss. These are mainly unit-linked contracts;
- either at amortized cost using the effective interest rate method.

Deposit accounting is applied to all of these contracts. Net premiums received from these contracts are not recognized as revenue; all expenses associated with these contracts are recognized through profit or loss under «other operating income».

5.15.2.5. Unit-linked contracts

Mathematical provisions for unit-linked contracts are valued on the basis of the assets underlying these contracts. Gains or losses resulting from the revaluation of these are recognized through profit or loss in order to neutralize the impact of the change in technical provisions.

5.15.2.6. Shadow accounting and provision for deferred profit sharing

Shadow accounting allows to address the risk of imbalance in assets/liabilities that is artificially generated by different valuation methods for assets and liabilities. When the measurement of liabilities is directly affected by the implementation of gains or losses of assets, a provision for deferred profit sharing is recognized in consideration of unrealised gains or losses in investments.

The provision for deferred profit sharing is determined by applying fair value readjustments of assets participation rates estimated on the basis of contractual obligations associated with each portfolio. The estimated participation rate also takes into account the following elements: the regulatory and contractual terms of profit sharing, the programme of realisation of gains and losses and the insurer's dividend policy. The determination of the share in gains and losses attributable to policyholders is determined by the characteristics of the contracts that are likely to benefit from these gains or losses.

Finally, when, following the liability adequacy tests (LAT - see below), the inadequacy found is related to the interest rates' weakness, shadow accounting allows to allocate an additional share in unrealised gains recognized on investments within insurance provisions.

Shadow accounting is done under the same terms as the accounting method applied to the underlying financial investments: in profit if it concerns financial investments accounted for through profit or loss, or for reserve revaluation in other items of comprehensive income for investments available for sale.

5.15.2.7. Liability Adequacy Test (LAT)

Adequacy tests are performed to ensure the adequacy of insurance liabilities with regard to estimated future cash flows. The tests are performed on homogeneous products groups, both in Life and in Non-Life. The assumptions set for the projection of future cash flows are consistent with those used internally to other models and are determined so as to be in line with the economic, demographic ... reality. The present value of future cash flows is determined using a discount rate that reflects market conditions at the reporting date, the specific composition of asset portfolios and the characteristics of the asset-backed liabilities. Any shortcomings are provisioned with an offsetting impact to income.

5.15.2.8. Embedded derivatives

Embedded derivatives that meet the definition of insurance contracts or that match repurchase options for a defined amount are not valued separately from the host contract. If other embedded derivatives are not closely related to the host contracts or do not meet the definition of an insurance contract, they are measured separately at fair value through profit or loss.

5.15.2.9. Revenue recognition

Premiums of contracts in force during the accounting year are included in the earnings, taking into account the premiums to be issued in Non-Life which are the subject of an estimate for the portion earned at the end of the accounting year.

In accordance with IAS 18, revenues generated through management contracts are recognized in line with the services provided.

5.16. SUBORDINATED DEBTS AND FINANCIAL DEBT

The financial debt, subordinated or not, is recognized initially at fair value and subsequently measured using the amortized cost method. Costs directly attributable to the establishment of a new loan are deducted from the face value of the loan and recognized in the income over the term of the loan using the effective interest rate method.

5.17. PROVISIONS

Provisions mainly include provisions for litigation, restructuring and off-balance sheet credit commitments.

Provisions are measured at the present value of the expenditures expected to settle the obligation. The chosen interest rate is the pre-tax rate that reflects the time value of money as defined by the market.

Provisions are recognized when:

- the Group has a legal or implied obligation resulting from past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is possible to reliably estimate the exact amount of the obligation.

5.18. LEASE CONTRACTS

5.18.1. The Group as lessee

The Group mainly enters into lease contracts for the rental of its equipment and small materials, in particular IT equipment, as well as the rental of company cars.

At the start date of the contract, Ethias recognizes a right-of-use asset at cost and a liability (lease obligation) at the present value of the lease payments that have not yet been made.

The asset is depreciated over its useful life or the term of the contract, if shorter. If the lease contract transfers ownership of the underlying asset to the lessee at the end of its term, or if the cost of the right-of-use asset takes into account the future exercise of a purchase option by the lessee, the asset is depreciated over its useful life.

The lease obligation is reduced by the rental payments made and increased by the interests.

When a change is made to a lease contract, the lease obligation is revalued and the amount of the revaluation is carried on the right-of-use asset.

5.18.2. The Group as lessor

A lease is classified as finance lease if the lease cedes substantially all the risks and benefits incidental to ownership of the asset. A contract that is not a finance lease agreement is a simple lease contract.

The Group enters into operating leases primarily related to the exploitation of its real estate properties.

When an asset is used as part of an operational lease, the lease payments received are recognized in the income statement linearly over the period of the lease. The underlying asset is recognized using the rules applicable to this type of asset.

When an asset held is leased under a finance lease, the Group records a receivable equal to the net investment in the lease, which may be different from the present value of minimum payments due under the contract. The interest rate used for discounting is the implicit rate included in the base contract. The revenues are recognized over the term of the lease using the implicit interest rate.

5.19. EMPLOYEE BENEFITS

5.19.1. Post-employment benefits

The post-employment benefits include the pension plans, the life insurance and orphanhood insurances. The Group has various defined benefit plans and defined contribution pensions plans in place for its employees:

- For defined benefit pension plans, expenses related to these plans are assessed separately for each plan using the method of «Projected Unit Credit». Under this method, the cost of the plan is recognized as expense through profit or loss so as to spread the cost evenly over the career of employees participating in pension plans. The obligations relating to the pension plans recorded on the balance sheet are valued on the basis of the present value of future cash outflows, including taxes and contributions payable by the plan, net of any costs of past services not yet recognized.
- Defined contribution pension plans are subject to the Belgian law on supplementary pensions that imposes a minimum guaranteed return on the contributions paid. Therefore, these programmes are considered under IFRS as defined benefit pension plans.

Some of the employee pension plans are insured with the insurance company Ethias SA. Therefore, the assets backing these pension plan do not meet the conditions to be considered as plan assets and are therefore considered non-financed. Therefore, the assets backing the pension plan do not meet the conditions to be considered as plan assets.

The present value of cash flows is calculated using an interest rate corresponding to those of corporate bonds of first category with a maturity similar to those of the corresponding liabilities.

The costs of past services result from the adoption of or from the change in the pension plan. They are recognized as expenses over the average remaining period until the corresponding benefits become vested for the personnel.

Actuarial differences include, for assets and liabilities, the effects of differences between previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions on the liabilities of the plans. Actuarial differences are fully recognized in the other items of comprehensive income during their period in which they occur.

5.19.2. Short-term benefits

Employee entitlements to annual leave, merit bonuses and other various premiums are recognized when the amounts in question should be paid to the employees. A debt is made to cover the estimated expense for services rendered by employees up to the balance sheet date.

5.19.3. Other long-term benefits

The expected costs of these benefits are recognized during the period of employment using the same methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized through profit or loss related to the period in which they occur.

5.19.4. Early retirement

The Group has established an early retirement programme for its employees. A liability and an expense are recognized from the time when there is a clear commitment on the part of the entity and that the latter has formalized the outlines of the programme concerned. The debt recognized in the balance sheet is the present value of the early retirement obligation to the closing date of the accounting year.

5.19.5. Other contract termination compensation

In the case of severance costs payable as a result of the decision of the entity to terminate the employment of one or more staff members, the entity shall recognize a liability and an expense of severance.

5.20. DISCONTINUED OPERATIONS AND AVAILABLE-FOR-SALE ASSETS

A discontinued operation is a component which the entity has disposed of or is classified as available for sale, and (i) which represents a line of business or a separate major geographical area, (ii) which is part of a single, coordinated plan to dispose of a business line or a separate major geographical area; or (iii) is a subsidiary acquired exclusively for resale.

The category «Discontinued operations and available-for-sale assets» comprises assets including properties or activities available for sale or discontinued within twelve months from the closing date of the accounting year. Subsidiaries available for sale remain in the scope of consolidation until the day when the Group loses effective control. The assets and activities (assets and liabilities) concerned are valued at the lower of net book value and fair value net of the selling costs. They are presented in separate assets and liabilities positions in the balance sheet. Any realised loss is also shown separately through profit or loss.

5.21. REVENUE RECOGNITION

The revenues from ordinary activities correspond to the fair value of the consideration received or receivable, net of intercompany sales or services rendered. The revenues from ordinary activities are recognized as follows:

5.21.1. Income from insurance activities

Regarding the recognition of revenues from insurance activities, we refer to the rules mentioned in the section «Insurance and investment contract liabilities».

5.21.2. Financial income

Interest income is recognized pro rata temporis using the effective interest rate method. When a receivable is impaired, the Group reduces its book value to its recoverable amount, which represents the future cash flows, discounted at the original effective interest rate of the instrument, and continues to recognize the effect of undiscounting in the interest income. Interest income on impaired loans are recognized using the original effective interest rate method.

Dividends are recognized when the right to receive the dividend is established.

5.21.3. Other goods and services

Contracts that do not expose the insurer to an insurance risk or expose it to a non-significant insurance risk and do not create financial asset or liability are classified in the category «service contracts». In accordance with IAS 18, revenue associated with a transaction involving the rendering of services is recognized by reference to the stage of completion of the transaction if its result can be reliably estimated.

The subsidiary, NRB, develops and sells customized software. The revenue recognition is performed using the percentage-of-completion method, in which the benefit is recognized as revenue as work progresses, provided that this benefit can be taken for granted with sufficient certainty. Impairments are recognized in order to reflect any known losses caused in the projects. When circumstances lead to a change in the initial estimate of revenues, of costs or of the stage of completion, the estimate is revised. These revisions may result in an increase or decrease in the estimated revenues or costs and are recognized through profit or loss of the period in which the management becomes aware of those circumstances.

5.22. INCOME TAXES

Deferred tax assets and liabilities are generated by temporary differences between the book and tax values of the assets and liabilities and, if applicable, by carryforwards of unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits, against which the deductible temporary differences can be utilized, will be available. Deferred tax liabilities are recognized for all taxable temporary differences.

5.23. CONTINGENT LIABILITIES

A contingent liability is:

- a possible liability resulting from past events and whose existence will be confirmed only by the occurrence or not of one or more uncertain future events not fully within the Group's control; or
- a present liability resulting from past events, but not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the liability or that the amount of the liability cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the balance sheet. They are subject to an explanation in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are assessed continually to determine whether an outflow of economic benefits has become probable or assessable with sufficient reliability, in which case a provision is recognized in the financial statements of the accounting year in which the change in probability or evaluation occurs.

5.24. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period refers to events that occur between the balance sheet date and date of the publication date of the balance sheet. There are two types of events:

- those that give rise to adjustments to the consolidated financial statements if they help confirm situations that existed at the balance sheet date;
- those who impose the provision of additional information if they indicate situations that arose after the balance sheet date, and if they are relevant and significant.

In the case of dividends, the debt corresponding to the amount not yet paid of the dividends is not recognized as long as the dividend has not been approved by the general assembly.

6. Critical accounting estimates and judgements

The preparation of the consolidated accounts in accordance with the IFRS standards brings the Group to realise judgements, estimates and assumptions that have an impact on the application of the accounting policies and on the amounts of the assets, liabilities, revenues and expenses, and which by nature contain a certain degree of uncertainty. These estimates are based on the experience and assumptions which the Group considered as reasonable on the basis of the circumstances. The actual results would and will by definition often differ from these estimates. The revisions of the accounting estimates are recognized during the period in which the estimates are reviewed and in the course of all future periods covered. The judgements and estimates mainly relate to the domains listed below.

For more information with regard to the introduction of the following estimates we refer to the corresponding notes in the consolidated financial statements.

6.1. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a certain number of financial instruments is determined on the basis of valuation techniques. This is especially the case for the perpetual bonds which are recognized at fair value through profit or loss or for derivative instruments. In addition, the Group also appeals to valuation techniques to determine the fair value of certain instruments that are communicated in the explanatory notes. This concerns, for example, the determination of the fair value of loans or the fair value of bonds. The Group selects the methods and retains the assumptions which seem the most appropriate by mainly referring to the existing market conditions at the end of each reporting period.

The sensitivity analysis for financial risks is available under point 4.6.5 in chapter *II. Report of the Board of Directors*.

6.2. INSURANCE AND INVESTMENT LIABILITIES

The technical provisions for Life insurances are calculated on the basis of various assumptions. Judgement is required when making these assumptions and the assumptions used are based on various internal and external sources of information. For the recognition of the technical provisions, IFRS 4 currently refers largely to the local accounting standards. The technical provisions are often calculated on the basis of technical parameters applicable at the time of the conclusion of the contract and shall be subject to the liability adequacy test. The following main parameters are taken into account:

- The discount rate, which in general, shall be equivalent to the technical interest rate and which remains constant during the duration of the contract. In some cases, it is corrected on the basis of legal provisions and internal policy decisions;
- The mortality and sickness rates which are based on the standard mortality tables and may be adjusted depending on past experience;
- The assumptions with regard to the costs based on the actual cost levels and management costs;

The assumptions with regard to the technical provisions in Non-Life insurance are based on past experiences (including certain assumptions with regard to the number of claims; the compensations and the costs of settling claims), adjusted to take account of such factors as anticipated market experience, claims and the increase of claims and external factors such as legal decisions and legislation. The technical provisions are not updated except when long-term obligations and/or annuities (e.g. hospitalisation, work accidents, etc.) are involved.

The impact of the sensitivity analyses on the income statement can be found in chapter *II. Report of the Board of Directors*, under point 4.5.1.2 for Non-Life and under point 4.5.2.2. for Life.

6.3. EMPLOYEE BENEFIT

The debt relating to the employee benefits is determined on the basis of an actuarial method, including a certain number of financial and demographic assumptions, described in point 17.3.1 of chapter *V. Note to the consolidated balance sheet*. Any change in these assumptions would have an impact on the amount of this debt. An important assumption with a great sensitivity on debt is the discount rate. At the end of each reporting period, the Group determines this rate by referring to the market rate at the closing date of first category corporate bonds with a maturity comparable to the maturity of the commitments. The other major assumptions are based on the market or reflect the best estimate of the Group. The results of the sensitivity analysis may be consulted under point 17.3.2. in chapter *V. Note to the consolidated balance sheet*.

6.4. DEFERRED TAXES

The deferred tax assets are only recognized in order to reduce the temporary differences and the losses carried forward when it is probable that future taxable profits shall allow to compensate these differences and losses and when fiscal losses shall remain available taking into account their origin, the period of their occurrence and their compliance with the legislation on their recovery. The Group's capacity to earn the deferred tax assets is measured through an analysis based on the estimate of future Group results. Given the various uncertainties with regard to the evolution of the financial markets among others, the Group based in its analysis on a time horizon of five years. The underlying assumptions of these analyses shall be reviewed on a yearly basis. The results of the sensitivity analysis may be consulted under point 11.2. in chapter *V. Note to the consolidated balance sheet*.

The preparation of consolidated financial statements requires an estimate of income taxes and deferred tax assets and liabilities under the tax laws of the various jurisdictions in which the Group operates. Under IAS 12, deferred tax assets and liabilities are to be measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. For the valuation of deferred tax assets and liabilities, the rate of 25% has been considered, whereas this will be the corporate tax rate applicable as from January 1, 2020.

7. 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.
- Segment «Public Bodies & Companies Non-Life»: this segment mainly covers the risks for public services and their staff members for whom Ethias offers since long guarantees, such as civil liability, health care, work accidents, sporting accidents, vehicle, assistance, etc. Ethias 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 31 December 2019 and 2018 respectively are detailed below:

	Note	PUBLIC & CORPORATE SECTOR		PRIVATE INDIVIDUALS		OTHERS	Statu- tory income statement B-GAAP	Statu- tory income statement B-GAAP	ADJUST- MENTS	IFRS consolidated financial statement
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON-TECH- NICAL	Ethias SA	Subsi- diaries	Total Adjustments	31 Decem-ber 2019
<i>In thousands of euros</i>										
Gross premiums	VII.1	836,908	1,199,901	582,217	51,482	-	2,670,508	-	(8,737)	2,661,771
Premiums ceded to reinsurers	VII.3	(30,375)	(2,883)	(7,075)	(5)	-	(40,338)	-	-	(40,338)
Change in the provision for unearned premiums and outstanding risks ^(a)		258	-	(1,960)	-	-	(1,702)	-	-	(1,702)
Other income from insurance activities		1,601	54	381	3,548	-	5,584	-	-	5,584
Revenues from insurance activities^(a)	VII.1	808,392	1,197,071	573,564	55,024	-	2,634,051	-	(8,737)	2,625,314
Revenues from other activities	VII.4	-	-	-	-	12,391	12,391	445,102	(162,656)	294,837
Net income from investments		70,047	429,162	39,450	49,729	(17,707)	570,680	50,357	(210,844)	410,193
Net realized gains or losses on investments		-	-	-	-	-	-	8,377	54,948	63,325
Change in fair value of investments through profit and loss ^(b)		-	-	-	-	-	-	7,865	153,053	160,919
Net financial income	VII.5	70,047	429,162	39,450	49,729	(17,707)	570,680	66,599	(2,842)	634,437
NET REVENUES		878,439	1,626,233	613,013	104,753	(5,317)	3,217,122	511,701	(174,235)	3,554,588
Insurance service ex-penses		756,715	1,527,914	353,520	74,165	-	2,712,314	-	(14,259)	2,698,055
Net expenses or revenues ceded to reinsurers	VII.3	(29,490)	(1,670)	(227)	-	-	(31,387)	-	-	(31,387)
Management costs ^(c)		146,777	11,334	148,574	16,444	-	323,128	-	(18,267)	304,861
Technical expenses for insurance activities	V.2	874,002	1,537,578	501,867	90,608	-	3,004,055	-	(32,526)	2,971,529
Expenses for other activities	VII.4	-	-	-	-	13,948	13,948	410,492	(160,243)	264,197
Change in depreciation and amortization on investments (net)	VII.5	-	-	-	-	-	-	9,778	(10,003)	(225)
Other investment financial expenses	VII.5	-	-	-	-	-	-	13,380	11,138	24,518
Finance costs	VII.6	-	-	-	-	-	-	8,760	19,272	28,032
Financial expenses		-	-	-	-	-	-	31,917	20,407	52,324
NET EXPENSES		874,002	1,537,578	501,867	90,608	13,948	3,018,003	442,410	(172,362)	3,288,051
Goodwill impairment		-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		4,437	88,655	111,146	14,145	(19,265)	199,119	69,291	(1,873)	266,537
Income taxes	VII.9	-	-	-	-	(8,936)	(8,936)	(10,221)	(21,845)	(41,002)
Transfer/Charge to untaxed reserves		-	-	-	-	(660)	(660)	(222)	883	-
NET PROFIT (LOSS) AFTER TAX		4,437	88,655	111,146	14,145	(28,862)	189,522	58,848	(22,835)	225,535
Share of the associates in the result		-	-	-	-	-	-	-	(5)	(5)
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		4,437	88,655	111,146	14,145	(28,862)	189,522	58,848	(22,839)	225,530
Group's share							189,522	58,848	(36,413)	211,956
Non-controlling interests								-	13,574	13,574

	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	31 December 2018
<i>In thousands of euros</i>										
Gross premiums	VII.1	805,234	1,257,181	576,605	55,229	-	2,694,250	-	(10,217)	2,684,033
Premiums ceded to reinsurers	VII.3	(30,492)	(2,812)	(6,946)	(5)	-	(40,256)	-	-	(40,256)
Change in the provision for unearned premiums and outstanding risks ^(a)		872	-	948	-	-	1,821	-	-	1,821
Other income from insurance activities		1,106	126	693	3,343	-	5,268	-	-	5,268
Revenues from insurance activities^(a)	VII.1	776,721	1,254,495	571,300	58,567	-	2,661,083	-	(10,217)	2,650,866
Revenues from other activities	VII.4	-	-	-	-	15,015	15,015	431,098	(167,491)	278,622
Net income from investments		87,321	250,669	3,002	36,754	(15,211)	362,534	30,455	67,079	460,068
Net realized gains or losses on investments		-	-	-	-	-	-	3,004	46,977	49,981
Change in fair value of investments through profit and loss ^(b)		-	-	-	-	-	-	(33,519)	(83,682)	(117,201)
Net financial income	VII.5	87,321	250,669	3,002	36,754	(15,211)	362,534	(59)	30,373	392,848
NET REVENUES		864,041	1,505,163	574,302	95,321	(196)	3,038,632	431,039	(147,335)	3,322,336
Insurance service expenses		685,125	1,429,999	366,866	80,530	-	2,562,519	-	(24,207)	2,538,313
Net expenses or revenues ceded to reinsurers	VII.3	(23,459)	(3,796)	(1,236)	61	-	(28,431)	-	17	(28,413)
Management costs ^(c)		125,508	41,436	140,335	14,794	-	322,072	-	(39,180)	282,892
Technical expenses for insurance activities	V.2	787,174	1,467,639	505,964	95,384	-	2,856,161	-	(63,369)	2,792,792
Expenses for other activities	VII.4	-	-	-	-	(6,039)	(6,039)	405,416	(111,430)	287,947
Change in depreciation and amortization on investments (net)	VII.5	-	-	-	-	-	-	10,427	12,278	22,705
Other investment financial expenses	VII.5	-	-	-	-	-	-	2,182	52,375	54,557
Finance costs	VII.6	-	-	-	-	-	-	8,824	20,543	29,367
Financial expenses		-	-	-	-	-	-	21,433	85,196	106,629
NET EXPENSES		787,174	1,467,639	505,964	95,384	(6,039)	2,850,122	426,850	(89,603)	3,187,368
Goodwill impairment		-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		76,868	37,525	68,338	(63)	5,843	188,511	4,189	(57,732)	134,968
Income taxes	VII.9	-	-	-	-	(18,189)	(18,189)	(8,514)	84,933	58,230
Transfer/Charge to untaxed reserves		-	-	-	-	(2,923)	(2,923)	(284)	3,206	-
NET PROFIT (LOSS) AFTER TAX		76,868	37,525	68,338	(63)	(15,268)	167,399	(4,609)	30,408	193,198
Share of the associates in the result		-	-	-	-	-	-	-	129	129
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		76,868	37,525	68,338	(63)	(15,268)	167,399	(4,609)	30,536	193,327
Group's share							167,399	(4,609)	20,530	183,321
Non-controlling interests								-	10,006	10,006

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.

7.1. BGAAP RESULT OF ETHIAS SA

The year 2019 records a net result of 190 million euros, up 12% compared to 2018 thanks to a strong performance in Life business.

Total income amounts to 2,671 million euros, i.e. a decrease by 1% compared to the 2018 income, resulting from a 3% increase in Non-Life and a 5% decrease in Life.

The excellent performance on financial assets, mainly as a result of capital gains realised on real estate and shares, partly offset the decrease in the Non-Life result. An exceptional allocation to Ethias Pension Fund OFP was made for an amount of 20 million euros (of which 18 million euros in Non-Life and 2 million euros in Life).

7.1.1. Non-Life

The result of Non-Life business amounts to 116 million euros.

Income amounts to 1,419 million euros and grows by 3% compared to 2018. It breaks down as follows between the segments “Private Individuals” and “Public Bodies & Companies”:

- Income for Private Individuals increases by 1% compared to 2018 and amounts to 582 million euros;
- Income for Public Bodies & Companies amounts to 837 million euros and grows by 4% compared to 2018, in particular through the development of brokerage.

The operational net combined ratio amounts to 97% and is impacted by a higher claims frequency in the segment “Public Bodies & Companies”, mainly due to the poor performance of a portfolio of international businesses put in run-off.

7.1.2. Life

The result of Life business amounts to 103 million euros.

Income at end-2019 is down by 5% compared to 2018 and amounts to 1,251 million euros, including 51 million euros in Private Individuals and 1,200 million euros in Public Bodies & Companies.

Income in Life Individuals decreases by 7% compared to 2018.

Income for Life Public Bodies & Companies decreases by 5% compared to 2018, mainly in the 1st pillar (decrease in single premiums).

The excellent result of the Life business in 2019 is mainly explained by non-recurring financial income (capital gains realised on the sale of real estate and shares).

These good results have enabled the provision for profit-sharing (net of taxes) to be endowed by 50 million euros (compared to 42 million euros in 2018, for the segments Life and Death), mainly on the ring-fenced funds of the 1st pillar.

7.1.3. Non-Technical

The non-technical result before tax shows a negative contribution of 19 million euros, mainly due to the expenses of subordinated loans. Tax expenses for the year amounts to 9 million euros, following the use of tax losses carried forward and deductions of income from innovation.

7.2. BGAAP STATUTORY ACCOUNTS OF SUBSIDIARIES

The sum of the results of the Group's other activities, in BGAAP and before eliminations and consolidation adjustments, amounts to 58.8 million euros.

7.3. ADJUSTMENTS

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

Total consolidation adjustments amount to -22.8 million euros, of which -36.4 million euros as Group's share and +13.6 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 8 million euros, decreases insurance payments by 13 million euros and increases Life technical provisions by 0.2 million euros; overheads related to claims handling costs, administrative costs, acquisition costs and financial management costs, and expenses for other activities decrease by 31 million euros. The total impact of adjustments related to IAS 19 thus amounts to +35 million euros.
- The recognition of Life technical provisions under IFRS 4 negatively impacts the result of 14.6 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 -4.9 million euros.
- The application of IAS 39 leads to an adjustment on the result of financial instruments of +5.5 million euros.
- The application of IFRS 36 leads to an adjustment on the result of +5.7 million euros. This relates to the elimination of the amortization of past goodwill in B-Gaap on Whestia and on Trasy.
- The elimination of dividends from subsidiaries amount to -25.7 million euros.
- Deferred taxes related to IFRS adjustments and consolidation adjustments impact the income statement by -22 million euros, including -19 million relating to the use of tax losses carried forward.

8. Capital management

8.1. CAPITAL MANAGEMENT PURPOSES

The objective of capital management is to ensure that Ethias has own funds at all time, not only above the Solvency Capital Requirement but also above the internally set tolerance limit. Capital management is proactive in order to maintain the company's growth and sustainability. Capital management plans to adapt the business and financial strategy according to the level of solvency. The objective is to maintain a stable solvency within a predefined target range.

Details of changes in the Group's consolidated equity are provided in point 13 of chapter **V. Note to the consolidated balance sheet**.

8.2. SOLVENCY II MARGIN LEVEL

The Solvency II margin at end-December 2019, established according to the standard formula, stands at 191%.

Since the dissolution of Vitrufin, no consolidated SII report has been prepared. Consolidated capital is no longer calculated.

The solvency and financial condition report of Ethias SA provides additional information on the management of the regulatory capital of Ethias SA.

For more info: <https://www.ethias.be/corporate/fr.html>

V. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Goodwill

1.1. EVOLUTION OF GOODWILL

In thousands of euros	2019	2018
Gross value on 1 January	61,675	59,844
Accumulated impairments on 1 January	-	-
Net book value on 1 January	61,675	59,844
Acquisition	-	1,830
Other changes	-	-
Net book value on 31 December	61,675	61,675

In 2018, the acquisition of 100% of Ucon's shares by NRB and the acquisition of 100% of Siggis' shares by Logins and Cevi generated goodwill of 1.8 million euros.

Goodwill was generated on:

- entities of the NRB subgroup, for 46.6 million euros;
- the acquisition of the Whestia entity («outstanding balance» insurance portfolio) for 15.1 million euros.

1.2. IMPAIRMENT TEST ON GOODWILL

In accordance with IAS 36, we performed an impairment test on the goodwill recognized at the time of the acquisition of Whestia. The purpose of this test is to compare the fair value of the segment with the value of the net book assets. The result of the test led us not to recognize any impairment on goodwill as at 31 December 2019. A significant decrease in the fair value of the segment, which could be due to an increase in the expected mortality rate, would lead to the recognition of an impairment.

The comparison of the value of the companies in the NRB Group resulting from the «Discounted Cash Flow» (DCF) method with the book value of specific items in the consolidated accounts (goodwill, intangible assets, tangible assets and items determining the working capital requirement of the company concerned, i.e. other receivables, other assets, social security payables and tax debts) made it possible to conclude that no impairment should be recorded on NRB's goodwill in the consolidated accounts at 31/12/2018. As the NRB Group's financial situation at end-2019 exceeds the budget, and the expected future cash flows, based on projections updated at end-2019, are higher than the future cash flows used as a basis for applying the «DCF» method at end-2018, no impairment has to be recorded in the consolidated accounts at end-2019.

2. Other intangible assets

In thousands of euros	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	25,897	939	26,837
Disposals	-	-	-
Reclassifications	(8,959)	8,959	1
Change in the consolidation scope	-	-	-
Net amortization	(12,304)	(4,614)	(16,918)
Impairments	(14,769)	-	(14,769)
Other changes	-	-	-
Net book value on 31 December	84,294	28,669	112,963

In thousands of euros	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

A review of the activation of IT programmes led to the recognition of an additional amortization of 15 million euros in 2019.

3. Tangible fixed assets and investment properties

In thousands of euros	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	1	746	9,114	9,860
Disposals and withdrawals	(32,249)	(2,256)	(65,484)	(99,989)
Properties held for sale	(2,705)	(44,827)	(2,150)	(49,683)
Change in the consolidation scope	75,798	-	-	75,798
Reclassifications from one heading to another	961	(3,651)	(1)	(2,691)
Other changes	-	-	(49)	(49)
Gross value on 31 December	619,108	132,981	148,031	900,121
Depreciations and accumulated impairments on 1 January	(112,664)	(93,250)	(165,389)	(371,303)
Depreciations of the financial year	(16,627)	(4,878)	(11,759)	(33,264)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	11	-	61,737	61,748
Reversals following disposals	10,979	900	2,805	14,684
Net impairment and reversal on properties held for sale	635	21,964	718	23,317
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	1,949	741	-	2,690
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	(115,716)	(74,524)	(111,888)	(302,129)
Net book value on 31 December	503,392	58,457	36,143	597,992
Fair value on 31 December	637,040	114,670	37,358	789,068

In thousands of euros	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 valued annually by independent real estate experts.

The fair value of investment properties represents the estimated amount at which the real estate could be exchanged on the valuation date between a buyer and a willing seller on the basis of a transaction at arm's length.

With regard to investment properties, the valuation method is that of the perpetual capitalization of the Estimated Rental Value (ERV). This method, in line with international valuation standards, is generally applied in the market where it is probable that the flow of income is constant. It consists in the perpetual capitalization of the estimated rental value, by using a rate of return, plus or minus a series of adjustments to take into account elements that may have a material impact on the value of the real estate assets.

The capitalisation rate is obtained on the basis of observations of comparable property values (and therefore rates of return) on the property investment market and depends inter alia on the location of the property, the quality of the property, the quality of the tenant and the length of the leases.

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.

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.

4. Right-of-use of assets

In thousands of euros	2019			
	Immovable properties	IT equipment	Vehicles	Total
Gross value to be depreciated on 1 January	8,795	14,720	5,771	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 31 December	8,795	14,720	5,771	29,286
Depreciations and accumulated impairments on 1 January	-	-	-	-
Depreciations of the financial year	(2,539)	(5,357)	(2,468)	(10,364)
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 31 December	(2,539)	(5,357)	(2,468)	(10,364)
Net book value on 31 December	6,257	9,363	3,302	18,922

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

5. Investment in associates and joint ventures

5.1. INFORMATION ABOUT ASSOCIATES AND JOINT VENTURES

Prior to applying the equity method, the figures for associates are:

In thousands of euros	Percentage of ownership	Assets	Liabilities	Equity	Revenues	Net profit or loss
Belgium DC	34.19%	4,265	3,418	847	703	(9)
Total on 31 December 2019		4,265	3,418	847	703	(9)
Belgium DC	34.19 %	4,747	3,891	857	806	257
Total on 31 December 2018		4,747	3,891	857	806	257

Belgium DC is held for 50 % by NRB.

5.2. EVOLUTION OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

In thousands of euros	2019	2018
Net book value on 1 January	599	471
Interests sold during the financial year	-	-
Interests acquired during the financial year	-	-
Reclassifications	-	-
Share in the result of the financial year	(5)	129
Dividends paid	-	-
Other changes	-	-
Net book value on 31 December	595	599

The difference between the equity of the associates and the share of participating interests below corresponds to their contribution in the Group's equity.

6. Financial investments

6.1. OVERVIEW OF FINANCIAL INVESTMENTS BY CATEGORY

In thousands of euros	31 December 2019					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	49,759	(12,321)	78,559	-	115,996	115,996
Participating interests	49,759	(12,321)	78,559	-	115,996	115,996
Available for sale	298,993	(9,555)	102,803	-	392,241	392,241
Designated at fair value through profit or loss	105,069	-	-	8,079	113,149	113,149
Held for trading	2,964	-	-	(245)	2,719	2,719
Equities	407,026	(9,555)	102,803	7,834	508,108	508,108
Available for sale	173,607	(3,081)	88,077	-	258,602	258,602
Designated at fair value through profit or loss	11,172	-	-	2,524	13,696	13,696
Investment funds	184,779	(3,081)	88,077	2,524	272,299	272,299
Available for sale	12,825,899	(11,339)	1,412,650	-	14,227,209	14,227,209
Designated at fair value through profit or loss	469,770	-	-	16,692	486,462	486,462
Bonds	13,295,669	(11,339)	1,412,650	16,692	14,713,672	14,713,672
Loans and deposits	488,511	(5,187)	-	-	483,324	504,958
Other investments	488,511	(5,187)	-	-	483,324	504,958
Held for trading	1,472	-	-	(993)	479	479
Held for hedging purposes	-	-	98,263	-	98,263	98,263
Derivative financial assets	1,472	-	98,263	(993)	98,742	98,742
Investments belonging to unit-linked insurance contracts	1,274,094	-	-	120,157	1,394,250	1,394,250
Total	15,701,310	(41,484)	1,780,352	146,214	17,586,391	17,608,026

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, classified as level 3, 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 main changes concern the items «bonds» and «derivative financial assets». Fair value adjustments on the item “bonds”, which change from 779 million euros as of December 31, 2018 to 1,413 million euros at December 31, 2019, are mainly related to the significant decrease in swap rates from 30 basis points (over 5 years) to 75 basis points (over 30 years) in 2019.

The increase in the net book value of derivatives held for hedging purposes (+46 million euros) in 2019 is mainly explained by the increase in the fair value of derivatives held for cash flow hedging purposes following the decrease in bond rates (+31 million euros).

6.2. EVOLUTION OF FINANCIAL INVESTMENTS

In thousands of euros	2019						Total
	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	
Opening balance on 1 January	13,619,615	691,401	-	481,852	52,317	1,173,222	16,018,407
Acquisitions	3,008,079	145,757	40,410	177,009	1,472	391,414	3,764,141
Reclassifications between categories	-	-	-	6,933	-	-	6,933
De-recognition following exercise option	-	-	-	-	(119,954)	-	(119,954)
Profits and losses realised on hedging instruments not yet recognized through profit or loss	(38,903)	-	-	-	38,903	-	-
Disposals and reimbursements	(2,306,907)	(237,423)	(37,263)	(186,067)	(38,903)	(311,357)	(3,117,920)
Foreign currency translation differences on monetary assets	-	-	-	-	-	-	-
Adjustment at fair value	755,196	13,639	(429)	-	164,907	147,781	1,081,093
Amortizations	(37,725)	1,639	-	397	-	(6,104)	(41,793)
Changes in accrued interests not yet due	(2,127)	(1,705)	-	438	-	(705)	(4,100)
Impairments	(3,178)	-	-	2,761	-	-	(417)
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Net book value on 31 December	14,994,049	613,307	2,719	483,324	98,742	1,394,250	17,586,391

In thousands of euros	2018						Total
	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	
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 recognized 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 break down into 165.9 million euros for derivative hedging instruments (against 46.9 million euros in December 2018) and -1 million euros for derivative trading instruments on 31 December 2019 (against -0.2 million euros in December 2018).

6.3. EVOLUTION OF IMPAIRMENTS ON INVESTMENTS

6.3.1. Impairment on available-for-sale investments

In thousands of euros	2019	2018
Balance on 1 January	(49,874)	(35,327)
Provision for impairments	(3,178)	(22,030)
Reversals of impairments	-	-
Reversals due to disposals	16,731	7,483
Change in the consolidation scope	-	-
Reclassifications	25	-
Other changes	-	-
Balance at 31 December	(36,296)	(49,874)

6.3.2. Impairments on loans, deposits and other financial investments

In thousands of euros	2019	2018
Balance on 1 January	(8,581)	(9,663)
Provision for impairments	(170)	(174)
Reversals of impairments	2,932	1,095
Reversals due to disposals	633	161
Change in the consolidation scope	-	-
Reclassifications	-	-
Other changes	-	-
Balance at 31 December	(5,187)	(8,581)

6.3.3. Past due financial investments

A financial asset is past due when the counterparty has failed to make a payment by the contractual due date. For example, if a counterparty fails to pay the contractual interest due on a scheduled date, the entire contract shall be considered as past due. The table below gives information about the maturity overrun of the outstanding, but not yet depreciated, financial assets. The default risk analysis on the investment portfolio did not show such a risk on the investments that are considered as «Not past due».

In thousands of euros	31 December 2019							
	Book value before impairment	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not expired	Expired by up to 6 months	Expired less than 12 months	Expired by more than 12 months
Available-for-sale investments	14,238,549	(11,339)	14,227,209	-	14,227,209	-	-	-
Held-to-maturity financial assets	-	-	-	-	-	-	-	-
Financial assets unlisted on an active market	-	-	-	-	-	-	-	-
Loans, deposits and other financial investments	488,511	(5,187)	483,324	577	475,237	6,737	346	426
Total	14,727,060	(16,527)	14,710,533	577	14,702,447	6,737	346	426

In thousands of euros	31 December 2018							
	Book value before impairment	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not expired	Expired by up to 6 months	Expired less than 12 months	Expired by more than 12 months
Available-for-sale investments	12,993,749	(11,339)	12,982,409	-	12,982,409	-	-	-
Held-to-maturity financial assets	-	-	-	-	-	-	-	-
Financial assets unlisted on an active market	-	-	-	-	-	-	-	-
Loans, deposits and other financial investments	490,434	(8,581)	481,852	926	478,250	1,710	275	691
Total	13,484,182	(19,921)	13,464,262	926	13,460,660	1,710	275	691

6.4. DEFINITION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

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

In thousands of euros	31 December 2019			Net book value
	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	
Financial assets				
Available for sale	3	-	115,993	115,996
Participating interests	3	-	115,993	115,996
Available for sale	387,601	-	4,640	392,241
Designated at fair value through profit or loss	113,149	-	-	113,149
Held for trading	2,719	-	-	2,719
Equities	503,468	-	4,640	508,108
Available for sale	154,757	20,259	83,587	258,602
Designated at fair value through profit or loss	13,696	-	-	13,696
Held for trading	-	-	-	-
Investment funds	168,453	20,259	83,587	272,299
Available for sale	13,189,103	905,490	132,616	14,227,209
Designated at fair value through profit or loss	124,077	307,752	54,633	486,462
Held for trading	-	-	-	-
Bonds	13,313,180	1,213,242	187,250	14,713,672
Held for trading	303	176	-	479
Held for hedging purposes	-	98,263	-	98,263
Derivative financial assets	303	98,440	-	98,742
Investments belonging to unit-linked insurance contracts	1,367,349	26,901	-	1,394,250
Total financial assets	15,352,756	1,358,842	391,470	17,103,068
Financial liabilities				
Investment contracts hedged by assets at fair value	1,370,814	26,901	-	1,397,715
Held for trading	-	-	-	-
Held for hedging purposes	-	43,722	-	43,722
Derivative financial liabilities	-	43,722	-	43,722
Total financial liabilities	1,370,814	70,623	-	1,441,437

In thousands of euros	31 December 2018			Net book value
	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	
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.

6.5. DISTRIBUTION BETWEEN THE VARIOUS HIERARCHIC LEVELS

The distribution between the various hierarchical levels is based on the following criteria:

Level 1: Fair value measured by reference to an active market

The fair value measurements of the financial assets recognized at this level are determined by using the market prices when they are available on an active market. A financial instrument is considered as listed on an active market if the ratings are easily and regularly available through stock exchanges, exchange brokers, brokers, price-setting services or regulatory authorities and if these prices represent real and regular market operations that are carried out under the usual conditions of free competition.

The Group classifies at this level assets valorized on the basis of prices given by financial information providers (e.g. Bloomberg) when a certain number of indicators, such as a sufficient number of contributors or the fact that the difference between purchase price and resale price of the security remains at an acceptable level, allow to reasonably assess whether there is an active market.

This category includes, inter alia, all sovereign debt securities directly valued on the basis of values obtained on the market. We note that, in application of IFRS 13, the «Bid» listing of Bloomberg is accepted, but is not required.

The close value supplied by Bloomberg should serve to valorize the shares recognized in level 1.

Are not recognized in level 1, shares of which the listing is not retained by Bloomberg and for which an internal analysis is carried out to determine the value.

For funds listed on financial markets, the «Close» value supplied by Bloomberg should serve to valorize those funds that are recognized in level 1.

Are not recognized in level 1, funds for which the valorization was based on a unique contribution or was not retained by Bloomberg.

At the level of branch 23 «unit-linked insurance contract», the bid and close values supplied by Bloomberg are recognized in level 1 in the same way as what is realised for the rest of the portfolio.

Level 2: Valuation methods based on observable market data

At this level, the fair value valuations are based on other data than the quoted price and are either directly or indirectly observable, i.e. inter alia derived from the prices. The fair value of financial instruments which are not negotiated on an active market is generally estimated by using external and independent rating agencies. Are inter alia recognized at this level: a certain number of complex financial instruments (bonds designated at fair value through profit or loss or derivative instruments) for which the market value is exclusively supplied by an external counterparty.

The Group considers that, if the market is unable to supply a market price on a sufficiently regular basis and on the basis of a sufficient number of contributors, the resulting value should be recognized in level 2. This is, amongst others, the case when the Group selects a single contributor. The Group considers the lack of a sufficient number of contributors as a sign of inactivity on the security in question. Since the valuation is based on the bid price supplied by a single counterparty, the security will be recognized in level 2.

In any case, the fair value of the various instruments recognized in level 2 is not based on estimates of the Group.

Level 3: Valuation methods not based on observable market data

At this level, the fair value is estimated by means of a valuation model which translates the way in which interveners on the market could reasonably determine the price of the instrument if the transaction would take place. This valorization is based on valuation methods which include data that are not based on observable market data.

The valuation of the bond portfolio in level 3 is based on the discounting of future cash flows by using the interest rate curve, the credit spread and maturity assumptions when it comes to perpetual bonds. The valuation of these bonds classified in level 3 stands at 187 million euros at December 31, 2019 compared with 127 million euros at December 31, 2018.

Private equity funds, real estate funds and non-controlling interests of the Group also belong to level 3. The fair value of these participating interests is namely essentially determined on the basis of an internal valorization method that is based:

- either on the intrinsic value of the participating interest for insurance companies, i.e. the Revalued Net Asset as well as the value of existing portfolios (= embedded value),
- either on the Net Asset of the participating interest for other companies.

The valuation of these assets classified in level 3 stands at 199 million euros at December 31, 2019 compared with 184 million euros at December 31, 2018.

6.6. IMPORTANT TRANSFERS BETWEEN INVESTMENTS ESTIMATED AT FAIR VALUE IN LEVEL 1 AND 2

In thousands of euros	31 December 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	8,240	54,141	-	3,988
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Bonds				
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
Derivative financial assets				
Investments belonging to unit-linked insurance contracts				
Total financial assets				
	8,240	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 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).

Transfers between investments from level 1 to level 2 (i.e. for 8 million euros in 2019) relate to securities for which the source of the market price was the BGN price (generic Bloomberg), which are currently valued by the price given by the counterparty.

6.7. EVOLUTION OF INVESTMENTS ESTIMATED AT FAIR VALUE IN LEVEL 3

In thousands of euros	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	86,294	-	86,294
Reclassifications between categories	-	-	-
Reclassification to level 3	52,992	-	52,992
Exit from level 3	-	-	-
Disposals and reimbursements	(64,340)	-	(64,340)
Adjustment at fair value through equity	13,966	-	13,966
Adjustment at fair value through profit or loss	-	(8,830)	(8,830)
Depreciation (premiums/discounts)	1,339	-	1,339
Changes in accrued interests not yet due	(269)	(631)	(900)
Impairments through profit or loss	(41)	-	(41)
Other changes	-	-	-
Closing balance on 31 December	336,836	54,633	391,470

In thousands of euros	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

7. Derivative financial instruments

The table below gives an overview of the derivative assets and liabilities:

In thousands of euros	31 December 2019					
	Maturity dates			Total nominal value	Positive fair value	Negative fair value
	< 1 year	Between 1 and 5 years	> 5 year			
Interest rate swaps	-	-	-	-	-	-
Options on interest rates	-	-	-	-	-	-
Bond futures	-	-	-	-	-	-
Options on shares or indices	12,505	272	-	12,777	479	-
Credit swaps	-	-	-	-	-	-
Subtotal held for trading	12,505	272	-	12,777	479	-
Interest rate swaps	-	-	-	-	-	-
Bond futures	200,000	-	-	200,000	44,564	(43,722)
Swap futures	200,000	150,000	-	350,000	53,699	-
Subtotal held for hedging	400,000	150,000	-	550,000	98,263	(43,722)
Total	412,505	150,272	-	562,777	98,742	(43,722)

In thousands of euros	31 December 2018					
	Maturity dates			Total nominal value	Positive fair value	Negative fair value
	< 1 year	Between 1 and 5 years	> 5 year			
Interest rate swaps	-	-	-	-	-	-
Options on interest rates	60,000	-	-	60,000	-	-
Bond futures	-	-	-	-	-	-
Options on shares or indices	-	-	-	-	-	-
Credit swaps	-	-	-	-	-	-
Subtotal held for trading	60,000	-	-	60,000	-	-
Interest rate swaps	-	-	-	-	-	-
Bond futures	500,000	200,000	-	700,000	29,644	(9,355)
Swap futures	278,000	350,000	-	628,000	22,673	-
Subtotal held for hedging	778,000	550,000	-	1,328,000	52,317	(9,355)
Total	838,000	550,000	-	1,388,000	52,317	(9,355)

The hedging solutions against the fall in interest rates were maintained in 2019 with a twofold objective:

- To partially protecting oneself against a degradation of our equity in case of an extension of the fall in interest rates;
- To decrease the volatility of our equity in economic value.

With regard to the hedging against lower interest rates, no ineffectiveness of the hedge that should be recorded in the income statement has been identified. As regards spread hedging, initial costs of 2.1 million euros were recognized in the income statement. Estimating the effectiveness of the spread hedge once these costs have been taken into account does not imply taking into account ineffectiveness.

8. Receivables

8.1. BREAKDOWN OF RECEIVABLES BY NATURE

In thousands of euros	31 December 2019		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	250,066	(25,384)	224,682
Receivables arising from ceded reinsurance operations	110,833	-	110,833
Receivables arising from other operations	59,113	(1,248)	57,864
Tax receivables	9,234	-	9,234
Other receivables	80,454	(146)	80,308
Total	509,700	(26,778)	482,922

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.

8.2. EVOLUTION OF IMPAIRMENTS ON RECEIVABLES

In thousands of euros	2019	2018
Impairments on receivables on 1 January	(19,897)	(18,481)
Provisions of the financial year	(15,466)	(12,536)
Expenditures of the financial year	1,631	1,642
Reversals of the financial year	8,859	9,190
Change in the consolidation scope	-	-
Other changes	(1,906)	288
Impairments on receivables on 31 December	(26,778)	(19,897)

8.3. OUTSTANDING RECEIVABLES

A financial asset is outstanding as soon as a counterparty fails to pay on the date stipulated under the contract, when it exceeds the recommended limit or is informed about a limit that is lower than the current outstanding amounts. The table below gives information about the maturity overrun of the outstanding, but not yet depreciated, financial assets.

In thousands of euros	31 December 2019							
	Book value before impairment	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not ex-pired	Expired by up to 6 months	Expired less than 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	250,066	(25,384)	224,682	-	74,433	134,830	12,286	3,133
Receivables arising from ceded reinsurance operations	110,833	-	110,833	-	110,833	-	-	-
Other receivables	148,801	(1,394)	147,406	-	143,066	2,670	1,361	309
Total	509,700	(26,778)	482,922	-	328,332	137,500	13,648	3,443

In thousands of euros	31 December 2018							
	Book value before impairment	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not ex-pired	Expired by up to 6 months	Expired less than 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	241,651	(18,790)	222,862	-	74,571	123,998	17,829	6,463
Receivables arising from ceded reinsurance operations	104,474	-	104,474	-	104,474	-	-	-
Other receivables	177,651	(1,108)	176,543	71	169,562	5,338	732	840
Total	523,776	(19,897)	503,879	71	348,607	129,335	18,562	7,304

In the case of Ethias, impaired receivables are reduced up to their total book value amount.

9. Any other assets

In thousands of euros	31 December 2019	31 December 2018
Interest and rent accrued but not yet due	397	476
Other accruals	17,090	12,814
Any other assets	25,544	18,749
Total	43,032	32,039

10. Cash and cash equivalents

In thousands of euros	31 December 2019	31 December 2018
Cash at bank and in hand	397,122	638,069
Cash equivalents	1,250	51,968
Total of the cash and cash equivalents	398,372	690,037
Payables arising from repurchase operations (repo)	(123,590)	(216,167)
Bank overdraft and other debts included in the cash flow statement	(57,800)	(41,710)
Cash and cash equivalents regarding the groups intended to be transferred	-	-
Total of the repurchase operations, cash and cash equivalents in the cash flow statement	216,982	432,160

As of December 31, 2019, the amount received as collateral for forward swap securities totals 57,6 million euros (compared to 40,5 million euros as of December 31, 2018) and 0,2 million euros for share options.

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

11. Deferred tax assets and liabilities

11.1. BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES

In thousands of euros	31 December 2019		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	843	-	843
Available-for-sale investments in other items of comprehensive income	-	406,813	(406,813)
Financial assets designated at fair value through profit or loss	-	5,411	(5,411)
Insurance and investment liabilities in other items of comprehensive income	283,125	-	283,125
Insurance and investment liabilities through profit or loss	91,617	11,440	80,177
Employee benefits in other items of comprehensive income	13,419	-	13,419
Employee benefits through profit or loss	7,641	-	7,641
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	-	35,728	(35,728)
Carried forward tax losses	56,394	-	56,394
Gross deferred tax assets and liabilities	453,039	459,391	(6,352)
Compensation through taxable entity	(428,132)	(428,132)	-
Net deferred tax assets and liabilities	24,908	31,259	(6,352)

In thousands of euros	31 December 2018		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	5,380	-	5,380
Available-for-sale investments in other items of comprehensive income	-	227,181	(227,181)
Financial assets designated at fair value through profit or loss	-	9,975	(9,975)
Insurance and investment liabilities in other items of comprehensive income	164,999	-	164,999
Insurance and investment liabilities through profit or loss	89,079	13,754	75,326
Employee benefits in other items of comprehensive income	4,468	-	4,468
Employee benefits through profit or loss	16,381	-	16,381
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	-	28,542	(28,542)
Carried forward tax losses	75,315	-	75,315
Gross deferred tax assets and liabilities	355,621	279,451	76,171
Compensation through taxable entity	(256,392)	(256,392)	-
Net deferred tax assets and liabilities	99,229	23,060	76,171

The change of -82 million euros is mainly due to the fluctuation in deferred taxes affecting the investments classified as AFS, in deferred tax assets calculated on insurance liabilities, which increase, and in the use of tax losses carried forward.

11.2. EVOLUTION OF DEFERRED TAX ASSETS AND LIABILITIES

In thousands of euros	2019			2018		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Net book value on 1 January	99,229	23,060	76,171	346	34,491	(34,145)
Changes through profit or loss	(25,758)	(4,104)	(21,654)	86,396	2,143	84,253
Change in other items of comprehensive income	(48,564)	3,989	(52,553)	12,488	(13,471)	25,958
Change in scope	-	8,315	(8,315)	-	-	-
Other changes	-	-	-	-	(104)	104
Net book value on 31 December	24,908	31,259	(6,352)	99,229	23,060	76,171

11.3. RECOGNIZED - UNRECOGNIZED DEFERRED TAXES

In thousands of euros	31 December 2019	31 December 2018
Deferred tax asset recognized:		
Intended use within the year	-	34,436
Intended use between 1 and 2 years	-	31,396
Intended use between 2 and 3 years	-	8,693
Intended use after 3 years	-	1,651
Debt with maturity after 3 years	-	-
Subtotal	-	76,176
Deferred tax asset unrecognized:		
Limited recoverability	-	-
Unlimited recoverability	-	12,746
Subtotal	-	12,746
Total of recognized and unrecognized deferred taxes	-	88,922

In 2019, there is no net deferred tax asset.

12. Available-for-sale assets and liabilities including assets from discontinued activities

In thousands of euros	2019	2018
Intangible assets	-	-
Investment properties	2,071	-
Operational buildings	17,773	-
Other tangible fixed assets	1,432	-
Total	21,276	-

In 2019, Ethias decided to put two of its buildings up for sale.

13. Equity

13.1. SUBSCRIBED CAPITAL

The capital issued and paid on 31 December 2019 amounts to 1,000 million euros. It is represented by 20 million shares without indication of the nominal value.

	31 December 2019	
	In thousands of euros	Number of shares
Registered shares without par value	1,000,000	20,000,000
Total	1,000,000	20,000,000

13.2. OTHER ITEMS OF COMPREHENSIVE INCOME

The statement of comprehensive income is presented under point 3 in Chapter *III. Consolidated financial statements*.

13.2.1. Evolution of the revaluation reserve of the available-for-sale financial assets

In thousands of euros	2019	2018
Net book value on 1 January	231,752	351,950
Revaluation	755,196	(324,652)
Related taxes	(161,823)	76,332
Shadow accounting	(472,506)	183,515
Related taxes	118,127	(45,879)
Transfer resulting from disposals or impairments	(7,820)	(28,328)
Related taxes	1,955	7,082
Other changes	-	11,731
Net book value on 31 December	464,881	231,752

The line «Other changes» includes the restatement made to the result carried forward following the application of the shadow accounting on the «High Yield» sub-fund of the Sicav Ethias Sustainable Fund as from 1 January 2018.

13.2.2. Evolution of the reserve for actuarial losses and profits on retirement benefit obligations

In thousands of euros	2019	2018
Net book value on 1 January	(6,079)	(9,290)
Recognized actuarial profits and losses	(35,807)	4,282
Related taxes	8,952	(1,071)
Other changes	-	-
Net book value on 31 December	(32,934)	(6,079)

13.2.3. Evolution of the reserve for hedge accounting

In thousands of euros	2019	2018
Net book value on 1 January	70,173	38,654
Revaluation	47,950	44,531
Related taxes	(29,710)	(11,133)
De-recognition following exercise option	(37,386)	(1,904)
Related taxes	9,346	476
Profits and losses realised on hedging instruments not yet recognized through profit or loss	-	1,766
Related taxes	-	(442)
Amortizations	(2,398)	(2,367)
Related taxes	599	592
Change in scope	-	-
Change in accounting method	-	-
Other changes	-	-
Net book value on 31 December	58,575	70,173

With regard to the bond and swap futures, profits or losses associated with the hedging contract are reclassified to the income statement in the same periods as those during which the covered expected cash flows affect the net profit (loss) (i.e. during the accounting period of interest revenues related to the bond acquired by means of the hedging contract).

The item «Revaluation» records revaluations at fair value on bond futures contracts as part of hedging programmes as well as on swap futures contracts.

14. Insurance and investment contract liabilities

14.1. SUMMARY TABLE OF 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.

14.1.1. Liabilities related to Non-Life insurance contracts

In thousands of euros	31 December 2019	31 December 2018
Mathematical provisions	920,126	893,429
Provisions for unearned premiums	292,976	291,366
Claims provisions	2,536,602	2,473,626
Shadow accounting	-	-
Other provisions	205,899	206,138
Total insurance contract liabilities (gross)	3,955,603	3,864,559
Reinsurers' share in liabilities related to Non-Life insurance contracts	155,524	140,537
Total insurance contract liabilities (after deduction of the reinsurers' share)	3,800,079	3,724,021

14.1.2. Liabilities related to Life insurance contracts

In thousands of euros	31 December 2019	31 December 2018
Mathematical provisions	4,189,353	4,178,767
Claims provisions	-	-
Shadow accounting	700,277	388,360
Other provisions	-	-
Insurance contract liabilities	4,889,631	4,567,127
Liabilities related to unit-linked insurance contracts	403,561	335,839
Total insurance contract liabilities (gross)	5,293,192	4,902,966
Reinsurers' share in liabilities related to Life insurance contracts	1,826	2,067
Total insurance contract liabilities (after deduction of the reinsurers' share)	5,291,365	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 shadow accounting adjustment arises from unrealised gains and losses on the investment portfolio.

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

14.1.3. Investment contract liabilities

In thousands of euros	31 December 2019	31 December 2018
Mathematical provisions	4,320,344	4,319,353
Claims provisions	-	-
Shadow accounting	449,215	274,341
Investment contract liabilities with discretionary participation features	4,769,558	4,593,694
Liabilities related to unit-linked investment contracts with discretionary participation features	977,178	810,010
Mathematical provisions	3,464	3,727
Investment contract liabilities without discretionary participation features	3,464	3,727
Liabilities related to unit-linked investment contracts without discretionary participation features	13,511	27,372
Total investment contract liabilities (gross)	5,763,712	5,434,804
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
Total investment contract liabilities (after deduction of the reinsurers' share)	5,763,712	5,434,804

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

14.1.4. Profit sharing liabilities

In thousands of euros	31 December 2019	31 December 2018
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	21,104	9,875
Profit sharing related to investment contracts	32,164	33,732
Liabilities for profit sharing of policyholders	53,268	43,607

14.2. EVOLUTION OF LIABILITIES RELATED TO NON-LIFE INSURANCE CONTRACTS

14.2.1. Evolution of gross values before reinsurance

In thousands of euros	2019	2018
Insurance contract liabilities on 1 January	3,864,559	3,794,875
Claims paid in the previous years	(380,603)	(365,399)
Change in claim costs compared to the previous financial years	(151,509)	(181,870)
Addition to liabilities on claims of the current year	595,088	596,259
Transfer of received/ceded reserves	-	-
Change in gross reserves for unearned premiums	1,625	(1,882)
Change in the consolidation scope	-	-
Shadow accounting	-	-
Other changes	26,443	22,576
Insurance contract liabilities on 31 December	3,955,603	3,864,559

Other changes in reserves mainly include changes in mathematical provisions.

14.2.2. Evolution of the reinsurers' share

In thousands of euros	2019	2018
Reinsurers' share in insurance contract liabilities on 1 January	140,537	131,187
Reinsurers' share in claims costs	(6,199)	(9,054)
Change in claim costs compared to the previous financial years	13,248	11,693
Addition to liabilities on claims of the current year	8,029	6,797
Other changes in reserves	(91)	(86)
Reinsurers' share in insurance contract liabilities on 31 December	155,524	140,537

14.2.3. Development triangles

The table below shows the evolution of reserves for unsettled claims since the constitution of the insurance company Ethias SA in 2008. All intended contracts are insurance contracts as defined in the IFRS.

This table shows the accumulated values. The columns include all the previous years and the year under review.

In thousands of euros	Claims occurrence years											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Provisions for gross claims on the closing date	1,775,606	1,971,444	2,130,765	2,099,521	2,092,978	2,110,994	2,092,494	2,104,045	2,076,655	2,175,915	2,219,389	2,312,238
Accumulated payments:												
2009	381,185											
2010	588,080	408,841										
2011	719,725	604,239	395,553									
2012	843,480	775,651	630,961	424,653								
2013	937,696	898,096	804,683	652,680	397,164							
2014	1,020,267	1,006,067	942,122	829,149	621,242	392,400						
2015	1,058,073	1,051,063	997,535	902,025	715,510	529,082	317,918					
2016	1,091,957	1,091,823	1,044,866	977,346	809,244	652,016	483,331	338,794				
2017	1,125,654	1,134,537	1,100,098	1,045,508	891,250	747,095	590,706	466,909	310,154			
2018	1,161,121	1,174,899	1,148,312	1,106,182	960,814	828,395	687,415	583,283	466,862	365,399		
2019	1,181,966	1,199,037	1,177,908	1,146,937	1,008,913	887,010	756,142	665,950	573,091	515,840	380,603	-
Revaluated reserves:												
2009	1,761,488											
2010	1,677,647	1,876,808										
2011	1,620,102	1,768,993	1,938,533									
2012	1,654,207	1,791,849	1,902,081	1,982,916								
2013	1,641,447	1,775,371	1,879,047	1,933,713	1,981,278							
2014	1,631,449	1,740,019	1,832,744	1,874,301	1,880,709	1,944,985						
2015	1,602,013	1,700,835	1,772,793	1,829,145	1,795,333	1,817,847	1,890,299					
2016	1,561,867	1,644,200	1,703,312	1,751,804	1,699,181	1,707,645	1,731,871	1,880,139				
2017	1,540,814	1,617,895	1,667,512	1,713,925	1,656,289	1,631,421	1,620,225	1,706,555	1,847,647			
2018	1,515,115	1,591,212	1,635,677	1,686,131	1,625,352	1,597,015	1,574,840	1,623,482	1,721,569	1,988,529		
2019	1,510,160	1,587,703	1,631,652	1,678,627	1,611,064	1,580,048	1,546,365	1,593,903	1,675,555	1,920,411	2,097,752	
Current claim liabilities	328,194	388,665	453,744	531,690	602,151	693,037	790,223	927,953	1,102,464	1,404,571	1,717,149	2,312,238
Surplus (insufficiency) of the initial provision compared to the estimated cost price on 31 December 2019:												
In nominal value	265,446	383,741	499,113	420,894	481,914	530,947	546,129	510,141	401,100	255,504	121,636	
In percent	14.95%	19.46%	23.42%	20.05%	23.03%	25.15%	26.10%	24.25%	19.31%	11.74%	5.48%	
Other liabilities for claims related to Non-Life insurance contracts												224,364
Total of the provisions for claims related to Non-Life insurance contracts												2,536,602

We have calculated the impact of the reinsurance effect on the development triangles and this was considered not significant.

14.3. EVOLUTION OF LIABILITIES RELATED TO LIFE INSURANCE CONTRACTS (WITHOUT UNIT-LINKED INSURANCE CONTRACTS)

14.3.1. Evolution of gross values before reinsurance

In thousands of euros	2019	2018
Insurance contract liabilities on 1 January	4,567,127	4,817,444
Premiums	260,894	287,231
Benefits	(260,485)	(279,766)
Time value	98,219	99,611
Internal transfers	(80,278)	(344,676)
Transfer of received/ceded reserves	(9,975)	(10,378)
Shadow accounting	311,917	(88,550)
Other changes in reserves	2,210	86,212
Insurance contract liabilities on 31 December	4,889,631	4,567,127

In 2018, other changes in reserves include adjustments related to the adequacy test of the technical provisions for 66 million euros. The adequacy test of the technical provisions did not lead to adjustments in 2019.

14.3.2. Evolution of the reinsurers' share

In thousands of euros	2019	2018
Reinsurers' share in insurance contract liabilities on 1 January	2,067	784
Ceded premiums	-	-
Reinsurers' share in claims costs	-	-
Reinsurers' share in time value	-	-
Transfers	-	-
Other changes in reserves	(241)	1,284
Reinsurers' share in insurance contract liabilities on 31 December	1,826	2,067

14.4. EVOLUTION OF INVESTMENT CONTRACT LIABILITIES WITH PROFIT-SHARING (WITHOUT UNIT-LINKED INSURANCE CONTRACTS)

14.4.1. Evolution of gross values before reinsurance

In thousands of euros	2019	2018
Investment contract liabilities on 1 January	4,593,694	4,945,948
Premiums	972,670	1,000,438
Benefits	(1,054,798)	(1,019,648)
Time value	50,601	63,744
Internal transfers	130	(73,924)
Transfer of received/ceded reserves	(993)	(168,991)
Shadow accounting	174,874	(127,137)
Other changes in reserves	33,380	(26,736)
Investment contract liabilities on 31 December	4,769,558	4,593,694

The Group did not conclude a reinsurance agreement within the framework of its unit-linked insurance contracts.

14.5. EVOLUTION OF LIABILITIES RELATED TO UNIT-LINKED INSURANCE CONTRACTS

In thousands of euros	2019	2018
Liabilities related to unit-linked insurance contracts on 1 January	1,173,222	810,550
Premiums	249	428
Benefits	(16,910)	(41,388)
Revaluation of the provisions	157,654	(14,546)
Technical result and other transfers	-	-
Internal transfers	80,148	418,599
Transfer of received/ceded reserves	-	-
Other changes in reserves	(113)	(421)
Liabilities related to unit-linked insurance contracts on 31 December	1,394,250	1,173,222

The Group did not conclude a reinsurance agreement within the framework of its unit-linked insurance contracts.

Transfers of reserves from the 1st and 2nd pillars have been made from branch 21 to branch 23 for an amount of up to 80 million euros.

14.6. INSURANCE LIABILITY ADEQUACY TESTING

The adequacy of insurance liabilities («Liability Adequacy Test») is tested using current best estimates of all contractual cash flows, based on the following assumptions:

- Liabilities are updated through an appropriate risk-free interest rate curve in order to take into account the asset and liability management implemented in the company's long-term commitments.
- The surrender law was estimated on the basis of the historic data.

The main accounting estimates and significant judgements are included under point 6 of chapter **IV. General information**.

The net present value of the cash flows is compared with the corresponding technical liabilities. Any inadequacy is recognized in the income statement.

Unrealised gains observed and recognized on assets covering Life insurance liabilities and investment contracts are allocated to liabilities related to Life insurance contracts and investment contracts via the shadow accounting adjustment.

The tests carried out at end-2019 confirmed the adequacy of the liabilities recognized.

15. Financial debts

15.1. CHANGES IN FINANCIAL DEBTS

In thousands of euros	2019		
	Subordinated debts	Other financial debts	Total
Opening balance on 1 January	480,369	302,891	783,260
Issuances	-	13,621	13,621
Interests payable	22,640	1,597	24,237
Repayments	(22,640)	(37,692)	(60,333)
Foreign currency translation differences on monetary assets	-	-	-
Amortizations	3,687	-	3,687
Changes in accrued interests not yet due	(18)	52	34
Issuances of payables arising from repurchase operations (repo)	-	561,959	561,959
Repayments of payables arising from repurchase operations (repo)	-	(654,588)	(654,588)
Change in bank overdrafts and other debts included in the cash flow statement	-	16,115	16,115
Change in the consolidation scope	-	29,918	29,918
Reclassifications between categories	-	(25)	(25)
Other changes	-	173	173
Net book value on 31 December	484,037	234,020	718,057

In thousands of euros	2018		
	Subordinated debts	Other financial debts	Total
Opening balance on 1 January	478,807	402,606	881,413
Issuances	-	2,096	2,096
Interests payable	26,161	1,678	27,839
Repayments	(26,161)	(18,501)	(44,663)
Foreign currency translation differences on monetary assets	-	-	-
Amortizations	3,702	-	3,702
Changes in accrued interests not yet due	(2,141)	(34)	(2,175)
Issuances of payables arising from repurchase operations (repo)	-	683,420	683,420
Repayments of payables arising from repurchase operations (repo)	-	(802,069)	(802,069)
Change in bank overdrafts and other debts included in the cash flow statement	-	33,675	33,675
Change in the consolidation scope	-	22	22
Reclassifications between categories	-	-	-
Other changes	-	-	-
Net book value on 31 December	480,369	302,891	783,260

15.2. BREAKDOWN BY NATURE

In thousands of euros	31 December 2019		31 December 2018	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	484,037	583,732	480,369	531,909
Subordinated debts	484,037	583,732	480,369	531,909
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	55	55	45	45
Payables arising from repurchase operations (repo)	123,590	123,590	216,167	216,167
Collateral received as guarantee	57,745	57,745	41,665	41,665
Others	52,630	52,630	45,014	45,014
Other financial debts	234,020	234,020	302,891	302,891
Total of the financial debts	718,057	817,752	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.

15.3. BREAKDOWN BY MATURITY

In thousands of euros	31 December 2019				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Convertible subordinated bond loans	-	-	-	-	-
Non-convertible subordinated bond loans	19,709	75,000	375,328	14,000	484,037
Subordinated debts	19,709	75,000	375,328	14,000	484,037
Convertible bond loans	-	-	-	-	-
Non-convertible bond loans	-	-	-	-	-
Bank overdrafts	55	-	-	-	55
Payables arising from repurchase operations (repo)	123,590	-	-	-	123,590
Collateral received as guarantee	57,745	-	-	-	57,745
Others	17,574	6,281	28,775	-	52,630
Other financial debts	198,964	6,281	28,775	-	234,020
Total of the financial debts	218,673	81,281	404,103	14,000	718,057

In thousands of euros	31 December 2018				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Convertible subordinated bond loans	-	-	-	-	-
Non-convertible subordinated bond loans	19,728	75,000	371,641	14,000	480,369
Subordinated debts	19,728	75,000	371,641	14,000	480,369
Convertible bond loans	-	-	-	-	-
Non-convertible bond loans	-	-	-	-	-
Bank overdrafts	20	-	-	25	45
Payables arising from repurchase operations (repo)	216,167	-	-	-	216,167
Collateral received as guarantee	41,665	-	-	-	41,665
Others	12,456	9,166	19,355	4,037	45,014
Other financial debts	270,308	9,166	19,355	4,062	302,891
Total of the financial debts	290,036	84,166	390,996	18,062	783,260

The item «maturities less than 1 year» of the bond loans consists of accrued interest not yet due (19.7 million euros at December 31, 2019).

The amortization of issue costs on the non-convertible subordinated bond amounts to 3.3 million euros as of December 31, 2019 (compared to 3.7 million euros as of December 31, 2018).

16. Lease obligations

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

16.1. EVOLUTION OF LEASE OBLIGATIONS

In thousands of euros	2019		
	Due in less than one year	Due in more than one year	Total
Opening balance on 1 January	10,336	18,950	29,286
Issuances	-	-	-
Interests payable	74	-	74
Repayments	(10,410)	-	(10,410)
Reclassifications between categories	8,739	(8,739)	-
Other changes	-	-	-
Net book value on 31 December	8,739	10,211	18,950

16.2. BREAKDOWN OF MATURITIES

In thousands of euros	31 December 2019	31 December 2018
Less than 1 year	8,739	-
Between 1 and 5 years	9,722	-
More than 5 years	489	-
Total	18,950	-

17. Employee benefits

17.1. DESCRIPTION OF THE EMPLOYEE BENEFITS

17.1.1. Post-employment benefits

Various remuneration plans granted at the leaving date of the employees or during their retirement were implemented within the Group. This category mainly includes:

Pension benefit obligations

The majority of the systems granted to the employees of the different subsidiaries of the Group are insured within the Group itself through the company Ethias SA or financed in the Ethias Pension Fund. There are two separate types of systems that coexist:

- «Defined benefit» pension commitments, according to which a predefined amount, resulting from the application of a formula, will be paid to an employee upon retirement, or during retirement. This amount generally depends on the following factors: number of years of service, salary and statutory pension limits.
- Pension commitments of the «defined contribution» type by which an employer commits up to the amount of a financing. The employer limits his commitment to the payment of contributions and not to a «predetermined» benefit, contrary to the defined benefit schemes. The employees' pension amount is calculated in proportion to the accumulation of the paid and capitalized contributions.

The Belgian law on complementary insurances imposes a guaranteed minimum yield on employer's and individual contributions. The taking into account of this law, related to the definition (design) of the pension commitment, can in some cases mean that the Belgian defined contribution plans are considered as defined benefit plans according to IAS 19. In general, the employer retains an obligation after the contribution payment.

At the beginning of July 2017, Ethias SA entrusted the financing of a large part of the "retirement" component of the pension commitments in favour of its employees to the Ethias Pension Fund OFP, the multi-employer pension fund created in May 2017.

With regard to the retirement component of the «defined benefit» commitment type, the entire financing of this component was entrusted to the Ethias Pension Fund OFP for persons in employment on 1 July 2017, which resulted in the transfer of their reserves managed under this group insurance to the Ethias Pension Fund OFP.

For the retirement component of the "defined contribution" commitment type, only future contributions (due from 1 July 2017 onwards) will be paid into the Ethias Pension Fund OFP (the reserves set up in this group insurance until that date will continue to be managed within the frame of the reduced policies).

The «decease and disability» component of supplementary pension commitments remains managed as part of group insurance within the Group.

The debt registered on the balance sheet for the bonds transferred to the Ethias Pension Fund OFP corresponds to the pension obligation minus the representative assets held in the Ethias Pension Fund OFP, i.e. 68 million euros.

The Group remains its own insurer for a bond amounting to 163 million euros. Regarding this obligation, by the fact that the Group itself insures part of the future benefits of the pension schemes allocated to its employees, the representative assets of the pension plans do not correspond with the definition of the scheme in the sense of IAS 19.

Other post-employment benefits

These other post-employment benefits mainly include various advantages offered to pensioners and pre-pensioners: access to healthcare cover, to cultural activities of the employee association and other fringe advantages. These advantages are essentially financed by the aid fund of the employee association. This fund is essentially supplied by individual contributions paid by active employees, pensioners and pre-pensioners. The residual liability eventually at charge of the employer is considered as non-significant and is not valorized in the financial statements.

17.1.2. Long-term benefits

Long-term benefits refer to advantages granted to active employees and which are not fully payable within the twelve months following the end of the financial year in which the employees provided the services. These benefits include, inter alia, long-term compensated absences, long-service bonuses as well as allowances scheduled within the frame of the «60+» plan (put in place in 2015 and in 2017), concerning the gradual retirement of persons born before January 1, 1961.

17.1.3. Termination benefits

Termination benefits refer to amounts paid to employees in the event of dismissal or resignation. This category of advantages also includes provisions constituted by the employer for the charge of the benefits paid to the pre-pensioners until the age of 65. These benefits should only be provisioned if the company committed itself explicitly to grant them.

17.2. OVERVIEW OF EMPLOYEE BENEFITS BY NATURE

The debt for employee benefits is analysed as follows:

In thousands of euros	31 December 2019	31 December 2018
Post-employment benefits	232,012	231,248
Long-term employee benefits	52,096	57,741
Termination benefits	6,175	7,800
Total	290,283	296,789

With regard to post-employment benefits, the current value of the financed bonds amounts to 410 million euros (the fair value of the assets is 340 million euros) and that of the non-financed bonds is 162 million euros.

Amounts of the projected benefits :

In thousands of euros	2020	2019
Post-employment benefits	3,249	5,526
Long-term employee benefits	9,569	4,280
Termination benefits	393	1,312
Total	13,211	11,118

17.3. ACTUARIAL ASSUMPTIONS AND SENSITIVITY ANALYSIS

17.3.1. Actuarial assumptions

Debts for employee benefits are calculated on an actuarial basis, based on the projected unit credit method. The main parameters (financial and demographic assumptions) used for the debt calculation are summarized below:

In thousands of euros	31 December 2019	31 December 2018
Discount rate according to duration:		
3 years	0.00%	0.30%
10 years	0.70%	1.40%
15 years	0.95%	1.80%
25 years	1.40%	2.00%
Expected wage increase	0.50%	0.50%
Inflation rate	1.60%	1.70%
Staff turnover rate:		
For agents of the 148		
in the last 7 years of their career	0.00%	0.00%
otherwise	1.50%	1.50%
For the other groups	2.40%	2.40%
Life table	32% of MR/FR	32% of MR/FR

The discount rates used to actualize the commitments are defined by reference to the market rate at the closing date of first category corporate bonds with a maturity that is comparable to the maturity of the commitments.

The life assumptions are based on official life tables and on experience observed within the Group. All assumptions reflect the Group's best estimate.

The average duration of the Life benefit of the pension schemes is 15 years

17.3.2. Analyse de sensibilité

We analysed the impact of the change in the main actuarial assumptions on the debt assessment regarding employee benefits.

This analysis showed that an increase in discount rate with 50 basis points should lower the debt with regard to employee benefits with 28.3 million euros. A decrease of the same level would however result in a debt increase of 31.0 million euros.

The impact of an increase with 25 basis points of the expected wage increase rate amounts to 13.2 million euros.

In thousands of euros	31 December 2019	31 December 2018
Discount rate		
Increase in rates with 50 basis points	(28,322)	(26,335)
Decrease in rates with 50 basis points	31,032	27,624
Expected wage increase		
Increase in rates with 25 basis points	13,218	14,434

17.4. CHANGE IN LIABILITIES OF THE DEFINED BENEFIT SCHEMES

In thousands of euros	2019	2018
Net liabilities of the defined benefit schemes as of January 1st	231,248	243,521
Total expenses of the defined benefit schemes	23,396	26,503
Contributions paid by the employer	(45,704)	(27,235)
Benefits paid directly by the employer	(12,736)	(7,258)
Revaluation	35,807	(4,282)
Net liabilities of the defined benefit schemes as of December 31st	232,012	231,248

The main movements in 2019 are an increase in the contribution paid by Ethias to the OFP and a significant impact of the decrease in the discount rate.

17.5. CHANGES IN DEFINED BENEFIT SCHEME OBLIGATIONS AND LONG-TERM BENEFITS

In thousands of euros	2019			2018		
	Post-employment benefits	Long-term benefits	Total	Post-employment benefits	Long-term benefits	Total
Defined benefit scheme obligation as of January 1st	500,212	57,741	557,954	508,207	32,705	540,911
Cost price of services	26,450	112	26,562	23,301	28,345	51,647
Interest charges	9,398	269	9,666	8,313	29	8,342
Benefits paid directly by the employer	(12,736)	(7,948)	(20,684)	(7,258)	(3,225)	(10,483)
Benefits paid	(4,891)	-	(4,891)	(12,045)	-	(12,045)
Others	(7,269)	-	(7,269)	72	1	73
Revaluation	60,636	1,923	62,559	(20,378)	(113)	(20,491)
Defined benefit scheme obligation as of December 31st	571,802	52,097	623,899	500,212	57,741	557,954

17.6. CHANGE IN FAIR VALUE OF THE DEFINED BENEFIT SCHEME ASSETS

In thousands of euros	2019	2018
Fair value of the defined benefit scheme assets as of January 1st	268,964	264,686
Interest income	5,184	5,184
Employers' contributions	45,704	27,235
Benefits paid	(4,891)	(12,045)
Income of interests on plan assets in excess of interest income	24,829	(16,096)
Fair value of the defined benefit scheme assets as of December 31st	339,790	268,964

17.7. ALLOCATION OF DEFINED BENEFIT SCHEME ASSETS

In thousands of euros	2019	
	Valeur	%
Bonds	250,817	74%
Equities	65,277	19%
Real estate	482	0%
Cash	23,214	7%
Total	339,790	100%

17.8. ITEMS AFFECTING THE INCOME STATEMENT RELATING TO DEFINED BENEFIT SCHEMES

In thousands of euros	31 December 2019	31 December 2018
Cost price of services	26,450	23,301
Net interest charges	4,214	3,130
Others	-	72
Total expenses	30,665	26,503

18. Provisions

In thousands of euros	2019			
	Provisions for disputes	Provisions for financial risks	Other non-technical provisions	Total
Provisions on 1 January	33,313	1,876	10,439	45,628
Provisions (+)	6,936	-	10,117	17,053
Expenditures (-)	-	-	(815)	(815)
Reversals (-)	(26,694)	-	(2,971)	(29,665)
Transfers (+/-)	-	-	-	-
Change in scope	-	-	-	-
Other changes	-	-	-	-
Provisions on 31 December	13,555	1,876	16,770	32,201

In thousands of euros	2018			
	Provisions for disputes	Provisions for financial risks	Other non-technical provisions	Total
Provisions on 1 January	29,399	1,876	119,016	150,291
Provisions (+)	11,916	-	4,451	16,367
Expenditures (-)	(2)	-	(106,283)	(106,285)
Reversals (-)	(2,860)	-	(11,885)	(14,745)
Transfers (+/-)	(5,140)	-	5,140	-
Change in scope	-	-	-	-
Other changes	-	-	-	-
Provisions on 31 December	33,313	1,876	10,439	45,628

The decrease in provisions for litigation is mainly due to reversals and uses of provisions following the resolution of certain disputes.

19. Trade and other payables

19.1. BREAKDOWN BY NATURE

In thousands of euros	31 December 2019	31 December 2018
Liabilities arising from direct insurance operations and accepted reinsurance	164,215	122,646
Liabilities arising from ceded reinsurance operations	127,922	120,679
Liabilities from operating activities	292,137	243,325
Tax on current result	8,962	9,459
Other contributions and taxes	20,522	19,740
Tax liability payable	29,484	29,199
Social security payables	60,052	58,752
Payables to associates	-	-
Payables from finance leases	4,643	7,051
Trade payables	84,633	92,602
Other payables	70,693	70,495
Accruals for liabilities	11,401	14,096
Other payables	231,421	242,996
Total other payables	553,042	515,520

Debt arising from direct insurance operations and accepted reinsurance operations include premiums invoiced or 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.

19.2. BREAKDOWN BY MATURITY

In thousands of euros	31 December 2019				Total of the value in the balance
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	
Liabilities arising from direct insurance operations and accepted reinsurance	154,723	687	76	8,730	164,215
Liabilities arising from ceded reinsurance operations	7,839	-	-	120,082	127,922
Liabilities from operating activities	162,562	687	76	128,812	292,137
Tax on current result	8,962	-	-	-	8,962
Other contributions and taxes	20,521	-	-	1	20,522
Tax payables	29,483	-	-	1	29,484
Social security payables	60,052	-	-	-	60,052
Payables to associates	-	-	-	-	-
Payables from finance leases	4,643	-	-	-	4,643
Trade payables	84,633	-	-	-	84,633
Other payables	70,618	2,075	-	(2,000)	70,693
Accruals for liabilities	11,319	28	28	26	11,401
Other payables	231,264	2,103	28	(1,974)	231,421
Total other payables	423,309	2,790	104	126,839	553,042

In thousands of euros	31 December 2018				Total of the value in the balance
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	
Liabilities arising from direct insurance operations and accepted reinsurance	111,571	2,246	268	8,560	122,646
Liabilities arising from ceded reinsurance operations	6,276	-	-	114,403	120,679
Liabilities from operating activities	117,847	2,246	268	122,964	243,325
Tax on current result	9,459	-	-	-	9,459
Other contributions and taxes	19,740	-	-	-	19,740
Tax payables	29,199	-	-	-	29,199
Social security payables	58,719	-	-	33	58,752
Payables to associates	-	-	-	-	-
Payables from finance leases	7,051	-	-	-	7,051
Trade payables	92,127	-	-	475	92,602
Other payables	65,937	1,175	-	3,383	70,495
Accruals for liabilities	13,719	96	232	50	14,096
Other payables	237,553	1,271	232	3,941	242,996
Total other payables	384,599	3,517	500	126,904	515,520

VI. NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Income from insurance activities

In thousands of euros	31 December 2019			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	269,662	1,419,125	972,983	2,661,771
Premiums ceded to reinsurers	(2,888)	(37,450)	-	(40,338)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(1,702)	-	(1,702)
Other income from insurance activities	3,568	1,982	33	5,584
Revenues of insurance activities (net of reinsurance)	270,342	1,381,956	973,017	2,625,314

In thousands of euros	31 December 2018			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	299,860	1,381,839	1,002,334	2,684,033
Premiums ceded to reinsurers	(2,817)	(37,438)	-	(40,256)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	1,821	-	1,821
Other income from insurance activities	3,417	1,799	51	5,268
Revenues of insurance activities (net of reinsurance)	300,460	1,348,021	1,002,385	2,650,866

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

2. Technical expenses for insurance activities

In thousands of euros	31 December 2019			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Claims and insurance benefits	412,440	1,099,513	1,186,103	2,698,055
Net expenses or revenues ceded to reinsurers	(1,670)	(29,717)	-	(31,387)
Management costs	16,668	268,415	19,778	304,861
Technical expenses for insurance activities	427,438	1,338,211	1,205,881	2,971,529

In thousands of euros	31 December 2018			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Claims and insurance benefits	500,959	1,049,319	988,035	2,538,313
Net expenses or revenues ceded to reinsurers	(3,735)	(24,678)	-	(28,413)
Management costs	18,464	247,739	16,689	282,892
Technical expenses for insurance activities	515,687	1,272,380	1,004,724	2,792,792

Deposit accounting is applied to expenses and benefits regarding investment contracts without discretionary participation. They are recognized within investment expenses.

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

3. Net profit (loss) of cessions in reinsurance

In thousands of euros	2019	2018
Premiums ceded to reinsurers	(40,338)	(40,256)
Change in provision for unearned premiums - reinsurers' share	(91)	(86)
Net expenses or revenues ceded to reinsurers	31,387	28,413
Net profit (loss) of cessions in reinsurance	(9,043)	(11,928)

4. Net profit (loss) of other activities

In thousands of euros	2019	2018
Revenues of institutions not being insurance companies	273,492	263,061
Other revenues of institutions not being insurance companies	19,999	11,223
Other revenues related to insurance activities	1,347	4,338
Revenues from other activities	294,837	278,622
Operating expenses of institutions not being insurance companies	(232,144)	(232,805)
Operating expenses of institutions being insurance companies	(7,687)	(6,530)
Other revenues of institutions not being insurance companies	(32,885)	(23,002)
Other expenses of institutions being insurance companies *	8,518	(25,609)
Expenses for other activities	(264,197)	(287,947)
Net profit (loss) of other activities	30,640	(9,325)

The net profit (loss) of other activities does not include financial revenues or financial expenses. Other revenues and expenses related to insurance activities include non-technical revenues and expenses liberated by the Group's insurance companies.

5. Net financial result without finance costs

In thousands of euros	31 December 2019					Total
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments recognized through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
Investment properties	32,876	10,096	-	(16,627)	-	26,345
Available for sale	1,674	30,379	-	130	-	32,182
Participating interests	1,674	30,379	-	130	-	32,182
Available for sale	19,315	2,786	-	13,423	-	35,524
At fair value through profit or loss	5,992	15,126	118,344	-	-	139,462
Held for trading	25	1,339	(429)	-	-	936
Shares and investment funds	25,332	19,252	117,915	13,423	-	175,922
Available for sale	310,148	4,271	-	-	-	314,419
At fair value through profit or loss	15,462	(326)	40,396	-	-	55,532
Unlisted at amortized cost price	19	-	-	-	-	19
Bonds	325,629	3,945	40,396	-	-	369,970
Loans, deposits and other financial investments	12,910	(518)	-	3,300	-	15,691
Held for trading	-	-	(993)	-	-	(993)
Held for hedging purposes	-	-	1,016	-	-	1,016
Derivative financial instruments	-	-	23	-	-	23
Investments belonging to unit-linked insurance contracts	61	162	2,683	-	-	2,906
Cash and cash equivalents	1,157	11	(98)	-	-	1,070
Others	10,554	-	-	-	(24,518)	(13,964)
Net financial result without finance costs	410,193	63,325	160,919	225	(24,518)	610,144

In thousands of euros	31 December 2018					Total
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments recognized through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
Investment properties	31,789	7,248	-	(18,877)	-	20,160
Available for sale	3,916	552	4,178	11,853	-	20,499
Participating interests	3,916	552	4,178	11,853	-	20,499
Available for sale	16,130	4,820	-	(16,749)	-	4,200
At fair value through profit or loss	3,583	3,064	(34,149)	-	-	(27,503)
Held for trading	820	(1,325)	(4,186)	-	-	(4,691)
Shares and investment funds	20,533	6,558	(38,335)	(16,749)	-	(27,994)
Available for sale	321,530	8,483	-	-	-	330,013
At fair value through profit or loss	66,095	28,517	(80,784)	-	-	13,828
Unlisted at amortized cost price	-	-	-	-	-	-
Bonds	387,625	37,000	(80,784)	-	-	343,841
Loans, deposits and other financial investments	13,548	34	-	1,068	-	14,649
Held for trading	153	(29)	(192)	-	-	(68)
Held for hedging purposes	2,367	(1,377)	(2,071)	-	-	(1,081)
Derivative financial instruments	2,521	(1,407)	(2,263)	-	-	(1,149)
Investments belonging to unit-linked insurance contracts	(2,218)	-	-	-	-	(2,218)
Cash and cash equivalents	1,044	(4)	2	-	-	1,042
Others	1,312	-	-	-	(54,557)	(53,245)
Net financial result without finance costs	460,068	49,981	(117,201)	(22,705)	(54,557)	315,585

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

6. Finance costs

In thousands of euros	31 December 2019	31 December 2018
Expenses related to bond loans	26,309	27,723
Expenses related to lease obligations	74	-
Expenses related to other financial debts	1,649	1,644
Total of the finance costs	28,032	29,367

7. Expenses by nature and allocation

In thousands of euros	31 December 2019	31 December 2018
Internal claim handling costs	121,416	122,373
Acquisition costs of contracts	85,064	78,086
Management costs	138,666	130,359
Management costs of investments	19,210	7,469
General costs related to other activities	239,831	239,336
Total of the overhead costs by allocation	604,187	577,623
Employee benefit expenses	311,719	307,239
Rental and leasing expenses	1,452	13,744
Expenses related to operational buildings	5,387	6,499
IT costs	109,593	114,579
Allocations, amortizations and Provisions for Other Risks and Expenses	36,156	18,480
Other expenses	144,545	120,705
Recovered overhead costs (-)	(4,665)	(3,624)
Total of the overhead costs by nature	604,187	577,623

Other expenses mainly consist of contributions, postage expenses, consulting expenses as well as advertising and sponsorship expenses at Ethias and overhead costs related to the other activities of the subsidiaries.

8. Employee benefit expenses

In thousands of euros	31 December 2019	31 December 2018
Wages	211,096	205,162
Social security expenses	56,582	58,150
Post-employment benefits	(581)	29
Defined benefit schemes	30,665	26,827
Other long-term benefits	267	23
Other benefits	1,387	(236)
Others	12,304	17,283
Total of the employee benefit expenses	311,719	307,239

The amount of the expenses included in the income statement on the defined contribution pension schemes mainly comprises the cost of services, the financial cost as well as taxes and contributions inherent in group insurance products. This charge is divided by allocation within the income statement in expenses for insurance benefits (regarding internal claim handling costs, acquisition costs of contracts and administrative costs) and other investment financial expenses (regarding management costs of investments).

Costs under the heading “Others” include termination benefits and benefits in kind granted to the employees.

9. Income taxes

9.1. OVERVIEW OF THE TAX EXPENSE

In thousands of euros	31 December 2019	31 December 2018
Payable tax	(19,349)	(26,023)
Deferred tax	(21,654)	84,253
Income tax on permanent activities	(41,002)	58,230
Payable tax on available-for-sale activities	-	-
Deferred tax on available-for-sale activities	-	-
Tax on available-for-sale activities	-	-
Tax expenses recognized through profit or loss	(41,002)	58,230
Tax expenses recognized in other comprehensive income components	(52,554)	25,958

9.2. ANALYSIS OF THE TAX EXPENSES

The following table presents the reconciliation between expected and actual income tax:

In thousands of euros	31 December 2019	31 December 2018
Profit before tax (excluding contribution from discontinued operations and associates)	266,537	134,968
Theoretical tax rate	29.58%	29.58%
Expected tax expense	(78,842)	(39,924)
Impact of non-deductible expenses	(26,395)	(44,590)
Impact of non-taxable revenues	30,426	32,146
Impact of fiscal deficits	36,122	29,819
Impact of other temporary differences	(1,927)	82,598
Other impacts	(387)	(1,819)
Total of the tax expense adjustments	37,839	98,154
Real tax expense/proceed	(41,002)	58,230
Effective tax rate	15%	-43%

Impact of non-deductible expenses mainly originates from impairments and losses on realized securities. Under the heading of non-taxable revenues, the eligible dividends are recognized as definitively taxed income and reversed impairments on securities. Added to this are the reversals of taxed provisions. Moreover, fiscal deficits vary according to the use of tax losses carried forward. The other securities represent the impact of the consolidation adjustments on the tax. Lastly, other temporary differences include, in particular, taxes resulting from temporary valuation differences on assets and liabilities, and the valuation of deferred taxes related to tax credits (amounting to 74.5 million euros at end-2018).

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

1. Lease contracts

Ethias did not conclude contracts that are considered as financial lease contracts. All the information below relates to simple lease contracts concluded by the Group.

1.1. ETHIAS AS LESSOR

Minimum amount of the future net rent to be received arising from irrevocable simple lease contracts:

In thousands of euros	31 December 2019	31 December 2018
Past due during the year	43,187	36,174
Within more than one and maximum 5 years	167,663	136,471
Within more than 5 years	356,045	359,347
Total	566,896	531,992

Rent amount recognized as proceed within the financial year:

In thousands of euros	31 December 2019	31 December 2018
Minimum rent	37,795	38,423
Conditional rent	3,844	2,655
Total	41,640	41,078

Leased assets mainly relate to real estate.

1.2. ETHIAS AS LESSEE

The lease contracts entered into by Ethias are detailed in points 4 (« Right-of-use of assets ») and 16 (« Lease obligation») of chapter V. **Notes to the consolidated balance sheet.**

2. Related parties

Within the framework of its activities the Group concludes on a regular basis transactions with related parties. In general, all transactions are concluded at market conditions as applicable to unrelated parties.

Related parties with whom the Group concludes transactions can belong to the following categories:

- The key management personnel of the Group are the directors of Ethias SA.
- The entities exercising a mutual control or a significant influence on the entity.
- Joint ventures in which the entity participates;
- Non-consolidated subsidiaries; and
- Associates.

In accordance with IAS 24, the Group lists transactions between related parties.

The transactions with Ethias Pension Fund OFP and EthiasCo are represented in this annex.

2.1. TRANSACTIONS RELATED TO THE BALANCE SHEET

In thousands of euros	31 December 2019	31 December 2018
Other financial investments	-	36,338
Receivables	-	737
Any other assets	-	-
Total assets with related parties	-	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.

2.2. TRANSACTIONS RELATED TO REVENUES AND EXPENSES

In thousands of euros	31 December 2019	31 December 2018
Revenues	-	-
Operating expenses	(47,899)	(29,298)
Financial income	-	2,535
Financial expenses	-	-
Total of the revenues and expenses with related parties	(47,899)	(26,763)

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

2.3. REMUNERATIONS FOR KEY MANAGEMENT PERSONNEL

The directors and members of the Executive Committee of Ethias SA are considered as key management personnel. The list of these managers is included under point 10 of chapter *II. Report of the Board of Directors*.

The total amount of their remunerations include the following elements:

In thousands of euros	31 December 2019	31 December 2018
Short-term benefits	3,149	2,914
Post-employment benefits	554	732
Termination benefits	1,319	-
Other long-term benefits	-	-
Remunerations and other benefits for managers and directors	5,023	3,647

Short-term benefits consist of annual wages and other short-term benefits.

None of the key managers have received loans or advances at a preferential interest rate from the Group.

2.4. OTHER TRANSACTIONS WITH RELATED PARTIES

In 2019, as in 2018, the Group did not receive or give any commitment towards related parties.

3. Fees of the Statutory Auditor

In thousands of euros	31 December 2019	31 December 2018
Fees for audit services	930	917
Fees for services relating to audit services	142	166
Fees for fiscal advice	36	86
Other fees for non-audit services	389	1,141
Total	1,495	2,310

4. Commitments

4.1. RECEIVED COMMITMENTS

In thousands of euros	31 December 2019	31 December 2018
Guarantee commitments	748,096	800,225
Finance commitment	623	623
Other received commitments	-	-
Total	748,718	800,847

Guarantee commitments mainly include guarantees linked to mortgage loans granted to the Group.

4.2. GIVEN COMMITMENTS

In thousands of euros	31 December 2019	31 December 2018
Guarantee commitments with regard to financing	-	-
Other guarantee commitments	12,559	16,817
Commitments on securities	123,631	216,259
Other given commitments	204,490	261,556
Total	340,680	494,632

Other guarantee commitments mainly include securities pledged as collateral under an accepted reinsurance contract taken over by Ethias SA.

The commitments on securities include repurchase operations (repo or “repurchase agreements”) with a maturity of 3 to 6 months.

Other commitments given consist mainly of commitments to acquire securities and, to a lesser extent, commitments to lend and acquire real estate.

5. Contingent liabilities

An amount of 12.8 million euros corresponds to a contingent liability arising from a litigation between Ethias and an institutional client. At the preliminary stage of this litigation, the probability of losing this litigation in whole or in part is estimated to be less than 50%. The different scenarios envisaged and the amount of the contingent liability arising from them could be reassessed in the future in the light of developments in the procedure.

6. Events after the reporting period that do not give rise to adjustments

At the time of writing this report, the consequences of the pandemic for the group cannot be accurately estimated. While this event has no impact on the annual financial statement of the Ethias Group at 31 December 2019, it could however have a potentially significant impact on the group’s solvency, as well as on its technical and financial results, depending on the economic impact of this crisis (see point II.6).

VIII. OTHER INFORMATION

1. **Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2019**



ETHIAS SA/ NV

**Statutory auditor's report to the general
shareholders' meeting on the consolidated
financial statements for the year ended
31 December 2019**

29 April 2020



STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ETHIAS SA/ NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated financial statements of Ethias SA/ NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated financial statements, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 17 May 2017, following the proposal formulated by the board of directors and following the recommendation by the audit and risk committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting, which will deliberate on the annual accounts for the year ended 31 December 2019. We have performed the audit of the consolidated financial statements of Ethias SA/ NV for twelve consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and statement of consolidated comprehensive income, the consolidated cash flows statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated balance sheet total of kEUR 19,506,398 and a consolidated net profit for the year of kEUR 225,530.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated financial statements*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

Emphasis of matter - subsequent event

As far as the outbreak of COVID 19 is concerned, we draw your attention to point II.6 of the directors' report and Note VII.6 ("Events after the reporting period that do not give rise to adjustments") of the consolidated financial statements in which the board of directors expresses their view that, although the consequences thereof may have a significant impact on the Group's solvency and results in 2020, such consequences do not have an impact on the Group's financial position for the year ended 31 December 2019. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adequacy of insurance and investment contract liabilities

Description of the key audit matter

As at 31 December 2019, the insurance and investment contract liabilities amount to KEUR 15,066,775 and represent 77% of the consolidated balance sheet total.

The adequacy of these liabilities is a complex process requiring a significant level of judgement. The assumptions used in determining the adequacy of these liabilities can be affected by the economic conditions, future management actions as well as the legislations and regulations applicable to the Group.

Given the materiality of these liabilities in the consolidated financial statements as well as the risk of inadequacy of these liabilities, we consider the adequacy of these liabilities as a key audit matter.

How our audit addressed the key audit matter

Assisted by our internal actuarial experts, we reviewed the design and tested the operational effectiveness of the key controls put in place by the Group to guarantee the adequacy of these liabilities. We also focused on the controls implemented by the Group to ensure the quality of the data used in the adequacy test of these insurance and investment contract liabilities.

We also assessed the relevance of the adequacy test of these liabilities, considering the current market conditions, as well as its adequacy relative to the technical results observed in the period under review.



Finally, we have performed an independent testing on the adequacy of these liabilities and compared the outcome with the amounts as determined by the Group.

Note that we shared and corroborated our conclusions with the actuaries and the actuarial function of the Group.

Audit findings

Based on our audit, it is our view that the assumptions applied to determine the adequacy of these insurance and investment contract liabilities are reasonable. In the course of our independent testing, we did not find any exceptions with regard to the adequacy of these liabilities.

Valuation of financial assets and liabilities for which no quoted prices in active markets are available ("levels 2 and 3")

Description of the key audit matter

The Group holds financial assets and liabilities for which no quoted prices in active markets are available. As mentioned in note V.6 of the consolidated financial statements, the fair value of a certain number of financial instruments is based on valuation methods that use, or not use, observable market data.

As at 31 December 2019, the Group holds financial assets of level 2 valued at kEUR 1,358,842, financial liabilities of level 2 valued at kEUR 70,623 and financial assets of level 3 valued at kEUR 391,470.

In particular, the fair value of the financial instruments of level 2 is based on data that are observable either directly or indirectly and is estimated using external and independent rating agencies. The fair value of the financial instruments of level 3 is estimated using valuation models that are based on data not observable on the market.

The valuation of these financial instruments is a key audit matter due to the significance of the estimates made and assumptions that are not based on observable market data.

How our audit addressed the key audit matter

We reviewed the design and tested the operational effectiveness of the key controls put in place by the Group to guarantee the accuracy of the valuation of these financial investments of level 2 and level 3.

For a sample of financial investments, we also reviewed the estimates made and the key assumptions applied to determine the fair value. We also tested the standing data used to determine the fair value.

Finally, we relied on experts in the valuation of financial instruments who independently recalculated the fair value of a sample of investments.

Audit findings

It is our view that the key assumptions applied in determining the fair value of these investments are reasonable. In the course of our independent testing, we did not find any exceptions as regards the determination of the fair value of the financial investments for which no quoted prices in active markets are available.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated financial statements in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the directors' current or future business management at Group level.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.



- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the separate report on non-financial information and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated financial statements, the separate report on non-financial information and the other information included in the annual report and to report on these matters.

Aspects related to the directors' report on the consolidated financial statements and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the year under audit, and it is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in a separate report of the annual report on the consolidated financial statements. The report of non-financial information contains the information required by virtue of article 3:32, §2 of the Companies' and Associations' Code, and agrees with the consolidated financial statements for the same year. The Company has prepared the non-financial information, based on "UN Global Compact" reference framework internationally recognized. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the "UN Global Compact" said framework.

Statement related to independence

- Our registered audit firm and our network did not provide services, which are incompatible with the statutory audit of the consolidated financial statements, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services, which are compatible with the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' and Associations' Code, are correctly disclosed and itemized in the notes to the consolidated financial statements.

Other statements

This report is consistent with the additional report to the audit and risk committee referred to in article 79 of the Law of 13 March 2016 related to the status and the control of the insurance companies or reinsurance companies, which refers to the article 11 of the Regulation (EU) N° 537/2014.

Liège, 29 April 2020

The statutory auditor
PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL
represented by

Kurt Cappoen
Bedrijfsrevisor/ Réviseur d'Entreprises

IX. ANNUAL ACCOUNTS OF ETHIAS SA

1. Balance sheet

Assets	2019	2018
B. Intangible assets	123,225,660	131,957,894
I. Formation expenses	518,769	1,276,250
II. Intangible assets	122,706,891	130,681,644
1. Goodwill	45,300,264	51,288,549
2. Other intangible assets	41,793,417	19,378,344
3. Advance payments	35,613,209	60,014,751
C. Investments	14,719,182,423	14,224,981,329
I. Land and properties	210,882,267	245,615,059
1. Real estate for corporate purposes	60,623,562	70,029,681
2. Others	150,258,705	175,585,378
II. Investments in associates and participating inter-ests	394,665,787	420,185,565
- Associates	342,528,728	352,617,381
1. Participating interests	342,528,728	318,725,283
2. Certificates, bonds and receivables	0	33,892,098
- Other companies linked by a participating interest	52,137,058	67,568,184
3. Participating interests	36,152,520	38,999,125
4. Certificates, bonds and receivables	15,984,538	28,569,059
III. Other financial investments	14,109,496,807	13,552,995,790
1. Shares, participating interests and other variable income securities	468,499,550	444,422,957
2. Bonds and other fixed-income securities	12,987,729,288	12,469,364,675
4. Mortgage loans and mortgage credits	349,267,510	352,660,177
5. Other loans	301,474,964	285,403,419
6. Deposits with credit institutions	2,349,216	1,144,535
7. Others	176,279	27
IV. Deposits with ceding companies	4,137,563	6,184,915
D. Investments related to operations linked to a "Life" business investment fund whose investment risk is not borne by the company	1,394,250,497	1,173,221,869
Dbis. Reinsurers' share of technical provisions	157,350,426	142,604,465
I. Provision for unearned premiums and outstanding risks	505,085	596,425
II. Provision for Life insurance	1,826,437	2,067,066
III. Provision for claims to be paid	155,018,904	139,940,974
E. Receivables	415,475,622	430,870,765
I. Receivables arising from direct insurance operations	222,587,052	216,676,798
1. Policyholders	108,647,491	98,808,349
2. Insurance intermediaries	26,221,880	28,798,821
3. Others	87,717,682	89,069,628
II. Receivables arising from reinsurance operations	110,833,241	104,473,616
III. Other receivables	82,055,328	109,720,351
F. Other asset items	377,563,716	627,420,821
I. Tangible assets	24,138,093	24,492,726
II. Available values	353,425,623	602,928,095
G. Accruals	195,518,892	198,896,102
I. Interest and rent earned but not yet due	195,518,892	198,896,102
Total assets	17,382,567,236	16,929,953,245

Liabilities	2019	2018
A. Equity	1,359,668,063	1,174,155,540
I. Subscribed capital or equivalent funds, net of un-called capital	1,000,000,000	1,000,000,000
1. Issued capital	1,000,000,000	1,000,000,000
III. Revaluation surpluses	20,249,570	25,552,859
IV. Reserves	54,902,950	43,909,307
1. Statutory reserve	44,450,000	34,750,000
3. Untaxed reserves	9,186,345	8,526,005
4. Available reserves	1,266,605	633,302
V. Result carried forward	284,515,543	104,693,374
1. Profit carried forward	284,515,543	104,693,374
B. Subordinated debts	468,346,270	465,416,976
Bbis Funds for future appropriations	6,378,650	6,378,650
C. Technical provisions	13,403,480,294	13,296,721,350
I. Provisions for unearned premiums and outstanding risks	292,976,236	291,365,781
II. Provision for Life insurance	9,373,511,011	9,362,519,858
III. Provision for claims to be paid	3,458,849,415	3,369,176,378
IV. Provision for profit sharing and refunds	53,685,412	44,018,915
V. Equalization and catastrophe provision	18,559,358	23,502,697
VI. Other technical provisions	205,898,862	206,137,721
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	1,394,250,497	1,173,221,869
E. Provisions for other risks and costs	80,762,702	106,493,926
I. Provisions for pensions and similar liabilities	449,532	1,517,155
II. Provisions for taxes	3,591,832	3,664,612
III. Other provisions	76,721,338	101,312,159
F. Deposits received from reinsurers	120,082,410	114,403,323
G. Debts	529,002,268	572,624,296
I. Liabilities arising from direct insurance operations	166,256,943	122,645,597
II. Reinsurance payables	7,839,342	6,275,940
IV. Debts owed to credit institutions	181,430,318	257,944,487
V. Other debts	173,475,665	185,758,272
1. Amounts payable for taxes, remuneration and social security	57,594,343	57,581,707
a) taxes	19,758,243	20,806,481
b) remunerations and social security costs	37,836,100	36,775,226
2. Others	115,881,322	128,176,565
H. Accruals	20,596,082	20,537,315
Total liabilities	17,382,567,236	16,929,953,245

2. Income statement

I. Technical account Non-Life	2019	2018
1. Earned premiums, net of reinsurance	1,379,973,398	1,346,221,498
a) Gross premiums	1,419,125,303	1,381,838,962
b) Outgoing reinsurance premiums (-)	-37,450,111	-37,438,165
c) Change in the provision for unearned premiums and outstanding risks, gross of reinsurance (increase -, de-crease +)	-1,610,454	1,906,493
d) Change in the provision for unearned premiums and outstanding risks, reinsurers' share (increase +, decrease -)	-91,339	-85,792
2bis. Investment income	143,046,427	123,776,715
a) Income of investments in associates or companies linked by a participating interest	7,555,391	7,935,688
aa) associates	6,601,384	5,832,060
1° participating interests	6,192,303	5,832,060
2° certificates, bonds and receivables	409,081	0
bb) other companies linked by a participating interest	954,007	2,103,628
1° share interests	919,074	878,752
2° certificates, bonds and receivables	34,933	1,224,876
b) Income from other investments	94,276,871	94,595,894
aa) income from land and properties	119,849	88,546
bb) income from other investments	94,157,023	94,507,348
c) Write-back of value adjustments on investments	16,888,379	10,201,755
d) Gains on disposal	24,325,785	11,043,378
3. Other technical income, net of reinsurance	1,982,173	1,799,489
4. Claims costs, net of reinsurance (-)	-1,081,283,152	-1,039,666,144
a) Net amounts paid	1,008,721,954	974,042,874
aa) gross amounts	1,020,977,989	987,301,896
bb) reinsurers' share (-)	-12,256,035	-13,259,022
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	72,561,197	65,623,270
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	87,639,127	75,059,009
bb) change in provision for claims to be paid, reinsurers' share (increase -, decrease +)	-15,077,930	-9,435,739
5. Change in the other technical provisions, net of reinsurance (increase -, decrease +)	238,858	5,454,767
6. Profit sharing and refunds, net of reinsurance (-)	-6,800,396	-3,022,714
7. Net operating costs (-)	-263,164,140	-235,188,223
a) Acquisition costs	129,116,210	113,627,655
c) Administrative costs	136,431,126	123,560,891
d) Commissions received from the reinsurers and participating interests (-)	-2,383,195	-2,000,323
7bis. Investment-related costs (-)	-33,549,721	-33,453,896
a) Investment management costs	4,051,135	3,379,579
b) Value adjustments on investments	22,167,811	22,391,833
c) Losses on disposal	7,330,776	7,682,484
8. Other technical costs, net of reinsurance (-)	-29,802,986	-28,653,568
9. Change in provision for equalization and catastrophe, net of reinsurance (increase -, decrease +)	4,943,338	7,937,615
10. Result of the Non-Life technical account		
Profit (+)	115,583,799	145,205,539

II. Life technical account	2019	2018
1. Premiums, net of reinsurance	1,248,494,239	1,309,593,381
a) Gross premiums	1,251,382,348	1,312,410,806
b) Outgoing reinsurance premiums (-)	-2,888,109	-2,817,425
2. Investment income	373,761,054	425,755,672
a) Income of investments in associates or companies linked by a participating interest	9,780,628	14,407,367
aa) associates	9,013,214	10,810,001
1° participating interests	8,732,116	10,810,001
2° certificates, bonds and receivables	281,098	0
bb) other companies linked by a participating interest	767,414	3,597,366
1° participating interests	742,239	3,024,600
2° certificates, bonds and receivables	25,175	572,766
b) Income from other investments	283,279,967	296,865,218
aa) income from land and properties	14,371,861	15,469,899
bb) income from other investments	268,908,106	281,395,319
c) Write-back of value adjustments on investments	24,575,142	32,209,685
d) Gains on disposal	56,125,317	82,273,402
3. Value adjustments on investments of the assets side D. (income)	205,396,365	74,893,362
4. Other technical income, net of reinsurance	3,601,623	3,468,748
5. Claims costs, net of reinsurance (-)	-1,358,086,097	-1,360,748,736
a) Net amounts paid	1,358,086,097	1,361,082,213
aa) gross amounts	1,359,339,366	1,362,798,297
bb) reinsurers' share (-)	-1,253,269	-1,716,084
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	0	-333,477
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	0	-333,477
bb) change in provision for claims to be paid, reinsurers' share (increase -, decrease +)	0	0
6. Change in the other technical provisions, net of reinsurance (increase -, decrease +)	-233,313,567	-137,321,299
a) Change in provision for Life insurance, net of reinsurance (increase -, decrease +)	-92,432,939	-193,248,446
aa) change in provision for Life insurance, gross of reinsurance (increase -, decrease +)	-92,192,310	-194,532,002
bb) change in provision for Life insurance, reinsurers' share (increase +, decrease -)	-240,629	1,283,556
b) Change in the other technical provisions, net of reinsurance	-140,880,628	55,927,147
7. Profit sharing and refunds, net of reinsurance (-)	-9,666,497	-9,484,450
8. Net operating costs (-)	-28,906,773	-27,340,206
a) Acquisition costs	8,092,276	8,001,403
c) Administrative costs	21,471,416	20,074,619
d) Commissions received from the reinsurers and profit sharings (-)	-656,919	-735,816
9. Investment-related costs (-)	-46,277,330	-95,637,422
a) Investment management costs	13,249,418	16,099,838
b) Value adjustments on investments	15,846,297	40,502,895
c) Losses on disposal	17,181,615	39,034,689
10. Value adjustments on investments of the assets side D. (costs) (-)	-53,989,257	-122,663,419
11. Other technical costs, net of reinsurance (-)	1,786,155	-24,403,824
12bis. Change in fund for future appropriations (increase -, reduction +)	0	1,350,000
13. Result of the Life technical account		
Profit (+)	102,799,915	37,461,807

III. Non-technical account	2019	2018
1. Result of the Non-Life technical account		
Profit (+)	115,583,799	145,205,539
2. Result of the Life technical account		
Profit (+)	102,799,915	37,461,807
3. Investment income	8,862,182	13,996,610
b) Income from other investments	8,230,935	12,669,034
bb) income from other investments	8,230,935	12,669,034
c) Write-back of value adjustments on in-vestments	498,035	1,296,000
d) Gains on disposal	133,212	31,576
5. Investment-related costs (-)	-26,569,454	-29,207,567
a) Investment management costs	25,813,849	27,549,498
b) Value adjustments on investments	146,172	545,000
c) Losses on disposal	609,433	1,113,069
7. Other income	12,390,538	15,015,303
8. Other costs (-)	-13,948,201	6,038,928
8bis. Current result before taxes		
Profit (+)	199,118,779	188,510,620
15. Income taxes (-/+)	-9,009,049	-17,405,066
15bis. Deferred taxes (-/+)	72,779	-783,686
16. Result of the financial year		
Profit (+)	190,182,509	170,321,868
17. a) Withdrawal from the untaxed reserves	186,909	1,404,293
b) Transfer to the untaxed reserves (-)	-847,250	-4,326,908
18. Result for the period to be appropriated		
Profit (+)	189,522,168	167,399,253

Appropriation and withdrawal	2019	2018
A. Profit to be appropriated	294,215,542	231,493,374
1. Profit for the period available for appropriation	189,522,168	167,399,253
2. Profit carried forward from the previous period	104,693,374	64,094,121
B. Charge to shareholders' equity	0	0
2. to reserves	0	0
C. Transfers to equity (-)	-9,700,000	-8,400,000
2. to the statutory reserve	-9,700,000	-8,400,000
D. Result to be carried forward		
1. Profit to be carried forward (-)	-284,515,542	-104,693,374
F. Profit to be distributed (-)	0	-118,400,000
1. Remuneration of capital	0	118,400,000

3. Notes

N°1. STATEMENT OF INTANGIBLE ASSETS, INVESTMENT PROPERTY AND INVESTMENT SECURITIES

Name	Asset items concerned			
	B. Intangible assets	C.I. Land and properties	C.II.1. Investment in associates	C.II.2. Certificates, bonds and receivables in associated companies
a) Acquisition value				
Previous year end	231,616,958	313,747,185	254,830,911	35,997,000
Changes during the year:				
- Acquisitions	22,172,726	385,469	63,064,188	0
- Disposals and withdrawals	21,446,587	32,236,813	40,576,326	35,997,000
- Reclassified between headings	0	0	0	0
- Other changes	0	0	0	0
Year end	232,343,097	281,895,841	277,318,774	0
b) Increase in value				
Previous year end	0	31,058,927	72,345,152	0
Changes during the year:				
- Decided	0	0	0	0
- Cancelled	0	6,005,588	0	0
- Reclassified between headings	0	0	0	0
Year end	0	25,053,339	72,345,152	0
c) Reductions in value				
Previous year end	99,659,064	99,191,053	8,450,781	2,104,902
Changes during the year:				
- Decided	31,017,416	8,770,337	2,350,476	0
- Written back as excessive	0	0	3,549,910	0
- Cancelled	21,559,043	11,894,477	116,149	2,104,902
- Transfers from one heading to another	0	0	0	0
Year end	109,117,437	96,066,913	7,135,198	0
c) Amounts not called up				
Previous year end	0	0	0	0
Changes during the year:	0	0	0	0
Year end	0	0	0	0
Net book value, year end	123,225,660	210,882,267	342,528,728	0

Name	Asset items concerned			
	C.II.3. Stakes in companies linked by a participating interest	C.II.4. Certificates, bonds and receivables in companies linked by a participating interest	C.III.1. Shares, participating interests and other variable income securities	C.III.2. Bonds and other fixed-income securities
a) Acquisition value				
Previous year end	51,161,102	28,569,059	469,728,646	12,517,975,672
Changes during the year:				
- Acquisitions	-104,538	0	229,596,189	2,811,676,072
- Disposals and withdrawals	229,376	-12,584,521	220,110,903	2,225,973,516
- Reclassified between headings	0	0	0	0
- Other changes	-3,478,894	0	-988,186	4,887,518
Year end	47,348,294	15,984,538	478,225,746	13,108,565,746
b) Increase in value				
Previous year end	0	0	0	0
Changes during the year:				
- Decided	0	0	0	0
- Cancelled	0	0	0	0
Year end	0	0	0	0
c) Reductions in value				
Previous year end	10,999,887	0	22,553,438	48,610,997
Changes during the year:				
- Decided	41,104	0	8,242,874	88,940,953
- Written back as excessive	139,811	0	9,453,233	10,992,017
- Cancelled	152,959	0	14,031,634	5,723,475
- Transfers from one heading to another	0	0	0	0
Year end	10,748,221	0	7,311,446	120,836,458
c) Amounts not called up				
Previous year end	1,162,090	0	2,752,250	0
Changes during the year:	-714,538	0	-337,500	0
Year end	447,552	0	2,414,750	0
Net book value, year end	36,152,521	15,984,538	468,499,550	12,987,729,288

N°2. STATEMENT OF PARTICIPATING INTERESTS AND SOCIAL RIGHTS HELD IN OTHER COMPANIES

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report				
	Directly		by the subsidiaries	Financial statements as of	Cur-rency	Equity	Net profit or loss	
	Number	%				(+) or (-)		
			(in thousands of currency units)					
Air Properties SA Rue Léon Laval 12 L-3372 Leudelange B179.427	110,925	51	0	30/09/2019	EUR	7,764	1.275	
Ankaret Invest SA Rue des Croisiers, 24 B-4000 Liège BE 0438.840.866	2,368,879	100	0	31/12/2018	EUR	17,769	208	
Archeion SA Rue des Croisiers, 24 B-4000 Liège BE 0832.269.896	28,410	100	0	31/12/2018	EUR	2,142	105	
Ariane Building SA Place Saint-Jacques, 11/104 B-4000 Liège BE 0862.467.382	8,050	25	0	31/12/2018	EUR	3,817	1.132	
Ariane Real Estate (ARE) SA Rue des Croisiers, 24 B-4000 Liège BE 0898.866.435	200	100	0	31/12/2018	EUR	8,799	-88	
Assurcard NV Fonteinstraat, 1A/301 B-3000 Leuven BE 475.433.127	900	20	0	31/12/2018	EUR	3,003	106	
Bedrijvencentrum Regio Geraardsbergen Herenveld, 2 B-9500 Geraardsbergen BE 0456.832.584	32	27	0	31/12/2018	EUR	855	26	
Bora SA Rue des Croisiers, 24 B-4000 Liège BE 0444.533.281	484	100	0	31/12/2018	EUR	6,263	224	
Centrexperts NV Leuvensesteenweg,510/30 B-1930 Zaventem BE 0463.891.315	80	10	0	31/12/2018	EUR	87	25	
De Oostendse Haard ASBL Nieuwpoortsesteenweg, 205 B-8400 Oostende BE 0405.277.282	1,400	16	0	31/12/2018	EUR	18,417	-37	
E.D.A. SA Avenue de la Cokerie, 9 B-4030 Grivegnée BE 0823.162.982	10	10	0	31/12/2018	EUR	250	35	
Epimède Rue Lambert Lombard, 3 B-4000 Liège BE 0634.750.380	2,080	20	0	30/06/2019	EUR	1,498	-4.016	

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report				
	Directly		by the subsidiaries	Financial statements as of	Cur-rency	Equity	Net profit or loss	
	Number	%				(+ or -)		
			(in thousands of currency units)					
Ethias Patrimoine SA Rue des Croisiers, 24 B-4000 Liège NN 894.377.612	40	100	0	31/12/2018	EUR	21,660	1.194	
Ethias Services SA Rue des Croisiers, 24 B-4000 Liège NN 825.876.113	999	100	0	31/12/2018	EUR	331	174	
Ethias Sustainable Investment Fund SA (European Equities High Yield) Rue des Croisiers, 24 B-4000 Liège NN 865.127.063	223,060	91	9	31/12/2018	EUR	86,988	-22.628	
Ethias Sustainable Investment Fund SA (Global Equities) Rue des Croisiers, 24 B-4000 Liège NN 865.127.063	21,916	100	0	31/12/2018	EUR	19,748	-5.225	
Expertisebureau Bellefroid NV Kiewitstraat, 175,B-3500 Hasselt BE 0429.884.105	13	10	0	31/12/2018	EUR	747	44	
Foncière du Berlaymont SPRL Rue des Croisiers, 24 B-4000 Liège BE 0833.012.640	1,000	100	0	31/12/2018	EUR	136	-92	
Fonds d'économie solidaire du bassin industriel de Charleroi Bd Pierre Mayence,1 B-6000 Charleroi BE 0464.424.815	5,000	13	0	31/12/2018	EUR	781	-12	
Het Gehucht NV Rue des Croisiers, 24 B-4000 Liège BE 0808.840.636	500	100	0	31/12/2018	EUR	1,429	-50	
Immo Hofveld SA Rue des Croisiers, 24 B-4000 Liège NN 889.535.233	1,000	100	0	31/12/2018	EUR	1,192	64	
Immovignis SA Rue des Croisiers, 24 B-4000 Liège BE 0463.660.394	10,500	100	0	31/12/2018	EUR	68	-6	
Impulse Microfinance Investment Fund Sneeuwbeslaan, 20/2 B-2610 Antwerpen NN 870.792.160	1,200	11	0	31/12/2018	EUR	1,704	-240	
Jan Dockx SA Rue des Croisiers, 24 B-4000 Liège BE 0458.920.757	2,500	100	0	31/12/2018	EUR	2,204	-112	
Koala SA Rue des Croisiers, 24 B-4000 Liège BE 0873.412.150	400	100	0	31/12/2018	EUR	4,406	-80	
Les Hauts Prés SA Rue des Croisiers, 24 B-4000 Liège BE 0812.149.029	1,000	100	0	31/12/2018	EUR	6,459	67	
Lothian Developments IV SA Rue des Croisiers, 24 B-4000 Liège BE 0463.648.518	1,012,873	100	0	31/12/2018	EUR	2,950	133	

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report				
	Directly		by the subsidiaries	Financial statements as of	Currency	Equity	Net profit or loss	
	Number	%	%			(+ or -)		
				(in thousands of currency units)				
L'Ouvrier chez lui SA Rue d'Amérique, 26/1 B-4500 Huy BE 0401.465.578	9,000	51	0	31/12/2018	EUR	2,680	49	
Maison de l'Assurance Square de Meeus, 29 B-1000 Bruxelles BE 0403.306.501	2,776	11	0	31/12/2018	EUR	2,800	46	
Naos SA Route d'Arlon, 6 L-8399 Windhof B 207.559	670,000	67	0	31/12/2018	EUR	9,846	-46	
NEB Foncière SA Rue Louvrex, 95 B-4000 Liège BE 0480.029.838	42,530	68	0	31/12/2018	EUR	77,961	13.486	
NEB Participations SA Rue Louvrex, 95 B-4000 Liège BE 0480.029.739	9,856	23	0	31/12/2018	EUR	337	11	
Network Research Belgium SA Parc Industriel des Hauts-Sarts 2 ^e avenue, 65 B-4040 Herstal BE 0430.502.430	240	100	0	31/12/2018	EUR	3,136	16	
Palais des Expositions de Charleroi Rue de Liège, 12 B-6180 Courcelles BE 0401.553.571	145	29	0	31/12/2018	EUR	249	38	
Real Goed Invest Rue des Croisiers, 24 B-4000 Liège BE 0872.354.157	60,503	29	0	31/12/2018	EUR	64,748	5.276	
Sagitta SA Rue des Croisiers, 24 B-4000 Liège BE 0812.356.489	1,046	100	0	31/12/2018	EUR	2,419	-20	
Theodorus II SA Allée de la Recherche, 12 B-1070 Anderlecht BE 0879.436.147	600	11	0	31/12/2018	EUR	1,550	891	
Vecquim SA Rue des Croisiers, 24 B-4000 Liège BE 0459.183.449	600	100	0	31/12/2018	EUR	1,335	-82	
Veran Real Estate CY SA Rue des Croisiers, 24 B-4000 Liège BE 0894.106.012	100	100	0	31/12/2018	EUR	5,184	-73	
Vital Building SA Place Saint-Jacques, 11/105 B-4000 Liège BE 0875.171.810	5.000	50	0	31/12/2018	EUR	4,502	59	

N°3. ACTUAL VALUE OF INVESTMENTS

Asset items	Amounts
C. Investments	16,699,067,897
I. Land and properties	239,178,022
II. Investments in associates and share interests	644,281,329
- Associates	520,155,228
1. Participating interests	520,155,228
2. Certificates, bonds and receivables	0
- Other companies linked by a participating interest	124,126,100
3. Participating interests	107,792,834
4. Certificates, bonds and receivables	16,333,266
III. Other financial investments	15,811,470,983
1. Shares, participating interests and other variable income securities	653,387,832
2. Bonds and other fixed-income securities	14,485,757,209
4. Mortgage loans and mortgage credits	365,961,454
5. Other loans	303,839,333
6. Deposits with credit institutions	2,348,875
7. Others	176,279
IV. Deposits with ceding companies	4,137,563

N°3BIS. DERIVATIVE FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Estimate of the fair value of each class of derivative financial instruments not measured at fair value in the accounts, with indications on the nature and the volume of the instruments	Net book value	Fair value
Swap futures contracts, volume: 350,000,000 euros, rate risk	0	53,699,462
Bond futures contracts, volume: 200,000,000 euros, credit risk	0	842,051

N°5. STATEMENT OF CAPITAL

	Amounts	Number of shares
A. Share capital		
1. Subscribed capital (item A.I.1. of the liabilities)		
- Previous year end:	1,000,000,000	xxxxxxxxxxxxxxx
- Changes during the year:		
- Year end	1,000,000,000	xxxxxxxxxxxxxxx
2. Structure of the capital		
2.1. Shares, participating interests and other variable income securities		
Shares without indication of the nominal value	1,000,000,000	20,000,000
2.2. Registered shares of bearer shares		
Registered	xxxxxxxxxxxxxxx	20,000,000
G. Ownership structure of the company at the closing date of the accounts		
EthiasCo SCRL	xxxxxxxxxxxxxxx	1,000,010
Flemish Region	xxxxxxxxxxxxxxx	6,333,330
Walloon Region	xxxxxxxxxxxxxxx	6,333,330
Federal State (SFCl)	xxxxxxxxxxxxxxx	6,333,330

N°6. STATEMENT OF PROVISIONS FOR OTHER RISKS AND CHARGES - OTHER PROVISIONS

Breakdown of the liability item E.III	Amounts
Provision retirement plan	50,396,040
Provision for disputes	13,070,614
Other provisions for risks and charges	13,254,684

N°7. STATEMENT OF TECHNICAL PROVISIONS AND DEBTS

Liability items concerned	Amounts
a) Breakdown of the debts (or a part of the debts) with a residual maturity of more than 5 years.	
B. Subordinated debts	468,346,270
II. Non-convertible loans	468,346,270
Total	468,346,270
b) Debts (or part of the debts) and technical provisions (or part of the technical provisions) guaranteed by collaterals or irrevocably promised on the assets of the company.	
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	1,394,250,497
G. Debts	123,630,500
IV. Debts toward credit institutions	123,630,500
Total	1,517,880,997
c) Debts with regard to taxes, remunerations and social security costs.	
1. Taxes (item G.V.1.a) of the liabilities	
b) Non due tax debts	19,758,243
2. Remunerations and social security costs (item G.V.1.b) of the liabilities	
b) Other debts with regard to remunerations and social security costs	37,836,100
Total	57,594,343

N°8. STATEMENT OF ACCRUALS FOR LIABILITIES

Breakdown of the liability item H	Amounts
Financial income to be carried forward	757,187
Financial charges to be allocated (Bond Issue and REPO)	19,838,895

N°10. INFORMATION ON TECHNICAL ACCOUNTS

I. Non-Life insurance

Content	Total	Direct business			
		Total	Accidents and disease	Automobile Civil Liability	Automobile Other branches
			(branches 1 and 2)	(branch 10)	(branches 3 and 7)
1) Gross premiums	1,419,125,303	1,417,816,749	508,592,372	270,316,774	194,381,912
2) Earned gross premiums	1,417,514,848	1,416,500,163	508,466,058	272,151,349	195,029,556
3) Gross damages	1,108,617,117	1,124,625,348	439,223,804	227,525,650	120,354,000
4) Gross operating costs	265,547,335	265,350,491	60,220,164	60,550,376	41,930,797
5) Reinsurance balance	-7,824,290	-7,861,141	-1,165,707	-26,532	-1,044,830
6) Commissions (art. 37)		35,826,290	0	0	0

Content	Direct business				
	Marine Aviation Transport	Fire and other damages to properties	General Civil Liability	Credit and Bonding	Miscellaneous financial losses
	(branches 4, 5, 6, 7, 11 and 12)	(branches 8 and 9)	(branch 13)	(branches 14 and 15)	(branch 16)
1) Gross premiums	317,563	225,243,278	117,907,274	101,570	17,651,692
2) Earned gross premiums	319,712	222,898,916	116,603,688	100,892	19,176,284
3) Gross damages	11,986	147,079,977	115,250,548	4,944	14,462,760
4) Gross operating costs	135,089	51,635,701	22,698,876	50,649	4,540,057
5) Reinsurance balance	0	-11,809,262	6,239,138	0	0
6) Commissions (art. 37)	0	0	0	0	0

Content	Direct business		
	Legal protection	Assistance	Accepted cases
	(branch 17)	(branch 18)	
1) Gross premiums	41,210,526	42,093,788	1,308,554
2) Earned gross premiums	40,985,842	40,767,866	1,014,685
3) Gross damages	29,512,093	31,199,586	-16,008,231
4) Gross operating costs	9,946,887	13,641,895	196,844
5) Reinsurance balance	0	-53,948	36,851
6) Commissions (art. 37)	0	0	0

II. Life insurances

Content	Amounts
A. Direct business	
1) Gross premiums:	1,251,382,348
a) 1. Individual premiums	51,549,074
2. Premiums under group insurance contracts	1,199,833,274
b) 1. Periodic premiums	994,372,805
2. Single premiums	257,009,543
c) 1. Premiums for non-bonus contracts	26,549,186
2. Premiums for bonus contracts	1,224,583,810
3. Premiums from contracts where the investment risk is not borne by the company	249,352
2) Reinsurance balance	-1,218,550
3) Commissions (art. 37)	3,776,461
B. Accepted cases	
Gross premiums:	0

III. Non-Life insurance and Life insurance, direct business

Content	Amounts
Gross premiums:	
- in Belgium	2,580,000,093
- in the other states of the EEC	90,507,557

N°11. STATEMENT ON PERSONNEL EMPLOYED

Categories	2019		
	Total number at closing date	Total average number of persons employed (*)	Number of hours worked
Personnel under employment or internship contract (**)	1,887	1,710	2,427,522
Temporary staff and persons made available to the company	0	1	1,402
Total	1,887	1,711	2,428,924

Categories	2018		
	Total number at closing date	Total average number of persons employed (*)	Number of hours worked
Personnel under employment or internship contract (**)	1,829	1,687	2,416,767
Temporary staff and persons made available to the company	-	7	12,567
Total	1,829	1,694	2,429,334

(*) The average number of employees is calculated in full time equivalents in accordance with Article 12, § 1 of the Royal Decree of 12 September 1983 implementing the law of 17 July 1975 on the accounting and the annual accounts of companies.

(**) The staff under employment or internship contract is made up of workers entered in the staff register and linked to the company by an employment contract or an internship contract within the meaning of Royal Decree N° 230 of 21 December 1983.

As for the personnel:

A. The following information relating to the financial year and to the previous financial year, concerning employees entered in the personnel register and connected to the enterprise by an employment contract or by a first employment agreement	2019	2018
a) Their total number at the financial year's closing date	1,887	1,829
b) The average number of personnel employed by the company during the previous financial year, calculated in full-time equivalents and broken down according to the following categories:	1,710	1,687
- management staff	25	29
- clerical staff	1,685	1,658
c) The number of hours worked	2,427,522	2,416,767

A. The following information relating to the financial year and the previous financial year, concerning temporary staff and persons made available to the company	2019	2018
a) Their total number at the financial year's closing date	0	-
b) Average number of full-time equivalents calculated in a similar way to employees registered in the personnel register	1	7
c) The number of hours worked	1,402	12,567

N°12. STATEMENT ON ALL ADMINISTRATIVE AND MANAGEMENT COSTS, BROKEN DOWN BY TYPE

Name	Amounts
I. Employee benefit expenses	207,047,475
1) a) Remunerations	109,571,047
b) Pensions	0
c) Other direct social benefits	61,005,349
2. Employers' social security contributions	35,715,843
3. Employers' allowances and premiums for extra-legal insurances	147,985
4. Other employee benefit expenses	1,674,876
5. Provisions for pensions, remuneration and social security costs	-1,067,624
a) Appropriations (+)	0
b) Expenditures and reversals (-)	-1,067,624
II. Services and other goods	153,602,919
III. Depreciation and write-down on intangible and tangible assets other than investments	34,712,951
IV. Provisions for other risks and expenses	2,520,000
1. Allocation (+)	2,520,000
2. Expenditures and reversals (-)	0
V. Other current expenditure	9,963,981
1. Fiscal operating costs	1,437,690
a) Property tax	1,338,987
b) Others	98,704
2. Contributions to public bodies	5,250,970
4. Others	3,275,320
VI. Administrative costs recovered and other current income (-)	-5,022,834
1. Recovered administrative costs	5,022,834
b) Others	5,022,834
Total	402,824,492

N°13. OTHER INCOME, OTHER COSTS

	Amounts
A. Breakdown of the other income (item 7 of the non-technical account)	
Reversals of write-downs on litigations	11,043,603
Capital gains realised on assets other than investments	14,028
Received commissions	768,017
Others	564,890
B. Breakdown of the other costs (item 8 of the non-technical account)	
Amortizations	757,481
Impairments on receivables	15,591,811
Capital losses realised on assets	3,023,133
Provisions for risks and charges	-7,045,067
Divestiture of the FIRST A portfolio	498,365
Equity-related charges	664,916
Others	457,562

N°15. INCOME TAXES

	Amounts
A. Breakdown of item 15 a) 'Taxes':	12,872,940
1. Income taxes for the financial year:	12,872,940
a) Refundable advance payments and prepay-ments	15,615,165
c. Excess of advance payments and / or capitalized refundable withholding taxes (-)	-2,742,225
2. Income taxes on previous periods:	0
a) Additional income taxes due or paid:	0
B. Main sources of differences between the profit before tax, as stated in the accounts, and the estimated taxable profit	
- Changes in reserves, provisions and taxable impair-ments (excluding shares):	-10,025,470
- Income exempt and non-allowable losses on shares:	-13,771,508
Disallowed expenses (excluding shares):	11,105,850
- Miscellaneous deductions (previous losses, notional interest, income from innovation ...)	-137,061,275
D. Sources of deferred tax assets:	
1. Deferred tax assets	1,308,600,000
- Accumulated tax losses and definitively taxed in-come ("RDT") (carry-forward)	222,600,000
- Taxed technical provisions:	1,045,700,000
- Taxed impairments and other taxed reserves:	40,300,000
2. Future tax liabilities	11,900,000
Surplus value (spread taxation):	11,900,000

N°16. OTHER TAXES AND CHARGES BORNE BY THIRD PARTIES

	2019	2018
A. Charges:		
1. Charges on insurance contracts borne by third parties	258,542,808	257,137,180
2. Other charges borne by the company	1,070,966	1,296,303
B. Amounts retained on behalf of third parties in respect of:		
1. Withholding tax on earned income	292,284,157	293,890,916
2. Withholding tax (on dividends)	948,690	1,259,332

N°17. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

	Amounts
A. Guarantees given or irrevocably promised by third parties on behalf of the company*:	
B. Personal guarantees given or irrevocably promised on behalf of third parties:	
C. Real guarantees given or irrevocably promised by the company on its own assets as security for debts and commitments	
a) of the company:	133,960,153
D. Collateral received (others than in cash):	
a) securities and values of reinsurers:	102,909,389
b) others:	645,186,484
H. Others:	1,041,479,695
Commitments to acquire real estate	29,194,723
Infrastructure lending commitments	7,529,305
Financial lending commitments	16,200,000
Public Bodies lending commitments	10,000,000
Mortgage lending commitments	3,473,903
Participating interest commitments	1,034,880
Bond fund commitments	69,256,637
Equity fund commitments	28,848,383
Infrastructure fund commitments	36,542,723
Commitments to acquire other securities	562,474,000
Commitments to dispose of other securities	274,515,500
IT projects commitments	2,409,640

N°18. RELATIONSHIPS WITH ASSOCIATES AND COMPANIES LINKED BY A PARTICIPATING INTEREST

Relevant items of the balance sheet	Associates		Companies linked by a participating interest	
	2019	2018	2019	2018
C. II. Investments in associates and participating interests	342,528,728	352,617,381	52,137,059	67,568,184
1 + 3 Participating interests	342,528,728	318,725,283	36,152,521	38,999,125
2 + 4 Certificates, bonds and re-ceiveables	0	33,892,098	15,984,538	28,569,059
- Others	0	33,892,098	15,984,538	28,569,059
D. II. Investments in associates and participating interests	4,354,388	2,137,046	0	0
1 + 3 Share interests	4,354,388	2,137,046	0	0
E. Receivables	131,822	310,918	0	0
I. Receivables arising from direct insurance operations	131,822	310,918	0	0
III. Other receivables	0	0	0	0
B. Subordinated debts	3,500,000	3,500,000	0	0
G. Debts	28,018,734	20,690,001	0	0
I. Receivables arising from direct insurance operations	0	560,888	0	0
V. Other debts	28,018,734	20,690,001	0	0

N°18BIS. RELATIONS WITH ASSOCIATES

Relations with the associates (*)

	2019	2018
1. Amount of the financial fixed assets	21,253,268	20,793,452
- Participating interests	21,253,268	20,793,452

N°19. FINANCIAL RELATIONS WITH:

	Amounts
A. Guarantees given or irrevocably promised by third parties on behalf of the company (*):	
1. Outstanding receivables on these persons	0
4. Direct and indirect remunerations and allocated pensions charged to the income statement	
- to directors and managers (*)	416,218
(*) For non-executive directors and without remunerations and other benefits of the executive committee (Pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge)	

N°19BIS. FINANCIAL RELATIONS WITH:

The statutory auditor and the persons with whom he is linked	Amounts
1. Remuneration of the statutory auditor:	650,250
2. Fees for exceptional services or special missions accomplished within the company by the statutory auditor:	119,080
- Other control missions	119,080
- Other missions outside the audit missions	0
3. Fees for exceptional services or special missions accomplished within the company by the persons with whom the statutory auditor is linked:	31,619
- Tax advice missions	24,119
- Other missions outside the audit missions	7,500

N°20. VALUATION RULES

The valuation rules applicable on the income statement are mentioned below.

Asset side of the balance sheet**Intangible assets (heading B)**

Intangible assets are capitalized at their purchase or cost price, including incidental expenses.

Software and development costs are capitalized if they relate to investment projects, i.e. large-scale projects that introduce or replace an important business objective or model.

Computer software and licences that have been purchased or internally created for own use are stated at historical cost, less depreciation and any impairment of assets. Internally created software and licenses are only recognized as intangible assets when the following conditions are met: identification criteria for the asset, control of resources, probability of future economic profits and the ability to measure cost reliably.

Software developed by third parties, as well as internal and external development costs for investment projects, are amortized on a straight-line basis over 5 years from the time the software or developments are ready for use, while for "core" systems with a longer useful life, the term is 10 years.

Internal and external research costs related to these projects, as well as all costs related to ICT projects other than investment projects, are directly included in the income statement. "

Intangible assets other than IT investment projects are amortized on a straight-line basis at a rate of 20%, except for amortization of development costs and goodwill when the useful life cannot be reliably estimated, which is spread over a maximum period of ten years. The amortization period of goodwill is justified in the note to the financial statements.

Investments (heading C)

Land and properties (sub-heading C.I.)

They are capitalized at their purchase or cost price, including incidental expenses.

Land is not depreciated.

Immovable properties acquired before 1 January 2011 are depreciated using the linear method at the following rates:

- Immovable properties: 2 %
- Alterations: 10 %

Immovable properties acquired after 1 January 2011 are divided in the following categories:

- Structural work
- Roof
- External woodwork
- Special techniques
- Finishing

These immovable properties are depreciated on a straight-line basis over the expected useful life of each component, after deduction of their residual value, provided that they can be determined reliably.

Investments in associates and participating interests (sub-heading C.II)

These investments are subjected to depreciation in case of durable impairments. Additional or exceptional impairments can be recognized on a proposal from the Executive Committee.

Other financial investments (sub-heading C.III.)

Shares, participating interests and other variable income securities (C.III.1)

These investments are subjected to impairments in case of durable capital loss. The existence of a significant unrealised loss with regard to the purchase price, determined on the basis of the weighted average price over a period of 12 consecutive months preceding the closing, is a criterion of durable impairment. The capital loss is qualified as important when it exceeds the purchase price by 20 % in a normal market context. This criterion can be submitted to the Executive Committee for consideration when the markets are more volatile.

Additional or exceptional impairments can be recognised on a proposal from the Executive Committee. The impact of these impairments are included in the notes accompanying the income statement provided that they represent an important amount.

In case of disposal of securities, the book value, used to calculate the realised gains and losses, is determined on the basis of the weighted average price.

Bonds and other fixed-income securities (C.III.2)

These investments are recognized in the balance sheet at their purchase price.

However, when their actuarial yield, calculated at the time of the purchase (taking into account their redemption amount at maturity) differs from their nominal yield, the difference between the purchase and the redemption amount is recognized through profit or loss, pro rata temporis for the remaining duration of the securities, as elements of the interest yields on these securities and is recorded as increase or decrease of their purchase price. Taking into account the actuarial yield at the time of the purchase, this difference is recognized through profit or loss on a discounted basis.

In accordance with the principles of Article 19 paragraph 1, impairments are systematically applied to the bonds, mentioned in the item C.III.2. of assets, in order to reflect the risk that the counterparties of such securities and receivables do not fully or partially honour their commitments relating thereto, including, but not limited to, the probability that the reimbursement of these securities and receivables is in whole or partly uncertain or compromised. When the market value of these securities and receivables is permanently lower than their net book value, this circumstance is, unless proved otherwise, presumed to be an other-than-temporary impairment which is to be considered for the application of this provision.

The application of the above rules and the decision to recognize an impairment or not is subject to an analysis at each balance sheet closing date. In that analysis, we take into account the following criteria to identify durable losses in value, on the one hand, and to assess whether the recognition of an impairment is required:

Criteria for determining durable losses in value

- The insurance portfolio / the relevant separate management;
- The ability of the company to hold these securities to maturity;
- The duration of the unrealised loss observed.

Criteria taken into account to determine whether an impairment should be recognized

- A significant increase in credit spreads for listed issuers;
- A significant deterioration in credit rating;
- A voluntary or imposed restructuring of the debt;
- The occurrence of a credit event under ISDA rules;
- Significant financial difficulties;
- A failure to pay interests or principal;
- The disappearance of an active market for that financial asset because of financial difficulties;
- A significant decrease in the value of collateral or underlying assets.

With regard to the perpetual loans, the difference between their purchase price and their lower market value is to be considered as a permanent impairment so that these securities are valued at the lowest value between their book value and their market value.

In case of disposal of securities, the book value, used to calculate the realised gains and losses, is determined on the basis of the weighted average price.

Within the framework of an arbitrage operation, the realised gains and losses on the balance sheet are maintained and recognized through profit or loss over the term of the re-investment.

Mortgage loans and mortgage credits - Other loans (C.III.4 & C.III.5)

Impairments are applied to this loans according to the same rule as the one applied to item C.III.2 above.

Investments related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These investments are recognized in the balance sheet at their actual value (market value).

Deposits with credit institutions (sub-heading C.III.6)

Receivables (heading E)

Available values (sub-heading F.II)

These items are recognized at their nominal of purchase price.

Impairments are registered to take into account the uncertainties of their recovery.

Reinsurers' share of technical provisions (heading D. bis)

This item shows the reinsurers' commitment. The amounts recorded are obtained in accordance with the various applicable reinsurance treaties.

Other asset elements (heading F)

Tangible assets (sub-heading F.I)

The tangible assets are capitalized at their purchase or cost price, including incidental expenses.

The depreciations are carried out using the linear method at the following rates:

- plant, machinery, electronic equipment: 33 1/3 %
- rolling stock: 25 %
- office furniture and equipment: 10 %

The office furniture and equipment of which the purchase price is lower than 250 euros are depreciated within the first year.

- medical devices: 20 %

Liability side of the balance sheet

Technical provisions (heading C)

These provisions are calculated with prudence, taking into account the statutory and regulatory dispositions established by different control organisations.

The provision for equalization and catastrophe is valued using the actuarial method.

Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These provisions are estimated based on the actual value of the assets under heading D.

Provisions for other risks and expenses (heading E)

The provisions for foreseeable risks and expenses are determined with prudence, sincerity and good faith.

The provisions with regard to the previous financial years are regularly reviewed and recognized through profit or loss if they serve no longer any purpose.

Deposits received from reinsurers (heading F) and debts (heading G)

These items are recognized at their nominal value.

Other particular rules

Accounts denominated in currencies

The monetary items are valorized in euros at the spot price at the closing date of the financial year.

The non-monetary items are maintained in euro at their purchase price.

The balance of the negative differences resulting from the conversion of monetary items, other than the technical provisions, is recognized through profit or loss. The balance of the positive differences is recognized in the accruals as deferrable proceed.

Derivatives

The derivative financial instruments, used on a speculative basis, follow the prudence principle. This means that the unrealised losses are subjected to impairments or are used to constitute provisions for financial risks. However, the unrealised gains are not recognized through profit or loss.

The forward transaction in micro hedging or concluded within the framework of the ALM management are symmetrically valued with the allocation of costs and income of the hedged items for the residual lifetime of these items. Forward transactions for hedging purposes are forward transactions having the purpose of the effect to compensate or to reduce the risk on an asset, a liability, a right, an obligation, an off-balance sheet commitment or a set of items that are homogeneous in nature with regard to their sensitivity to interest rate variations.

Finally, the hedging transactions or the transactions concluded within the framework of the ALM management must be recognized as such and this, from the conclusion of the transaction.

N°21. CHANGES TO VALUATION RULES:

None.

N°22. DECLARATION REGARDING THE CONSOLIDATED INCOME STATEMENT

The company prepares and publishes a consolidated income statement and a consolidated annual report in accordance with the Royal Decree on the consolidated income statement of insurance and reinsurance companies:

yes / no (°): Yes

N°23. ADDITIONAL INFORMATION TO BE PROVIDED BY THE COMPANY ON THE BASIS OF THE DECREE OF 17/11/1994

Art. 27 bis § 3, last paragraph	Amounts		
2. Bonds and other fixed-income securities	31,947,126		
Derivative financial instruments used			
Forward buy swaps	3 financial year transactions		
Forward bonds coupled with forward swaps	12 financial year transactions		
Cap/floor	2 disposal transactions		
Index Put	4 acquisition transactions		
Profit and loss accounts	Result	Reversal of im-pairment losses	Provision for impairment losses
Forward bonds coupled with forward swaps	1,015,830	0	0
Cap/floor	0	0	-27
Index Put	0	0	-458,398

Goodwill

The amount of 45 million euros shown on the assets side of the balance sheet under the heading «II.1 Intangible assets - Goodwill» includes:

- Goodwill resulting from the merger with Whestia in 2017, for a net amount of 18 million euros (gross value of 26 million euros), amortized over the duration of the commitments, viz. 10 years.
- Goodwill resulting from the acquisition of the “Work Accidents Law 1967” portfolio as at 31 December 2017, for an amount of 27 million euros (gross value of 34 million euros), amortized over 10 years, based on the duration of the commitments

Other intangible assets

Technological choices made to support the Non-Life insurance business led to the recognition of an additional depreciation of 15 million euros.

Allocation to the flashing-light provision

On 26 November 2019, the National Bank confirmed, pursuant to Article 34quinquies, § 4 of the Royal Decree of 1 June 2016 amending the Royal Decree of 17 November 1994 on the annual accounts of insurance and reinsurance companies, that it granted to Ethias SA the exemption from the obligation to provide additional provisions for the 2019 financial year, as the solvency requirements were met.

Covid-19 crisis

At the time of writing this report, the consequences of the pandemic for the company cannot be accurately estimated. While this event has no impact on the annual financial statement of the company at 31 December 2019, it could however have a potentially significant impact on the company’s solvency, as well as on its technical and financial results, depending on the economic impact of this crisis (see point 6 of chapter II. Report of the Board of Directors).

On this basis, and following the circular NBB_2020_012 of 7 April 2020 (see point 1.1 of chapter II. Report of the Board of Directors), the Board of Directors will propose to the General Assembly of 20 May 2020 not to pay dividends and to appropriate the result of the financial year to the profit carried forward.

Ethias SA’s solvency at 31 December 2019 stands at 191% and therefore provides a solid base to withstand this crisis. In addition, the situation is closely monitored by the management, who continually ensure that the best response is given to any new information. In that respect, we remain confident about Ethias’ solidity in this particular context.

4. Social balance sheet

Number of the joint committee competent for the company: 306

Situation of the persons employed

Employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.

2019 (During the year)	Total	Men	Women
Average amount of employees			
Full-time	1,448	812	636
Part-time	406	126	280
Total in full-time equivalents (FTE)	1,710	883	827
Number of hours actually worked			
Full-time	2,052,435	1,172,047	880,387
Part-time	375,087	108,947	266,140
Total	2,427,522	1,280,995	1,146,527
Employee benefit expenses			
Full-time	175,055,670	99,965,926	75,089,744
Part-time	31,991,805	9,292,311	22,699,495
Total	207,047,475	109,258,237	97,789,239
Amount of benefits granted in addition to wages	287,787	151,864	135,923

2018 (During the year)	Total	Men	Women
Average amount of employees	1,687	883	804
Number of hours actually worked	2,416,767	1,291,268	1,125,499
Employee benefit expenses	181,052,641	94,542,173	86,510,468
Amount of benefits granted in addition to wages	266,145	138,976	127,169

2019 (At the financial year's closing date)	Full-time	Part-time	Total (FTE)
Number of employees	1,486	401	1,747
By type of employment contract			
Permanent contract	1,397	400	1,657
Fixed-term contract	82	1	83
Replacement contract	7		7
By sex and educational level			
Men	818	131	892
secondary education	122	62	155
higher non-university education	427	44	453
university education	269	25	284
Women	668	270	855
secondary education	86	82	136
higher non-university education	329	137	431
university education	253	51	288
By professional category			
Management staff	24	1	25
Clerical staff	1,462	400	1,722

Temporary staff and persons made available to the company

2019 (During the year)	Temporary staff
Average number of persons employed	1
Number of hours actually worked	1,402
Costs for the company	33,644

Table of the staff turnover during the financial year

Entries	Full-time	Part-time	Total (FTE)
Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.	139	4	142
By type of employment contract			
Permanent contract	70	4	73
Fixed-term contract	67	0	67
Replacement contract	2	0	2

Exits	Full-time	Part-time	Total (FTE)
Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.	81	4	83
By type of employment contract			
Permanent contract	54	4	56
Fixed-term contract	26	0	26
Replacement contract	1	0	1
By reason of termination of the contract			
Retirement	7	0	7
Unemployment with company allowance	0	0	0
Dismissal	12	0	12
Other reason	62	4	64

Information about training for employees during the financial year

2019	Men	Women
Formal initiatives of continuing vocational training paid by the employer		
Number of employees involved	469	474
Number of hours of training	12,182	13,204
Net costs for the company	1,085,848	1,120,067
of which gross costs directly linked to trainings	1,021,515	1,061,345
of which contributions and deposits paid to collective funds	24,774	22,613
of which allowances and other financial benefits received (to be deducted)	39,559	36,108
Less formal or informal initiatives of continuing vocational training paid by the employer		
Number of employees involved	872	892
Number of hours of training	5,756	6,466
Net costs for the company	356,009	399,922

5. Remuneration of the directors

Name of the director (non-executive and executive)	Function in Ethias SA	Remuneration Ethias SA (attendance fees)	Remuneration Ethias SA (fixed compensation)	Number of meetings Ethias SA (Board - Audit & Risk Committee - Appointments & Remuneration Committee)
Myriam Van Varenbergh	Chair	18,000.00	27,500.00	22
Jacques Braggaar	Non-executive director	22,562.56	9,500.00	17
Marc Descheemaecker	Non-executive director	19,000.00	12,500.00	23
Kathleen Desmedt	Non-executive director	17,560.76	7,500.00	12
Philippe Donnay	Non-executive director	23,000.00	12,500.00	27
Olivier Henin	Non-executive director	26,090.55	9,500.00	22
Ingrid Loos	Non-executive director	37,760.01	12,500.00	26
Marc Meurant	Non-executive director	30,277.52	12,500.00	26
Philip Neyt	Non-executive director	13,000.00	7,500.00	13
Anne-Marie Seeuws	Non-executive director	21,544.52	9,500.00	21
Karl Van Borm (*)	Non-executive director	8,000.00	7,500.00	8
Bruno van Lierde	Non-executive director	23,000.00	22,500.00	26
Philippe Lallemand (**)	CEO	0.00	0.00	35
Benoît Verwilghen (**)	Vice-CEO/CCO	0.00	0.00	25
Cécile Flandre (**)	CFO	0.00	0.00	26
Frank Jeusette (**)	CRO (Until 22 May 2019)	0.00	0.00	-
Benoit-Laurent Yerna (**)	CRO (as from September 02, 2019)	0.00	0.00	14

(*) paid to the City of Antwerp

(**) pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge

Name of the director	Function	Remuneration company within the scope of consolidation NRB (***) (Attendance fees)	Remuneration company within the scope of consolidation NRB (***) (Fixed compensation)	Number of meetings NRB (Board of Directors, Appointments and Remuneration Committee, Audit Committee)
Philippe Lallemand	Chairman	4,500.00	12,500.00	9
Brigitte Buyle	Non-executive director	3,000.00	5,000.00	6

(***) paid to Ethias SA

Name of the director	Function	Remuneration company within the scope of consolidation NRB (Attendance fees)	Remuneration company within the scope of consolidation NRB (Fixed compensation)	Number of meetings NRB (Board of Directors, Appointments and Remuneration Committee, Audit Committee)
Myriam Van Varenbergh	Non-executive director	3,000.00	5,000.00	6
Bruno van Lierde	Non-executive director	4,500.00	6,250.00	9

Name of the member of the executive committee	Function	Gross remuneration (*)	Gross variable remuneration (*)
Philippe Lallemand	CEO	427,117.71	61,255.00
Benoît Verwilghen (1)	Vice-CEO/CCO	353,084.28	39,349.17
Brigitte Buyle	CDTO	285,551.39	38,143.12
Cécile Flandre (1)	CFO	280,435.20	32,964.18
Frank Jeusette	CRO (Until 22 May 2019)	249,600.80	29,681.24
Luc Kranzen	CSO	288,021.69	28,769.32
Benoit-Laurent Yerna	CRO (as from September 02, 2019)	81,320.40	1,115.50

(*) Does not include other benefits.

(1) Independent status

6. Statutory auditor's report on the financial statements for the year ended 31 December 2019



ETHIAS SA/ NV

Statutory auditor's report to the general shareholders' meeting on the annual accounts for the year ended 31 December 2019

29 April 2020

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ETHIAS SA/ NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of Ethias SA/ NV (the "Company"). This report includes our report on the annual accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 17 May 2017, following the proposal formulated by the board of directors and following the recommendation by the audit and risk committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the Company's annual accounts for 12 consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 17.382.567.236 and a profit and loss account showing a profit for the year of EUR 189.522.168.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2019, and of its results for the year then ended, in accordance with the financial-reporting framework applicable to insurance companies in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the annual accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

Emphasis of Matter – subsequent event



As far as the outbreak of COVID 19 is concerned, we draw your attention to point 7 of the directors' report and Note 23 of the annual accounts in which the board of directors expresses their view that, although the consequences thereof may have a significant impact on the Company's operations in 2020, such consequences do not have a material impact on the Company's financial position for the year ended 31 December 2019. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adequacy of the technical provisions

Description of the key audit matter

As at 31 December 2019, the technical provisions amount to EUR 13.403 million, and represent 77% of the total balance sheet.

The adequacy test of these provisions is a relatively complex process requiring a significant level of judgement. The assumptions used can be affected by the economic conditions, future management actions as well as the legislations and regulations applicable to the Company.

Given the materiality of these technical provisions in the annual accounts as well as the risk of inadequacy, we consider the adequacy of the technical provision as a key audit matter.

How our audit addressed the key audit matter

Assisted by our internal actuarial experts, we reviewed the design and tested the operational effectiveness of the key controls put in place by the Company to guarantee the adequacy of the technical provisions. We have focused our audit efforts especially on the controls implemented by the Company to ensure the quality of the data used in the adequacy test of the technical provisions.

We also assessed the relevance of the adequacy test of the technical provisions, considering the current market conditions, as well as its adequacy in respect of the observed technical results in the period under review.

Finally, we performed an independent test on the adequacy of the technical provisions, of which the outcome was compared with the amounts as determined by the Company.

We also shared and corroborated our conclusions with the actuaries and the actuarial function of the Company.

Result of our procedures

Based on our audit, it is our view that the assumptions used to determine the adequacy of the technical provisions are reasonable. In the course of our independent testing, we did not find any exceptions in respect of the adequacy of the technical provisions.

Valuation of investments for which no quoted price in an active market is available

Description of the key audit matter

The Company holds investments for which no quoted price in active markets is available. Indeed, the fair value of a certain number of investments is determined using valuation methods based on observable market data or on unobservable market data.

As at 31 December 2019, the Company holds assets valued by a non-independent counterparty (mainly bonds and other fixed income securities) for an amount of EUR 494 million and internally valued assets (mainly corporate bonds) for an amount of EUR 131 million.

The valuation of these investments is a key audit matter due to the significance of the estimates made and the impact that the valuation can have on note 3 of the annual accounts and the determination of impairments to be accounted for.

How our audit addressed the key audit matter

We reviewed the design and tested the operational effectiveness of the key controls put in place by the Company to guarantee the accuracy of the valuation of these investments.

For a sample of investments, we also reviewed the estimates made and the key assumptions applied to determine the fair value. We also tested the standing data used to determine the fair value.

Finally, we relied on valuation experts in financial instruments who independently recalculated the fair value of a sample of investments.

Result of our procedures

It is our view that the key assumptions applied in determining the fair value of these investments are reasonable.

In the course of our independent testing, we did not find any exceptions in respect of the determination of the fair value of the investments for which no quoted price in an active market is available.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable to insurance companies in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.



In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts of insurance companies in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the director's report, the separate report on non-financial information and the other information included in the annual report, of the documents required to be deposited by virtue of the legal and regulatory requirements as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code as from 1 January 2020, the Companies' Code until 31 December 2019 and the Company's articles of association.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, the separate report on non-financial information and the other information included in the annual report, certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code as from 1 January 2020 and of the Companies' Code until 31 December 2019, and to report on these matters.

Aspects related to the directors' report and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report and to the other information included in the annual report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report and the other information included in the annual report, is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.



The non-financial information is included in a separate report of the annual report. This report of non-financial information contains the information required by virtue of article 3:6, §4 of the Companies' and Associations' Code, and agrees with the annual accounts for the same year. The Company has prepared the non-financial information, based on "UN Global Compact" which is internationally recognized. However, in accordance with article 3:75, §1, 6° of the Companies' and Associations' Code, we do *not* express an opinion as to whether the non-financial information has been prepared in accordance with the said "UN Global Compact" framework.

Statement related to the social balance sheet

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required by virtue of this Code and does not present any material inconsistencies with the information we have at our disposition in our engagement.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

Other statements

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable to insurance companies in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code (as from 1 January 2020) and the Companies' Code (until 31 December 2019) that we have to report to you.
- This report is consistent with the additional report to the audit and risk committee referred to in article 79 of the Law of 13 March 2016 related to the status and the control of the insurance companies or reinsurance companies, which refers to the article 11 of the Regulation (EU) N° 537/2014.
- In accordance with the article 523 of the Companies' Code, we are required to report on the following operations that took place during the exercise closed on 31 December 2019: during its meeting on 27 March 2019, the Board of directors assessed the achievement of the 2018 objectives and set the 2019 objectives for the members of the executive committee. The members of the executive committee abstained from taking part in the deliberation and the vote of the board of directors, being found that they had, within the meaning of article 523 of the Belgian Companies' Code, an opposite interest of a financial nature in the decision that the board of directors was likely to take, viz. the



awarding of a variable remuneration based on the achievement of their 2018 objectives, the setting of the 2019 objectives of the members of the executive committee, which intervene in the 2020 variable remunerations.

Liège, 29 April 2020

The statutory auditor
PwC Réviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor

7. Note: Declaration on non-financial information

ethias



**RAPPORT
NON
FINANCIER**

2019





INTRODUCTION

En 2019, Ethias a fêté son centenaire, démontrant ainsi sa réelle expertise en matière de « durabilité » au sein de la société et de l'économie belges. Si faire figure d'autorité dans son secteur durant un siècle demande d'avoir les deux pieds ancrés dans la société, il faut aussi être capable d'anticiper les tendances et les évolutions pour pouvoir en tirer le meilleur parti.

Avec la crise sans précédent qui frappe le monde en ce printemps 2020, réfléchir au modèle que nous voulons pour la société, prévoir et préparer le monde de demain, font plus que jamais partie de nos ambitions, en tant qu'assureur direct et digital de premier plan, leader du secteur public.

2019 a été une « année charnière » en termes social, sociétal et économique : mouvements de protestation inédits de la jeunesse contre le réchauffement climatique, bouleversements climatiques qui se multiplient aux quatre coins de la planète, inégalités qui se creusent, le Brexit, l'approche des élections présidentielles américaines et les guerres commerciales qui ont influencé l'économie ainsi que nos modes de vie et de consommation...

Il était clair, tant au niveau national qu'euro-péen, que des actions radicales allaient devoir être prises de toute urgence.

Mais le Covid-19 a littéralement bouleversé le monde. Face à la pandémie, Ethias a immédiatement pris ses responsabilités et mis en place des actions concrètes, répondant aux besoins de sécurité de son personnel, aux besoins de sécurité sanitaire et financière de ses clients mais également des populations les plus exposées ou démunies. Nous avons ainsi pu :

- Permettre à la quasi-totalité de nos collaborateurs de travailler depuis leur domicile, assurant ainsi leur sécurité et celle de leur famille.

ethias

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SIÈGE POUR LA RÉGION DE LANGUE ALLEMANDE

Klötzerbahn 24-26
4700 EUPEN

Tél. + 32 (0)87 59 10 00
Fax + 32 (0)87 59 10 09

ethias.be

- Garantir un service ininterrompu vis-à-vis de notre clientèle, en favorisant toutes les fonctionnalités digitales : site web, espace client, ventes en ligne, Live-chat... et en renforçant ses Contact Centers, à l'écoute des clients.
- Apporter une aide d'urgence à la Croix-Rouge et à Médecins sans Frontières et relayer les appels aux dons.
- Mettre en place un certain nombre de mesures exceptionnelles, individuelles et sectorielles, pour aider les citoyens et les entreprises affectés financièrement par la crise. Concrètement, nous avons ainsi immédiatement cessé les recouvrements de primes et postposé les révisions tarifaires, postposé les paiements des primes d'un certain nombre de contrats jusqu'au 30 septembre, maintenu la couverture de contrats collectifs pour les personnes en chômage technique, suspendu certains contrats d'entreprises à l'arrêt, remboursé les primes couvrant des événements annulés ou encore, étendu les couvertures AT et RC à tous les volontaires appelés à la rescousse par nos assurés en première ligne (hôpitaux, maisons de retraite, communes, CPAS, Police, Croix-Rouge, MSF...).
- Développer une App solidaire permettant de mettre en contact des bénévoles et des personnes ayant besoin d'aide, aussi diverse soit-elle. Soulignons ici la prouesse technique d'une équipe en confinement et l'illustration de la pertinence et de la force d'un écosystème au service de tous.

À l'heure d'imprimer ces lignes, la crise n'est pas encore derrière nous. En sa qualité d'assureur, d'investisseur, d'acteur sociétal et d'entrepreneur, Ethias continuera à mettre tout en œuvre pour contribuer à réduire les conséquences négatives de cette catastrophe mondiale sur ses assurés et la société belge.

Si le Covid-19 a bouleversé le monde, tant sur le plan humain et sanitaire qu'économique et politique, faisant passer toute autre problématique au second plan, il nous a également confortés dans l'idée que nos modes de vie devront être repensés.

Dans ce contexte hors du commun Ethias joue plus que jamais, grâce à son modèle unique de proximité, un rôle sociétal important que ce soit en termes de santé, de mobilité et de vieillissement de la population.

Le trophée Decavi qu'Ethias a remporté fin 2019 pour son engagement sociétal en est d'ailleurs la plus belle preuve!

Ce rapport non financier, conçu autour de 3 axes - People, Profitabilité & Planet - brosse un aperçu des nombreuses réalisations RSE d'Ethias en 2019. L'adhésion au Pacte mondial des Nations Unies a été renouvelée. Parmi les objectifs de développement durable (Sustainable Development Goals ou SDG) élaborés par cette organisation, nous avons sélectionné plusieurs thèmes qui ont été déclinés en actions concrètes. Nous avons également opéré de nombreuses transformations en interne qui nous amènent à être, plus que jamais, prêts à accompagner les besoins de nos clients et à relever les défis sociétaux qui se profilent.

Enfin, ce rapport lève un coin du voile sur les grandes lignes de notre plan d'actions pour 2020. Malgré la catastrophe qui nous frappe, les collaborateurs d'Ethias sont plus motivés que jamais pour développer des produits et services contribuant à la société durable de demain et construire un plan Neutralité Carbone pour les prochaines années, marquant ainsi notre adhésion au Green Deal Européen !

Nous vous souhaitons une agréable lecture et restons – avec l'ensemble des collaborateurs – à votre écoute.



Myriam VAN VARENBERGH

Présidente du Conseil d'administration



Philippe LALLEMAND

Président du Comité de direction
Chief Executive Officer



TROPHÉE 2019
ENGAGEMENT SOCIÉTAL

OBJECTIFS DE DÉVELOPPEMENT DURABLE (SUSTAINABLE DEVELOPMENT GOALS OU SDG)

Les objectifs de développement durable sont un appel universel à l'action pour éliminer la pauvreté, protéger la planète et améliorer le quotidien de toutes les personnes partout dans le monde, tout en leur ouvrant des perspectives d'avenir.

Au nombre de 17, les objectifs de développement durable ont été adoptés en 2015 par l'ensemble des États Membres de l'Organisation des Nations Unies, dans le cadre du Programme de développement durable à l'horizon 2030 qui définit un plan sur 15 ans visant à réaliser ces objectifs.



- Éliminer la pauvreté sous toutes ses formes et partout dans le monde



- Éliminer la faim, assurer la sécurité alimentaire, améliorer la nutrition et promouvoir l'agriculture durable



- Permettre à tous de vivre en bonne santé et promouvoir le bien-être de tous à tout âge



- Assurer l'accès de tous à une éducation de qualité, sur un pied d'égalité, et promouvoir les possibilités d'apprentissage tout au long de la vie



- Parvenir à l'égalité des sexes et autonomiser toutes les femmes et les filles



- Garantir l'accès de tous à l'eau et à l'assainissement et assurer une gestion durable des ressources en eau



- Garantir l'accès de tous à des services énergétiques fiables, durables et modernes à un coût abordable



- Promouvoir une croissance économique soutenue, partagée et durable, le plein emploi productif et un travail décent pour tous



- Bâtir une infrastructure résiliente, promouvoir une industrialisation durable qui profite à tous et encourager l'innovation



- Réduire les inégalités dans les pays et d'un pays à l'autre



- Faire en sorte que les villes et les établissements humains soient ouverts à tous, sûrs, résilients et durables



- Établir des modes de consommation et de production durables



- Prendre d'urgence des mesures pour lutter contre les changements climatiques et leurs répercussions



- Conserver et exploiter de manière durable les océans, les mers et les ressources marines aux fins du développement durable



- Préserver et restaurer les écosystèmes terrestres, en veillant à les exploiter de façon durable, gérer durablement les forêts, lutter contre la désertification, enrayer et inverser le processus de dégradation des terres et mettre fin à l'appauvrissement de la biodiversité



- Promouvoir l'avènement de sociétés pacifiques et ouvertes à tous aux fins du développement durable, assurer l'accès de tous à la justice et mettre en place, à tous les niveaux, des institutions efficaces, responsables et ouvertes à tous



- Renforcer les moyens de mettre en œuvre le Partenariat mondial pour le développement durable et le revitaliser

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PRÉSENTATION D'ETHIAS

FIERS DE NOS VALEURS

Nos valeurs sont le fondement de notre identité, de notre culture et de notre personnalité. En un mot, elles constituent l'ADN d'Ethias.

♥ #Humain

L'humain qui est au cœur de toutes nos relations, que nous respectons et que nous traitons avec empathie. Nous sommes un véritable partenaire de chacun de nos interlocuteurs. Chez nous, la proximité et la solidarité ne sont pas des vains mots.

*#Empathie #Respect #Proche
#Équipe #Solidarité*

✓ #Engagement

Tous les jours depuis presque 100 ans, nous nous engageons, avec efficacité, envers nos clients, nos collègues et la société. Nous sommes fiables, dignes de confiance et volontaires. L'engagement porte aussi sur l'éthique, qui reste à la base de toutes nos actions, et sur notre responsabilité sociétale.

*#Confiance #Fiable #Efficacité #Engagement-
Sociétal #Éthique #Responsable #100ans #Vo-
lontaire*

Nos valeurs s'expriment au quotidien (lors de l'accueil de nos assurés, du règlement d'un sinistre, d'un conseil en matière de prévention...). Elles se concrétisent aussi dans la réalisation de notre politique dynamique de responsabilité sociétale, à l'écoute des préoccupations de nos assurés, tant Particuliers que Collectivités.

👍 #SatisfactionClient

C'est le moteur de notre activité et de toutes nos actions. Du fait de nos origines mutuellistes, nous avons une culture du contact avec le client et de qualité de service exemplaire. Notre accessibilité, notre efficacité, notre flexibilité ne sont plus à démontrer et participent clairement à cette satisfaction du client.

*#Accessible #Partenaire #Flexibilité #Adapta-
bilité #Efficacité #Simplicité #Agile*

★ #Enthousiasme

Parce que, quoi qu'il arrive, un cœur bat au sein d'Ethias. Quotidiennement, nous faisons preuve d'énergie, de vitalité, d'optimisme et de dynamisme. Cet enthousiasme nous amène à être créatifs et à entreprendre des projets innovants.

*#Innovation #Vitalité #Créativité #Énergie #Dy-
namisme #Optimisme*

valeurs,
mission
et vision

NOTRE MISSION

Notre mission constitue notre raison d'être. De manière claire et concise, elle présente ce que nous faisons et la façon dont nous nous distinguons. Elle donne du sens à toutes nos actions et fait que nous travaillons ensemble dans la même direction. Notre mission est la suivante :

Simplifier l'assurance pour vous apporter sécurité, tranquillité et liberté d'entreprendre avec des services et des produits innovants. Partenaires de votre quotidien, nous mettons notre expertise et notre énergie à votre service.

NOTRE VISION

Notre vision pour l'avenir se décline au travers de 3 axes :



CADRE GÉNÉRAL

LA RSE CHEZ ETHIAS, UNE LONGUE EXPERTISE

2019

- Plantation de 3 000 plants de palétuviers au Bénin
- Signature de la charte «Women in Finance» par Philippe Lallemand
- Signature de la charte «CEASE»
- Participation de Philippe Lallemand à la campagne «Sign for my future»
- Trophée de l'assurance pour notre rapport non financier

2016

- 1^{er} label Vélo Actif, renouvelé chaque année!
- Lancement du Green Movement

2014

- Adhésion au pacte des Nations Unies
- Certification ISAE 3000 en gestion financière éthique (Asset Management)

2009

- Label Anysurfer pour Ethias.be (personnes malvoyantes)
- Création du groupe de travail RSE

2007

- Label égalité-diversité

2005

- Code d'investissement Éthique (revu sur base annuelle)

2017

- 1^{er} rapport non financier

2015

- Certification ISAE 3000 en matière de performances environnementales (gestion des émissions CO₂)

2013

Top skills : formations pour les femmes sur l'assertivité et la confiance en soi

2008

- Début de la mesure de l'empreinte carbone et plan d'actions

2006

- Charte Diversité

2003

- Mise en place du Comité d'éthique paritaire
- Ethias soutient le commerce équitable avec le programme Fairtrade@work!



BILAN 2019

Un centenaire plein d'avenir !

Roadshow partout en Belgique sur le thème de la mobilité du futur

Engagement sociétal

Trophée 2019

People / Profitability / Planet

Climat

Vers la neutralité carbone

Santé

Produits et services innovants

Mobilité

Produits et services innovants
Couverture multimodale pour les employés

Pacte mondial des Nations Unies

Adhésion, responsabilité et engagements

17 objectifs de développement durable de l'ONU

Approche ancrée dans les préoccupations mondiales

Finances

Investisseur socialement responsable et durable

Diversité

Genre / âge / handicap / origine

Au-delà de l'assurance

Prévention, proximité, accompagnement des victimes d'accidents graves, réinsertion professionnelle après un accident du travail...



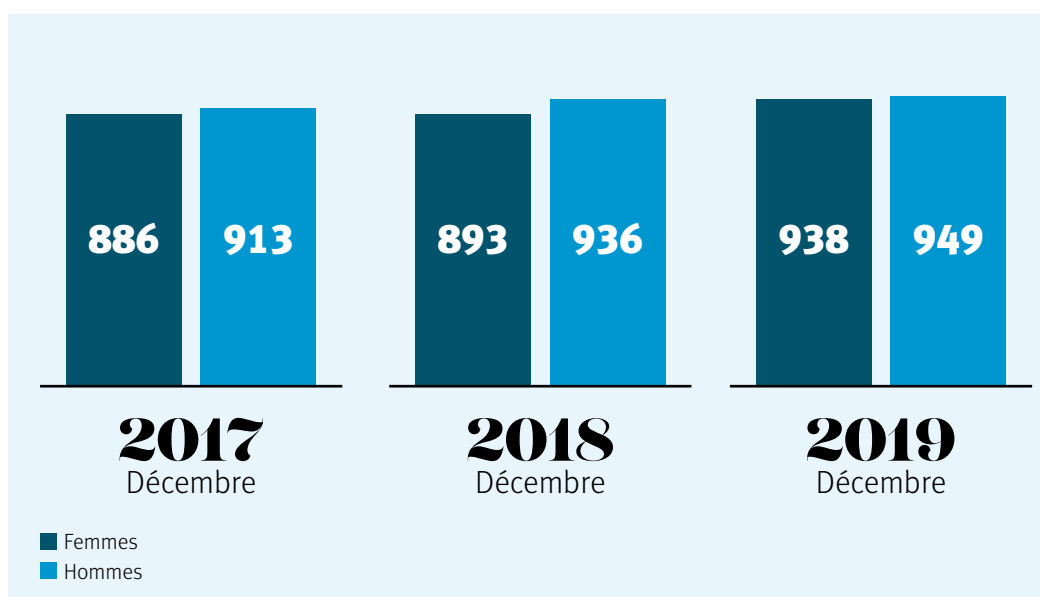
PEOPLE

LE CAPITAL
HUMAIN

COHÉSION SOCIALE

Ethias ne serait rien sans la force et l'engagement de ses 1 887 collaborateurs ! La cohésion sociale et le bien-être de son personnel, en lien direct avec ses valeurs et dans le prolongement de ses engagements RSE, sont dès lors, pour Ethias, une priorité absolue.

AU 31 DÉCEMBRE 2019, L'ENTREPRISE COMPTAIT 1 887 PERSONNES
(938 femmes et 949 hommes)



Un dialogue social respectueux, collaboratif et responsable a toujours fait partie de la culture d'entreprise d'Ethias. Cette cohésion sociale a permis à la compagnie de traverser un siècle d'existence. La qualité du dialogue social est devenue un des atouts pour la stabilité, la croissance et l'avenir de l'entreprise.

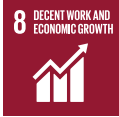
PLAN « ETHIAS TOMORROW, MOVE TOGETHER »



Les entreprises doivent pouvoir s'adapter rapidement et de manière continue d'une part, dans un environnement en évolution permanente (nouveaux acteurs, nouveaux modèles d'assurance, évolution technologique, nouvelles habitudes des clients...) et d'autre part, dans un cadre concurrentiel et réglementaire toujours plus exigeant.

Face à ces constats, et pour répondre aux ambitions stratégiques, notre organisation a été redessinée en 2019. Ce plan de transformation a été baptisé « Ethias Tomorrow, Move Together » et a pour objectif de renforcer l'organisation pour lui permettre d'atteindre ses ambitions de n°1 du direct, du secteur public et du digital.

RÉINVENTER LES RESSOURCES HUMAINES



Ethias est un employeur attractif et dynamique. Elle offre à son personnel différentes possibilités lui permettant d'évoluer dans des métiers captivants et variés, loin des clichés de l'assurance, tout en favorisant un équilibre vie privée/vie professionnelle.

Un environnement de travail épanouissant, une culture d'entreprise ouverte et humaine, des valeurs qui font écho aux siennes sont autant de critères qui jouent un rôle déterminant dans la décision d'un futur collaborateur.

Pour assurer l'enthousiasme et le développement de ses collaborateurs, Ethias a mis en place une série d'outils leur permettant d'évoluer dans leur métier.

Accueil des nouveaux collaborateurs

Un accueil réussi a une influence extrêmement positive sur la qualité de la relation qu'un nouvel engagé aura avec son organisation.

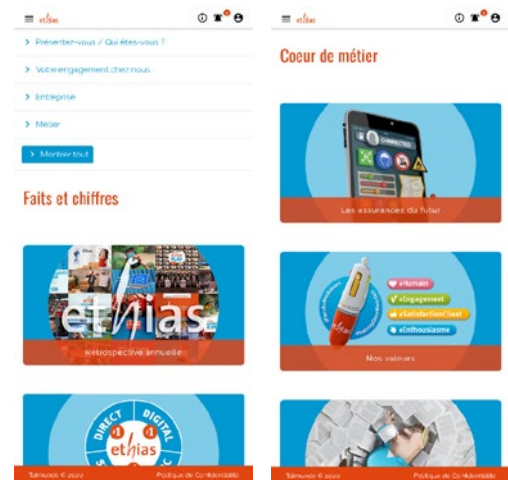
EN 2019, 143 PERSONNES ENGAGÉES
(80 femmes et 63 hommes)

Dans le cadre de la stratégie phygitale de notre entreprise, nous avons mis en place une nouvelle procédure **d'onboarding** qui est opérationnelle depuis le mois d'avril 2019.

Qu'est-ce que l'onboarding ? L'onboarding est l'ensemble des éléments mis en place afin d'accueillir et d'accompagner au mieux un nouveau collaborateur. In fine, cette optimisation du processus d'engagement et d'accueil permet au collaborateur de se sentir dès le départ :

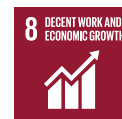
- Fortement impliqué dans la vie de l'entreprise ;
- Parfaitement intégré dans son équipe ;
- Et plus rapidement productif dans sa fonction.

App digitale : Pour soutenir cette démarche, nous avons développé une application (App) disponible sur smartphone, tablette et PC. Elle accompagne le nouveau collaborateur bien avant son entrée en fonction. Ainsi, nous mettons à profit les avantages du digital pour impliquer nos futurs collègues le plus tôt possible dans la vie de leur nouvelle entreprise.



Humain : Si la technologie participe positivement à la procédure d'engagement, l'aspect humain et les relations interpersonnelles jouent toujours un rôle important lors de l'intégration d'un nouveau collaborateur.

C'est pourquoi, au-delà de l'entretien de recrutement et des sessions d'information, nous avons créé un système de parrainage pour le nouvel engagé ainsi qu'un accompagnement par son manager.



Accès à la formation pour tous



MyLearning : une plateforme digitale

Pour s'adapter à un métier en perpétuelle évolution, favoriser le perfectionnement et encourager la mobilité interne, il est essentiel de mettre à la disposition de nos collaborateurs des outils efficaces qui répondent à leurs attentes.

Afin d'optimiser l'offre et l'accès aux formations, la nouvelle plateforme MyLearning a été inaugurée en 2019. Celle-ci permet de mieux communiquer sur le catalogue de formations, de simplifier la gestion quotidienne et de responsabiliser nos collègues quant à leur employabilité.

NOMBRE DE COLLABORATEURS AYANT SUIVI UN E-LEARNING : 886

Homeworking



Parmi les nombreux avantages offerts à ses collaborateurs, Ethias a démarré un projet pilote de Homeworking. Celui-ci poursuit 4 objectifs majeurs :

Augmenter l'attractivité en tant qu'employeur :

Dans le contexte actuel de guerre des talents, il importe de pouvoir offrir à nos collègues des éléments favorisant l'équilibre vie privée/vie professionnelle.

Réduire l'empreinte carbone : Qui dit Homeworking, dit réduction des déplacements domicile-travail et, ainsi, diminution de l'empreinte carbone de l'entreprise.

Réduire les frais généraux : Le Homeworking favorise l'optimisation des espaces et donc la rationalisation des frais qui y sont liés.

Assurer le Business Continuity Management :

Le Homeworking constitue l'un des éléments essentiels de notre Business Continuity Plan.

Le projet s'étant révélé positif tant pour le personnel que pour l'entreprise, le Comité de direction a dès lors validé le déploiement global et transversal du Homeworking pour la fin du 1^{er} trimestre 2020.

« Pack Home »

En plus de son ordinateur portable et de son casque audio, le matériel nécessaire au Homeworking est mis à disposition des collaborateurs concernés. La connexion Internet au domicile est prise en charge par Ethias.

6210

PACKS HOME ONT ÉTÉ DISTRIBUÉS EN 2019





Politique de Talent Management

Afin d'associer le bon talent à la bonne fonction, Ethias a poursuivi en 2019 la politique de Talent Management initiée en 2017. Les investissements en formation, techniques incluses, ont été intensifiés et un **programme d'accompagnement spécifique au changement** a été mis en place. Face aux évolutions du marché, il est en effet essentiel de maintenir un très haut niveau d'expertise technique assurantielle, commerciale et de management, tout en se positionnant de façon attractive pour les jeunes talents dont les profils répondent aux nouveaux métiers de l'assurance.

262 MUTATIONS ONT ÉTÉ CONCRÉTISÉES GRÂCE À LA POLITIQUE DE TALENT MANAGEMENT



Développement des compétences du management :

Dans le cadre de la nouvelle organisation et des responsabilités qui en découlent, notre direction des Ressources Humaines a lancé un nouveau programme de développement à destination de nos managers.

154 MANAGERS ONT PARTICIPÉ AU PROGRAMME DE DÉVELOPPEMENT MANAGÉRIAL

Cette approche novatrice incite à créer une nouvelle culture dans l'organisation qui permet aux managers de s'épanouir en tant qu'individus, tout en étant mieux équipés pour accompagner l'entreprise dans son évolution.

Le Comité de direction a retenu 6 compétences cruciales à développer chez les managers d'aujourd'hui et de demain :

- Compelling Communication
- Business Minded
- Intellectual Agility
- Inspiring Leadership
- Adaptability
- Enabling Change

Ces compétences doivent leur permettre de soutenir au mieux le déploiement de la stratégie d'Ethias.

Évaluation 360° :

En s'inspirant de cette nouvelle culture, les membres du personnel cadre ont fait l'objet, pour la toute première fois, d'une **évaluation 360°** dont les résultats contribuent à les guider dans leur développement personnel.

À la recherche des managers de demain :

En 2018, la direction des Ressources Humaines a lancé le programme « **Ethias Young Talent** », visant à **promouvoir le métier de manager auprès de nos jeunes collaborateurs**. Le but de ce projet est d'identifier et de sélectionner les jeunes talents, d'assurer leur développement et d'activer les compétences acquises.

AU 31/12/2019, 5 DE CES YOUNG TALENTS SE SONT VU PROPOSER UNE FONCTION MANAGÉRIALE

19

19 YOUNG TALENTS ONT ÉTÉ SÉLECTIONNÉS

Engagement Survey

L'avis des collaborateurs est important afin de faire évoluer Ethias vers une organisation efficace et de qualité, pour laquelle ils prennent plaisir à travailler et à donner le meilleur d'eux-mêmes. Ainsi, en novembre 2019, notre personnel a été invité à répondre aux 55 questions de l'enquête Employee Engagement Survey.

88 % DES COLLÈGUES ONT PARTICIPÉ À L'ENQUÊTE

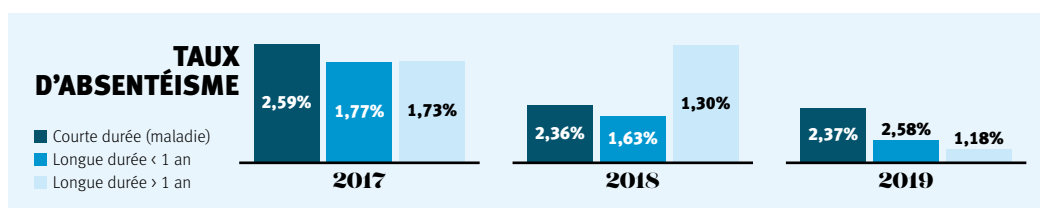


PRÉVENTION DES RISQUES PSYCHOSOCIAUX

Depuis 2017, les managers suivent une formation sur la prévention du burn-out. L'analyse des risques psychosociaux est permanente chez Ethias.

Une procédure formelle et informelle de réinsertion des personnes en maladie de longue durée a été lancée, avec le soutien des organisations des représentants du personnel.

EN 2019, 78 PERSONNES ÉTAIENT CONCERNÉES PAR LA PROCÉDURE FORMELLE ET INFORMELLE DE RÉINSERTION.



La cellule sociale

Ses principales missions sont l'accueil et l'écoute des membres du personnel qui présentent des problèmes d'ordre privé, l'organisation de collectes de sang, le suivi et l'accompagnement des collaborateurs qui souffrent de maladies de longue durée (visites, contacts et liens), la facilitation de leur réintégration lors de la reprise du travail, etc. Créée en 1997, elle a deux antennes: une à Liège et une à Hasselt.

375 DONNEURS DE SANG
(133 à Hasselt et 242 à Liège)

300 PERSONNES ONT ÉTÉ VACCINÉES GRATUITEMENT CONTRE LA GRIPPE
(140 à Hasselt et 160 à Liège)

EN 2019, LA CELLULE SOCIALE A PRIS EN CHARGE 61 PERSONNES POUR 80 ENTRETIENS
(17 à Hasselt et 44 à Liège)

Les personnes de confiance

Les personnes de confiance sont compétentes pour gérer l'ensemble des risques psychosociaux liés au travail. Leur rôle est large puisqu'elles peuvent aider les collaborateurs dans toutes les problématiques liées aux **violences au travail**, au **harcèlement moral** ou **sexuel**, mais aussi à celles liées au **stress**, au **burn-out**, aux **conflits**... Une équipe de 5 personnes est à la disposition du personnel (Liège et Hasselt).

189 PERSONNES ONT FAIT APPEL AUX PERSONNES DE CONFIANCE EN 2019
(83 à Hasselt et 106 à Liège)

Les secouristes

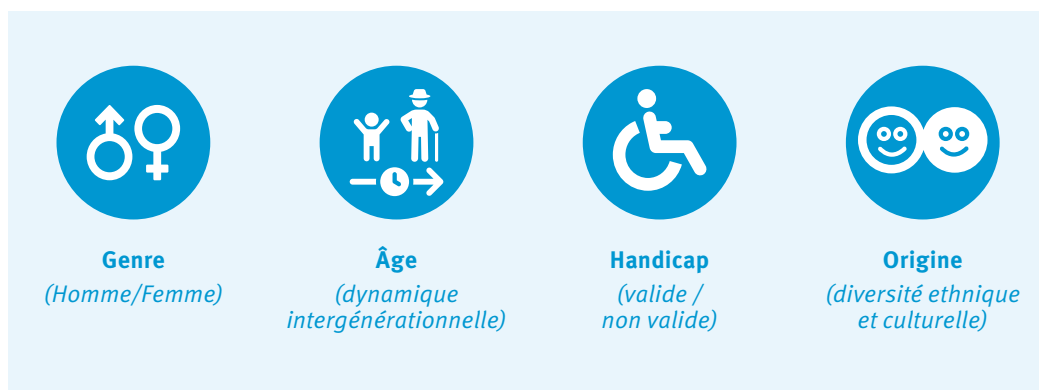
Une cinquantaine de secouristes formés sont répartis partout dans l'entreprise.

73 PERSONNES ONT ÉTÉ PRISES EN CHARGE PAR L'ÉQUIPE DES SECOURISTES EN 2019
(11 à Hasselt et 62 à Liège)

Unplug@ethias: Pour lutter contre le burn-out, un projet pilote a été lancé à Hasselt en collaboration avec l'école de musique Impulse. Suivre des cours de musique ou rêver d'en faire, ce n'est pas souvent compatible avec les horaires de travail ou la vie de famille. Avec Impulse, Ethias résout la situation et crée une relation positive entre employeur et employés en leur permettant de se vider la tête grâce à la musique. Ethias fournit un local agréable et Impulse s'occupe des professeurs, des instruments et du programme individuel de leçons basé sur les intérêts de chaque collaborateur. Au total, 18 employés y ont participé.

DIVERSITÉ

Chez Ethias, la diversité se décline sur ces 4 axes :



Dès 2006, Ethias a adopté une charte de diversité interne. En 2007, la démarche a valu à l'entreprise un label Diversité. Des actions en faveur de différents aspects de la diversité (genre, handicap et âge) ont régulièrement été mises en place.

En 2019, Ethias a entamé une nouvelle démarche avec le projet Diversity Bridges, axé sur l'origine, ainsi que de nombreuses actions concrètes en matière de diversité sous ses autres formes.

Genre (Homme/Femme)



Charte Women in Finance : De plus en plus d'entreprises prennent conscience de la plus-value du talent féminin au travail. C'est une richesse qui se manifeste dans les bons résultats des entreprises. On parle d'ailleurs davantage d'égalité des résultats. C'est pourquoi le secteur financier veut redoubler d'efforts pour promouvoir l'égalité des sexes.

La charte Women in Finance est une initiative du secteur financier (Forum financier belge) et de différentes institutions. Le rassemblement d'organisations financières permet de promouvoir la mixité des sexes et de partager des bonnes pratiques. Le 17 juin, les entreprises financières belges ont signé cette charte. Ethias, en tant qu'assureur socialement responsable, faisait évidemment partie des signataires.

Âge (dynamique intergénérationnelle)

La moyenne d'âge chez Ethias est de 45,3 ans et chaque collaborateur est encouragé à travailler plus longtemps.



Formations «travailler plus longtemps, un défi» : Afin de soutenir au mieux les collaborateurs tout au long de leur carrière, les Ressources Humaines ont mis en place des formations individuelles destinées aux plus de 45 ans. La réflexion menée durant ces sessions aide les personnes à mesurer si elles sont satisfaites de leur poste actuel, si elles souhaitent relever un défi supplémentaire dans un autre service ou un accompagnement spécifique.

Un coach externe a aidé les participants à se poser les bonnes questions et à trouver les meilleures réponses possibles, en petits groupes. L'accent était mis sur ce que la personne elle-même peut faire pour évoluer en tant que collaborateur au sein d'Ethias.

24 COLLABORATEURS SE SONT INSCRITS À LA FORMATION
qui se poursuit en 2020

95 COLLABORATEURS ONT SUIVI LE WORKSHOP 45+

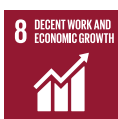


YouthStart: YouthStart est une asbl qui stimule la confiance en soi auprès des jeunes en quête d'opportunités, leur offre la possibilité de concrétiser leurs rêves et favorise leur insertion professionnelle. Chaque jeune doit élaborer son propre plan d'affaires et le présenter lors d'une journée de certification. Des formateurs, issus du monde de l'entreprise et désireux de transmettre leur passion ainsi que leur expérience, les accompagnent tout au long du processus. En 2018, Ethias a conclu un partenariat avec YouthStart pour une période de trois ans.

GRÂCE À L'IMPLICATION DU PERSONNEL, DEUX CERTIFICATIONS DE JEUNES TALENTS ONT ÉTÉ ORGANISÉES CHEZ ETHIAS, À LIÈGE ET À HASSELT

DES COLLABORATEURS ETHIAS ONT ÉGALEMENT SIÉGÉ DANS LE JURY DES JOURNÉES DE CERTIFICATION D'AUTRES ENTREPRISES

Handicap (valide/non valide)



Sur nos 37 bureaux régionaux, 32 sont accessibles aux personnes à mobilité réduite (26 sont spécialement aménagés et 6 sont équipés d'une rampe d'accès ou d'un ascenseur).

Un accueil personnalisé est le premier service à rendre aux personnes en situation de handicap :

- Attitude et comportements généraux : politesse, écoute, bienveillance (par exemple : mettre un carnet et un bic à disposition des personnes malentendantes).
- Mobilité : espaces de circulation larges et dépourvus de tout obstacle.
- Aménagement des locaux : sièges, éclairages, portiques, sanitaires, etc.





Origine (diversité ethnique et culturelle)

Diversity Bridges : En 2019, avec le feu vert de son Comité d'éthique, Ethias a répondu à l'invitation de l'asbl « Pour la solidarité » en participant à un Hackathon autour de la Diversité dont le thème était l'origine. Cette participation a mené à la mise en place d'un groupe de travail qui a lancé plusieurs actions concrètes en la matière.

Lutte contre les préjugés : 563 collaborateurs ont participé à un quiz qui avait pour but de faire tomber un certain nombre de préjugés et d'éveiller à la diversité de notre monde. Les gagnants ont reçu un test ADN pour découvrir et partager leurs origines afin de lutter contre les préjugés.

Au travers de différents projets de parrainage et de mentoring, Ethias participe à l'insertion sociale et professionnelle de personnes plus fragilisées, qu'elles soient issues de l'immigration ou en situation précaire.



Duo for a job : Âgé de plus de 50 ans, chaque mentor guide et conseille un jeune dans sa recherche d'emploi, tout en lui faisant bénéficier de son expérience professionnelle. La dimension interculturelle et intergénérationnelle de ce mentoring est une de ses richesses.

4 DUOS ONT ÉTÉ FORMÉS EN 2019

3 jeunes sur 4 décrochent un emploi, un stage ou une formation à l'issue du Duo



Be Face : Chaque mentor accompagne un étudiant ou un demandeur d'emploi dans son parcours de développement, tout en le préparant au monde du travail. Des sessions de sensibilisation à l'assurance familiale et à l'assurance habitation y ont également été prodiguées par Ethias.

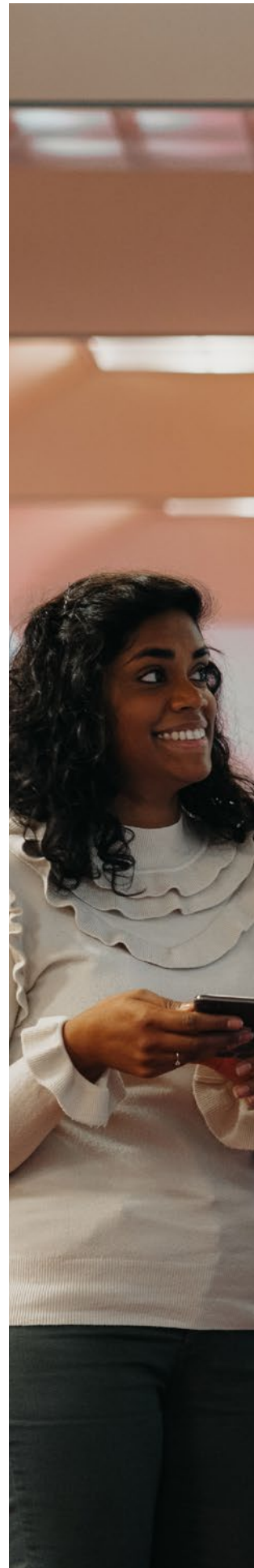
14 NOUVEAUX CANDIDATS MENTORS ONT RÉPONDU À L'APPEL D'ETHIAS EN 2019



Mentor2Work : Il s'agit d'un projet d'emploi du Forum des minorités en Flandre qui met en relation des demandeurs d'emploi, qualifiés ou expérimentés et issus de l'immigration, avec des mentors.

3 COLLABORATEURS ONT ÉTÉ FORMÉS ET SONT DEVENUS 'MENTOR2WORK'

Ethias propose différents stages aux étudiants en bachelier et en master. Elle offre également des stages aux étudiants issus de l'enseignement secondaire spécialisé flamand (Buso) et du professionnel spécialisé.



L'AMICALE

Active depuis 1959, l'Amicale du personnel d'Ethias compte 6 500 membres, collègues actifs ou retraités ainsi que leurs partenaires et leurs enfants. En 2019, elle a célébré les 60 ans de sa fondation.

L'Amicale a pour objectifs principaux d'entreprendre des actions d'intérêt collectif, de jouer un rôle social, de proposer un volet culturel et sportif ainsi que de renforcer le lien entre les membres et Ethias, chacun participant ainsi plus étroitement à son essor.





PROFITABILITY

NOS ACTIVITÉS AU SERVICE
DE NOS CLIENTS

ASSURANCES : PRODUITS & SERVICES



Les ambitions d'Ethias : avoir un impact positif sur la société belge, contribuer à une Belgique plus verte et influencer les comportements sociétaux en matière de mobilité.

Quotidiennement, Ethias accompagne l'ère de la transition énergétique et récompense les comportements responsables à travers tous ses produits d'assurance (de la mobilité à la santé en passant par l'habitation) ainsi que via ses services. Citons pour illustrer :

- L'assurance « moins de 10 000 km » ;
- Le tarif spécifique pour les véhicules verts ;
- L'offre spécifique « Ethias Young Drivers » ;
- La mobilité douce couverte gratuitement dans l'assurance Familiale ;
- Ou encore la couverture automatique des éco-installations (panneaux solaires, panneaux photovoltaïques, pompe à chaleur, etc.) comprise dans l'assurance Habitation.

2019 a été à nouveau une année dynamique pour notre RSE, riche en nouveaux produits et services :

Action mobilité verte : Si la voiture électrique rencontre de plus en plus de succès, elle reste chère à l'achat. Afin d'accompagner le consommateur dans cette démarche, Ethias a lancé une campagne promouvant les « voitures vertes » d'octobre à fin novembre 2019. Notre action promotionnelle offrait 2 mois d'assurance Auto gratuite pour les voitures électriques ou hybrides dont les émissions de CO₂ sont limitées à 100 g/km.

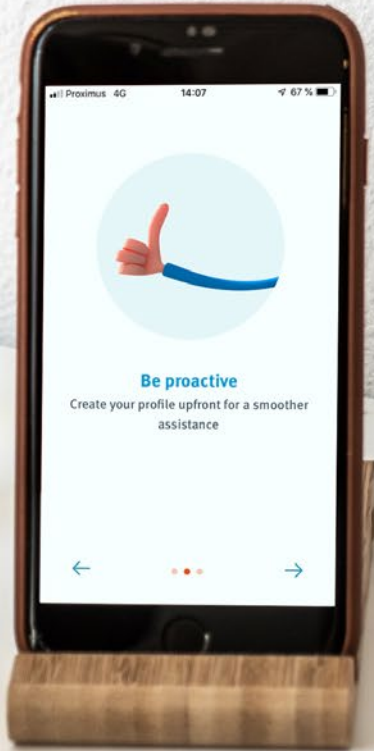
Bike & More : « Produit de l'année 2019 »
Bike & More, c'est l'assurance pour les vélos et les nouveaux moyens de mobilité douce (trottinette, hoverboard, segway, skateboard, etc.) conçue par et pour leurs utilisateurs. Sur base d'une étude réalisée par la société indépendante Nielsen, elle a été élue « produit de l'année 2019 ». Ce trophée ainsi que son succès commercial démontrent la pertinence de notre démarche innovante.

Assistance pour tous les véhicules en faveur de la mobilité : Nous offrons depuis de nombreuses années une couverture assistance pour les motos, les voitures et les camionnettes. En 2018, avec le lancement de Bike & More, elle s'est élargie aux vélos et aux nouveaux engins de déplacement. Depuis octobre 2019, les cyclomoteurs sont repris dans l'Assistance Car & Family.

Nouveau produit Assurance Aide Juridique
Depuis le mois de décembre, Ethias offre un nouveau produit Assurance Aide Juridique, conforme à la « Loi Geens » entrée en vigueur le 1^{er} septembre 2019. L'objectif de cette loi est de rendre l'assurance « Protection Juridique » plus accessible en élargissant ses garanties. De plus, la prime est fiscalement déductible.

Assurance Soins de santé : Début 2019, Ethias a commercialisé une nouvelle offre Soins de santé, alliant à la fois garanties et services innovants pour répondre aux attentes les plus exigeantes de nos assurés, tout en leur procurant tranquillité et sérénité même lorsqu'ils traversent une épreuve. Citons, par exemple, l'enveloppe de 500 € pour des services divers ou produits esthétiques dont un assuré dispose en cas d'hospitalisation pour maladies graves. Grâce au partenariat avec la plateforme d'économie collaborative ListMinut, Ethias propose aux particuliers de trouver une personne de confiance, près de chez eux, pour effectuer diverses tâches. Ce partenariat permet aux patients de réduire le coût des services et, donc, d'optimiser l'enveloppe disponible.





PRÉVENTION & GESTION DES RISQUES

La protection de la santé, l'intégrité physique des personnes et la préservation des biens des clients sont au cœur de nos métiers.

C'est pourquoi, au-delà de l'indemnisation, Ethias engage de multiples actions de prévention et d'accompagnement :

- Conseils
- Outils
- Applications
- Formations
- Appui psychologique préventif
- Réinsertion professionnelle

Nos services Prévention

Sécurité des aires de jeux : Formation, sensibilisation ainsi que mise à disposition de fiches d'analyses et d'études permettant aux gestionnaires d'aires de jeux de procéder à leur sécurisation.

Sensibilisation à la conduite préventive : Formations de sensibilisation à la conduite préventive de véhicules d'urgence en collaboration avec la Croix-Rouge. Pour les Zones de secours et les Zones de police : formations de conduite prioritaire, permettant au personnel d'intervention d'assurer leurs missions en toute sécurité.

IRM Prévention : Service gratuit d'alertes et de prévention des principaux risques météorologiques (tempêtes, chutes de neige, verglas, orages...) à destination des administrations locales. Cela comprend aussi des conseils et astuces pour une protection optimale face à ces risques.

Ethias Prevention Reporter : Application qui offre une assistance digitale en vue d'améliorer le reporting en prévention (géolocalisation, classification des risques et des sinistres, dictaphone et système de reconnaissance vocale, prise de photos et de vidéos...).

Fleet Reporting : Outil analytique sur les sinistres d'une flotte auto qui permet de conscientiser les responsables fleet ainsi que les bénéficiaires d'un véhicule et de mettre en place une politique en prévention adaptée.

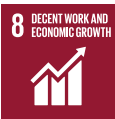
Promouvoir et encourager la mobilité alternative:

En 2019, Ethias a lancé l'assurance **MOBILITY & MORE** à destination de ses clients B2B. Cette nouvelle assurance garantit la mobilité multimodale des collaborateurs d'une entreprise (pre-neuse d'assurance) lors de leurs trajets professionnels quotidiens (trajets domicile – lieu de travail et déplacements professionnels).

Sont couvertes les garanties Assistance (dépannage – remboursement des frais de transport dans certains cas de défaillance des transports publics), Omnium, Accidents corporels, Responsabilité Civile, Protection Juridique et Vol, Incendie ou encore Dégâts matériels pour les objets personnels. Les voitures ne sont assurées que s'il s'agit de voitures partagées ou en cas de grève/défaillance des transports publics.

Là où le champ d'application des polices d'assurances traditionnelles souscrites pour les divers moyens de transport s'arrête, « Mobility & More » prend le relais pour promouvoir une mobilité alternative et encourager les collaborateurs de nos clients à utiliser d'autres moyens de transport que la voiture, tout en leur offrant une couverture complète en cas de problème.

Documentation en ligne : Mise à disposition des Collectivités de magazines en ligne, de fiches infos, d'un blog prévention (www.ethias.be/blog-fr), de vidéos de sensibilisation et de témoignages de clients. Ceci contribue à créer un lien direct avec les assurés, tout en restant à l'écoute de leurs besoins.



Accompagnement personnalisé

Ethias propose également un accompagnement personnalisé par des experts en prévention dans différents domaines comme :

- la protection des personnes (accidents du travail, bien-être au travail, accidents scolaires...);
- la protection des biens et des services (auto, vol, incendie, inondations...);
- la protection des informations.



Accompagnement des victimes d'accident grave

Les dossiers sinistres caractérisés par des lésions corporelles graves ou un décès nécessitent une approche plus personnalisée et plus humaine. Grâce au développement du case management et à la création de la fonction de Case Management dans les services sinistres d'Ethias, nous avons pu apporter une attention toute particulière à cette approche. Ceci avec des effets positifs tant pour les victimes que pour l'assureur puisqu'elle facilite les règlements de sinistre à l'amiable, fait avancer le dossier et permet de maintenir les frais sous contrôle.

La victime et ses proches sont au centre des préoccupations tout au long de la gestion du dossier.

Effectivement, que ce soit par téléphone ou via une visite au domicile, le Case Manager écoute, fait preuve d'empathie et fournit des informations personnalisées.

1210

EN 2019, PRÈS DE 140 PERSONNES ONT EU UN ÉCHANGE DIRECT AVEC NOTRE CASE MANAGER.

Une approche humaine et constructive appréciée par les victimes.

Le projet «**Réintégration après un accident du travail**» est une autre forme de Case Management qu'Ethias a mise en place. En matière de gestion des ressources humaines, pouvoir réinsérer professionnellement un travailleur victime d'un accident est primordial car cela lui offre la perspective d'avenir la plus optimale. C'est pourquoi, en collaboration avec des organisations spécialisées, Ethias accompagne la victime dans son chemin vers la réinsertion professionnelle en déterminant ensemble ce qu'elle peut faire, ce dont elle a envie et ce qu'elle doit faire pour y parvenir. Devenant ainsi partenaires de l'assureur, tous deux n'ont plus qu'un seul objectif : un règlement de sinistre adéquat avec une réintégration optimale.

Unique sur le marché belge, cette procédure de réinsertion professionnelle a remporté le Trophée Decavi 2019 de la meilleure assurance « Accidents du Travail ».



AU SERVICE DES CLIENTS

Proximité d'Ethias auprès de ses clients

La force d'Ethias se traduit dans la proximité qu'elle entretient au quotidien avec ses assurés B2C et B2B.

Elle se concrétise autour de 3 attributs fondamentaux consacrant une expérience client unique :

Simple Efficace Humain

Cette expérience se vit au travers de la force du modèle Omnichannel où les assurés peuvent toujours choisir la manière dont ils vont entrer en contact avec la compagnie :

- 37** bureaux, couvrant toute la Belgique
- 02** Customers Centers
- 02** Call Centers sinistres
- 68** commerciaux au service des Collectivités publiques, du secteur privé et des courtiers partenaires
- 01** site Web
- 01** assistant virtuel, Mathias
- 01** application mobile de déclaration de sinistres
- 01** réseaux sociaux

À mi-chemin entre le digital et le contact humain, Ethias a ainsi opté pour le meilleur des deux mondes avec une approche « phytale ».



Sourire assuré

100 ans déjà qu'Ethias fait vivre les Belges plus longtemps en rendant l'assurance, et tout ce qui tourne autour, beaucoup plus simple et plus efficace.



Le monde des assurances est régulièrement perçu comme un mal nécessaire, associé à des expériences pénibles. Ce sont souvent des événements de la vie qui ôtent le sourire des visages : un accident, des dégâts suite à un orage, une panne pendant les vacances, etc. Sans parler de la paperasse administrative qui va de pair... C'est là qu'Ethias tient sa promesse : mettre tout en œuvre pour redonner le sourire aux gens, quoi qu'il leur soit arrivé.

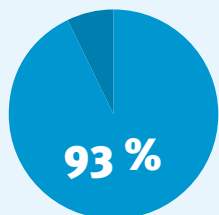
Ethias, sourire assuré : Bien plus qu'une nouvelle signature, c'est un message adressé à tous les collaborateurs d'Ethias, ainsi qu'à tous les Belges : nous voulons voir nos clients vivre et embrasser l'avenir avec le sourire aux lèvres. Un message plein d'optimisme dans un contexte où règnent parfois trop d'angoisse, de doute et d'incertitude.

Satisfaction

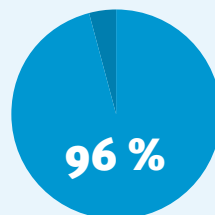
Ethias a identifié trois grandes tendances dans les nouveaux besoins des clients :

- **Personnalisation** : les clients souhaitent des contrats « sur mesure » qui correspondent exactement à leurs besoins spécifiques. Cette personnalisation de l'offre permet aussi un rapport qualité-prix optimal.
- **Relation de confiance** : les clients souhaitent que leur assureur apprenne réellement à les connaître, qu'il développe une relation de confiance privilégiée.
- **Digital** : les clients sont en demande d'outils digitaux performants, qui offrent plus de simplicité, d'efficacité et de transparence.

Au niveau des clients B2C¹



L'étude NPS menée en 2019 montre un **taux de satisfaction générale envers Ethias de 93 %**.



La **satisfaction générale de nos clients est très élevée (96 %)**



Après avoir été en contact avec Ethias, **plus de 2 clients sur 3 nous recommanderaient à leur famille et à leurs proches**



9 clients sur 10 considèrent Ethias comme leur partenaire privilégié dans le domaine de l'assurance

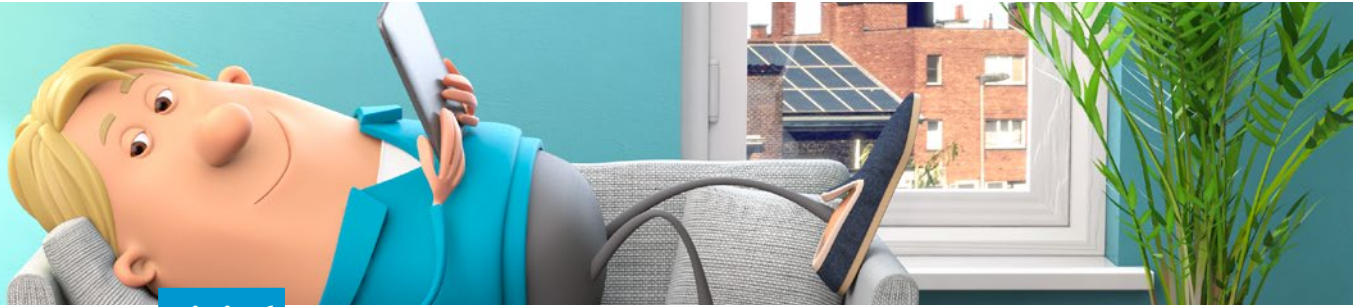


Au niveau des clients B2B²

Ethias est perçue comme un acteur facilement accessible, orienté solutions et offrant un service efficace. L'aspect relationnel, notamment grâce à notre réseau d'inspecteurs, constitue également l'une de nos plus grandes forces. Enfin, notre identité et ancrage belges sont mis en avant et appréciés par nos clients.

¹ Ces indicateurs sont issus du projet NPS (Net Promoter Score), outil mis en place en 2014 et qui permet de mesurer le taux de satisfaction et de recommandation des particuliers (clients & prospects) ayant eu un contact avec Ethias. Échantillon 2019 : 20 342 clients.

² Ces indicateurs sont issus de l'étude « Satisfaction & Moments of Truth » menée au sein des Collectivités, étude mise en place en 2011 et renouvelée tous les 2-3 ans. Échantillon 2019 : 236 clients B2B.



Digital

Pour être toujours plus disponible, grâce au digital, nous offrons à nos affiliés un autre canal d'interaction avec Ethias.

Dès que l'assuré en éprouve le besoin - qu'il soit dans son fauteuil, dans les transports en commun ou au travail - il peut contacter Ethias au travers de ses services digitaux. Ils lui permettent d'obtenir facilement de l'aide ou des renseignements, de souscrire aisément et directement des contrats d'assurance en ligne ainsi que d'être informé à tout moment de l'évolution de ses sinistres.

Ethias a été élue meilleur « Assureur digital » par Decavi

Seul assureur, à ce jour, à proposer plus de 20 assurances différentes en ligne, dont 11 peuvent être souscrites et payées directement. Ethias présente une offre digitale riche et efficace pour les clients.



Fidèle à sa position de numéro 1 des ventes d'assurances en ligne en Belgique, Ethias innove en permanence dans le domaine.

Chaque année, de nouvelles fonctionnalités ou de nouveaux services sont ainsi proposés pour faciliter la vie du client. En voici quelques récents exemples :

- **Le tout nouvel espace client**, lancé en 2018, dont l'accès a été facilité et la navigation fluidifiée. Il permet notamment d'introduire des déclarations de sinistres, d'obtenir des duplicatas (carte verte, contrat...) et des attestations (de sinistres, RC locative...), de gérer les factures, de prendre rendez-vous en bureau ou en agence... Bref, il est la nouvelle pierre angulaire de nos services digitaux et s'ajoute à nos réseaux physiques, Customer Centers et Bureaux.
- En 2019, **Myclaims AT** est venu enrichir l'Espace Client. À tout moment, il offre aux victimes d'un accident du travail, assurées auprès d'Ethias, un accès en ligne à leurs sinistres. Elles peuvent y suivre de manière digitale l'évolution de leur dossier, gérer et contrôler le paiement des indemnités qui leur sont versées ainsi qu'échanger avec Ethias. Cet espace permet également aux victimes d'envoyer les documents nécessaires au suivi du dossier ou de recevoir les documents souhaités.



SOINS DE SANTÉ

- **MyEthias Soins de santé**, lancé en 2017, fait désormais partie intégrante de l'Espace Client. Il s'agit d'une plateforme en ligne qui permet à tous les bénéficiaires d'une assurance hospitalisation, individuelle ou collective, de suivre et de gérer leurs dossiers Soins de santé.



- Côté B2B, **Ethias Connect** permet un accès encore plus sécurisé à la gestion des contrats collectifs et l'application de facturation permet de consulter et de gérer les factures.



- **AssurPharma** : permet la transmission électronique des frais pharmaceutiques, aussi bien pour des dossiers Soins de santé qu'Accidents du travail. Fruit d'un partenariat entre les assureurs et les pharmaciens, AssurPharma facilite la vie des usagers.



- **AssurKINE** est un système de tiers payant, lancé en 2017, pour les soins de kinésithérapie en cas d'accidents du travail.



- **Ethias Pension Corner** est une plateforme en ligne spécialisée dans l'information sur les pensions.

650 CONNEXIONS PAR JOUR À NOTRE ESPACE CLIENT DEPUIS FIN 2019

98 % DES DÉCLARATIONS D'ACCIDENT DU TRAVAIL FAITES PAR LE CANAL DIGITAL (Extranet)



Lancement d'AutoMobileFriendly

En 2019, nous avons développé ce nouveau flux web simplifié et « mobile first » permettant d'obtenir simplement et rapidement un devis d'assurance pour sa voiture. Notre offre digitale permet également de souscrire de manière simple, rapide et conviviale un contrat automobile, tant sur smartphone que sur ordinateur. Ainsi, sur la même plateforme, le client peut obtenir son offre, souscrire un contrat, immatriculer son nouveau véhicule, payer sa 1^{re} facture et obtenir de la DIV son numéro de plaque par SMS.

Ethias met l'expérience client au centre de ses préoccupations. Le digital est une opportunité pour sans cesse améliorer et étoffer notre gamme de produits et services, tout en restant en adéquation avec les attentes et besoins de notre clientèle (Simple – Efficace – Humain).

Voici nos 11 produits d'assurance pouvant être totalement souscrits en ligne, paiement inclus :



Ethias Assistance Family



Ethias Assistance Car & Family



Ethias Assurance Habitation



Ethias Assurance Locataire



Ethias Starter Pack (Habitation + Familiale)



Ethias RC Familiale



Ethias Assurance Auto

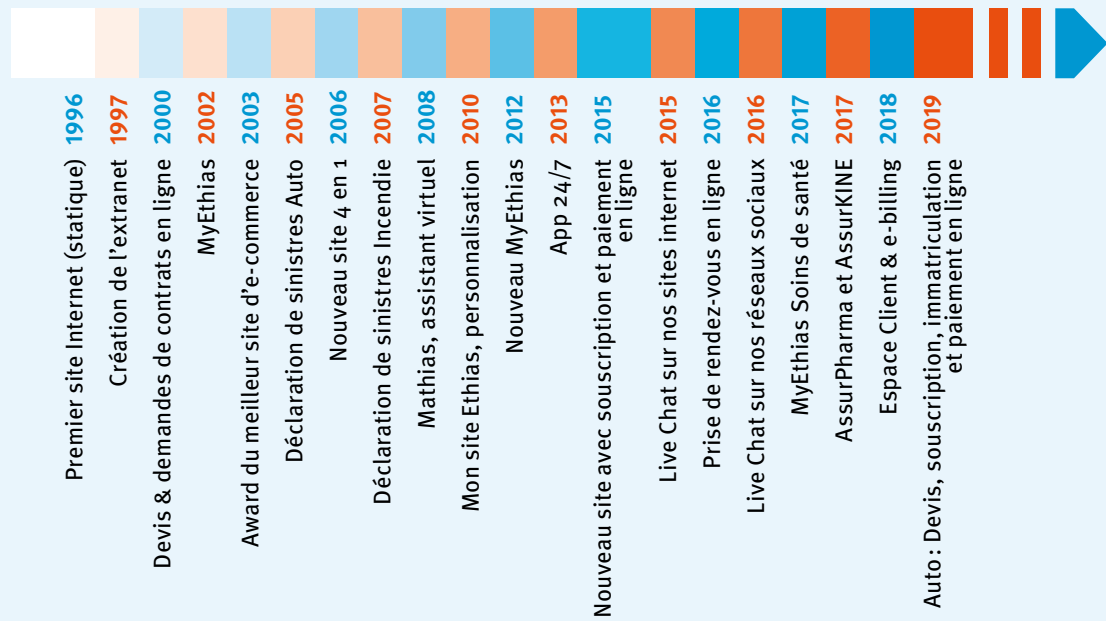


Ethias Assurance Digitale Omnium



Ethias Annulation Voyage Annuelle
Ethias Annulation Voyage Temporaire
Ethias Assurance Tous Risques Bagages

Ethias, une longue histoire en digital



Gestion des plaintes

Ethias se conforme au code de conduite Assuralia en matière de gestion des plaintes.

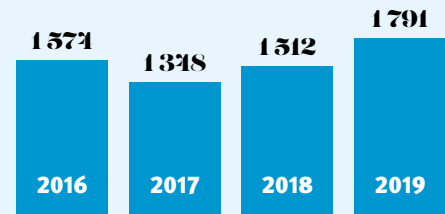
Chaque intéressé - qu'il s'agisse d'un candidat preneur d'assurance, d'un preneur d'assurance, d'un assuré, d'un bénéficiaire ou d'un tiers lésé - peut adresser son mécontentement concernant un contrat ou un service d'assurance.

Les plaintes peuvent être introduites :

- via le formulaire en ligne ;
- par e-mail ;
- par courrier postal.

Un correspondant **Plaintes indépendant examinera le dossier** en toute objectivité et répondra au plaignant dans les 20 jours ouvrables de la réception de la plainte. S'il n'est pas possible de respecter ce délai, le plaignant recevra un courrier circonstancié.

Un rapport annuel sur la gestion des plaintes est réalisé chaque année.



Le nombre de plaintes adressées à notre **service de plaintes interne** a augmenté ces dernières années.

De nombreuses plaintes sont dues à un temps de gestion trop important pour nos assurés. Pour y remédier, un plan d'action a été déployé afin de diminuer ce délai, d'augmenter encore la qualité de nos services et, ainsi, de réduire le nombre de plaintes dès 2020.

Les partenaires sportifs, culturels et sociétaux d'Ethias partagent ses valeurs: humain, engagement, satisfaction du client, enthousiasme.

SPONSORING ET PARTENARIAT



Étant l'un des principaux assureurs du pays, Ethias s'investit dans la société en s'associant à bon nombre de partenaires avec qui elle partage ses valeurs.

Ethias sponsorise via des apports financiers et/ou via un soutien publicitaire au travers de ses propres canaux de communication. En tant que sponsor, elle s'implique activement dans chaque projet soutenu.

Elle est un sponsor actif dans 3 domaines :

- **Le sport** : via les fédérations sportives et couples d'organisations sportives ;
- **La culture** : via des festivals de musique et acteurs culturels importants ;
- **La responsabilité sociétale** : via des projets et organisations à dimension citoyenne et durable.

Ainsi, Ethias soutient par exemple :

- **Des fédérations sportives** : plus d'une vingtaine de fédérations telles que celles de tennis, de volley, de handball, de golf, de judo... ainsi que des coupoles institutionnelles (Sport Vlaanderen, Adeps, ISB, AES et AISF).
- **Des festivals de musique** : Brussels Summer festival, Pukkelpop, Fiesta City, Gent Jazz festival, Cactus festival, Dranouter festival.

- **Des acteurs culturels majeurs** : l'Opéra Royal de Wallonie, le Zomeropera, le Belgian National Orchestra, l'Orchestre Philharmonique Royal de Liège.
- **Des actions de prévention** initiées, entre autres, par la Vlaamse Stichting Verkeerskunde, Route2School, Verkeersveilig West-Vlaanderen, la Croix-Rouge de Belgique et son simulateur de conduite de véhicule d'urgence, Fédémot, Apper, l'Agence Wallonne pour la Sécurité Routière ou encore Houtopia et son parcours « Ethias child safety ».
- **L'asbl Article 27** : qui facilite l'accès à la culture de personnes en situation sociale ou économique difficile.
- **Mnema, la cité Miroir** : un centre d'éducation à la tolérance et à la citoyenneté.
- **L'asbl Creccide** : le Carrefour régional et communautaire de citoyenneté et de démocratie.

Ethias exclut tout sponsoring aux organisations qui pourraient associer son nom au dopage, à la corruption, à la violence, au racisme, à l'incitation à la haine, à la dépendance, à la discrimination sur la base de la race, du sexe, de l'âge, de l'orientation sexuelle ou de la conviction (par exemple : homophobie, antisémitisme, islamophobie...). Elle exclut également toutes les organisations contraires à la morale ou à l'ordre public.



Initié il y a 4 ans déjà, le partenariat avec Blue-bike a été tout naturellement renouvelé fin 2019 pour 3 ans.

La collaboration est en effet une réussite sur plusieurs plans et les résultats 2019 en sont une belle illustration :

- **5 nouveaux points vélo** ont été inaugurés
- **277 000 trajets effectués**, soit une croissance de 24 % par rapport à 2018
- **le cap du million de trajets effectués a été franchi**
- Blue-bike comptait **20 000 membres** fin 2019
- Et grâce à la croissance de l'offre, un taux de disponibilité de 99 %

Dès l'an prochain, l'accent sera mis sur l'approche multimodale. Le vélo de location y jouera un rôle important. La collaboration avec les villes et communes, acteurs actifs dans la structuration des transports (vervoersregio's), sera également intensifiée.

Blue-bike poursuivra également la digitalisation de ses services, une autre opportunité pour les utilisateurs parmi lesquels les clients Ethias.

Pour Blue-bike, 2020 sera une année charnière, avec comme ambition un positionnement de référence en Belgique en matière de système de vélos partagés.

FINANCES : INVESTISSEUR RESPONSABLE

Dans ses investissements financiers, Ethias a le devoir d'agir dans l'intérêt à long terme de ses assurés.

Cette vision à long terme est capitale dans la gestion de dossiers comme les pensions légales et complémentaires. Tous les investissements (sauf les investissements dans des fonds externes non gérés par Ethias) sont régis par le code d'investissement éthique.

La politique d'investissement responsable d'Ethias se base sur **deux piliers** :

- l'exclusion d'investissements dans des entreprises et des pays (pour les obligations gouvernementales) en **fonction de critères sociaux, environnementaux et de gouvernance** ;
- l'investissement à impact **environnemental, social et sociétal**.

Le code d'investissement éthique

Ce code existe depuis 2005 et est revu annuellement depuis 2012 avec l'aide d'un partenaire externe. Il reprend une liste d'investissements interdits qui a été validée par le Comité d'investissement éthique et par le Comité de direction d'Ethias. Il constitue un atout vis-à-vis des assurés et s'applique à l'ensemble des investissements directs d'Ethias. La méthodologie et la portée du code sont en évolution continue afin de suivre les tendances sociétales.

Depuis 2017, Ethias exclut de ses investissements le charbon thermique, qui est l'énergie fossile qui contribue le plus au réchauffement climatique. Depuis 2019, elle exclut également le tabac et étend l'interdiction portant sur l'armement à la production d'armes conventionnelles.

Le code d'investissement éthique se compose de deux listes noires d'investissements interdits : l'une pour les actions et obligations d'entreprises, l'autre pour les obligations gouvernementales.

- **Liste noire « entreprises »** : elle reprend les entreprises qui ne sont pas alignées avec les dix principes du Pacte mondial des Nations Unies qui concernent les droits de l'homme, le droit du travail, l'environnement et la lutte contre la corruption et/ou qui sont

impliquées dans l'armement (controversé et/ou conventionnel) et/ou dans le charbon thermique et/ou dans le tabac.

- **Liste noire « pays »** : deux notions sont retenues pour les obligations gouvernementales.
 - Les pays à **fiscalité avantageuse** telle que visée dans le Code des impôts sur les revenus 1992.
 - Les pays les moins bien notés sur la base des **dimensions environnementale, sociale et de gouvernance** comme définis par l'agence de notation extra-financière Vigeo Eiris (les moins respectueux des normes internationales en matière de droits de l'homme, de droit des travailleurs et de la protection de l'environnement).

Pour la version 2020 de son code d'investissement, Ethias a décidé de se conformer aux critères d'exclusion repris dans la norme « Towards sustainability » développée à l'initiative de Febelfin pour les produits financiers socialement responsables et durables, et de participer aux efforts de prévention du réchauffement climatique. Concrètement, Ethias n'investira plus dans les entreprises qui émettent trop de gaz à effet de serre, les entreprises actives dans l'extraction de pétrole et gaz conventionnels (énergies fossiles) et non conventionnels (sables et schistes bitumeux) ainsi que dans la production d'électricité non durable. Ces initiatives sont en ligne avec le « Green Deal » européen présenté en décembre par la Commission européenne. Ce deal doit pousser l'Europe vers un mode de fonctionnement plus vert et en faire un continent précurseur sur le plan de la lutte contre le réchauffement climatique.







Investissements responsables



Ethias revendique son appartenance à l'économie sociale et apporte son soutien à des structures d'accueil, des fonds d'économie sociale (Netwerk Rentevrij, Carolidaire), des fonds pour la recherche scientifique, etc.



Ethias détient des participations financières dans ces différents domaines : sociétés de prêts sociaux, sociétés de logement, organismes de microfinancement (Incofin, Impulse Microfinance), soutien actif aux associations et des organismes de finance alternative.

Elle a également noué des liens privilégiés avec des entreprises de ce secteur.

Voici une liste non exhaustive des produits financiers et des participations financières dans lesquels Ethias est partie prenante :

Via le Fonds Global 21 Ethical: Le fonds multi-collectivités **Ethias Global 21 Ethical** est destiné à la gestion des réserves d'assurances-pensions et d'assurances de groupe. Il porte le label **Ethibel Excellence**. Ce fonds est doté de deux mécanismes solidaires, au profit du **Réseau Financité** et de **Fairfin**. Selon le choix du client, Ethias reverse à l'un de ces partenaires 0,05 % du capital moyen investi dans le fonds en fin d'année. L'affilié qui le souhaite peut également rétrocéder la totalité ou une partie de son rendement à l'association de son choix.

Via des participations financières :

- **Impulse Microfinance Investment Fund :** 1^{er} fonds d'investissement privé belge spécialisé en microfinance.
- **Triodos :** Ethias est détenteur de certificats d'actions Triodos afin de soutenir la mission de cette banque éthique et durable.
- **Epimède :** ce fonds a pour vocation d'investir dans le capital privé, non coté, de PME technologiques à potentiel de croissance. Les secteurs privilégiés concernent les sciences de la vie (biologie, biotechnologie, technologie médicale), les sciences de l'ingénieur (nouvelles technologies de l'information et de la communication, les technologies propres) et les services aux entreprises.

- **Belgian Growth Fund :** ce fonds vise à renforcer la capacité financière des entreprises belges à potentiel de croissance et ainsi soutenir l'économie locale. Ces entreprises, garantes d'un pouvoir important d'innovation et d'emplois supplémentaires, pourront ainsi rester sur le territoire belge.

Via des investissements à plus-value sociétale :

- **Hôpitaux et maisons de repos :** Ethias soutient un grand nombre d'établissements, comme les centres de psychiatrie et de réhabilitation pour personnes âgées, les centres de recherche...
- **Recherche scientifique :** (fonds d'universités, spin-offs) via notamment son partenariat dans le fonds de venture capital Qbic Feeder Fund.
- **Gimv Health & Care Fund :** Ethias est partenaire stratégique de ce fonds. Il met l'accent sur les entreprises actives dans les secteurs des « Health & Care Services » (services de santé et soins médicaux) et de la Medtech (technologie médicale) et investit dans des concepts de soins innovants au sein de ces secteurs. De cette manière, ce fonds collabore à la recherche d'une réponse à un certain nombre de défis auxquels notre société est



confrontée : le vieillissement de la population, l'accroissement des maladies chroniques, l'augmentation des frais en soins de santé et le nombre croissant des demandes d'information de qualité émanant des patients.

Via des investissements à impact environnemental : En tant qu'investisseur responsable, il est de notre devoir de jouer un rôle dans le financement de la transition énergétique vers une économie bas-carbone.

Green bonds et fonds d'infrastructure : Les «green bonds» ou «obligations vertes» sont des obligations émises par une entreprise ou une entité publique (agence internationale, État, collectivité locale...) pour financer des projets, des actifs ou des activités ayant un bénéfice environnemental. Sur l'année 2019, Ethias a investi un montant de 96 millions en green bonds, soit une augmentation de 86 % par rapport à 2018.

Ethias détient également des parts de fonds en infrastructure qui investissent notamment dans les énergies renouvelables (éolien, solaire, biomasse), les transports publics, l'efficacité énergétique...

Via des investissements dans l'immobilier passif et durable :

- **Stationstraat 51 (Malines) :** investissement dans un bâtiment de bureaux 100 % passif. S'agissant du premier immeuble 100 % passif en Belgique, cet ancien bâtiment de la RTT des années 50 fait figure de précurseur en technologies de rénovation durable.
- **Archives de l'État (Namur et Gand) :** Ethias est propriétaire des bâtiments des Archives de l'État à Namur et à Gand. Construits pour la Régie des Bâtiments, ces deux nouveaux ensembles respectent les plus hautes normes de qualité environnementale. Le bâtiment de Namur a reçu un certificat Valideo.

- **Le nouveau siège de BDO (Luxembourg) :** Ethias a investi dans un immeuble de bureaux luxembourgeois qui a reçu en 2015 l'«Interim Certificate – Design Stage BREEAM». Il a été décidé de prolonger la mission certificative pour obtenir le certificat BREEAM «Post Construction» en 2016. Le certificat final de l'immeuble a été reçu avec la mention «very good» (Rénovation).
- **NAOS (Luxembourg) :** Le certificat BREEAM «Excellent» a été obtenu fin 2018 qui couvre le «design stage» de cet immeuble de bureaux au Grand-Duché du Luxembourg, donc la conception. L'évaluation «post-construction» est en cours.

Ethias a décidé de devenir en 2020 signataire des UN PRI (United Nations Principles for Responsible Investments). Ces Principes pour l'Investissement Responsable (PRI) ont été développés par des investisseurs sous la conduite des Nations Unies en 2006. Il s'agit d'un engagement volontaire qui incite les investisseurs à intégrer les problématiques Environnementale, Sociale et de Gouvernance (ESG) dans la gestion de leurs portefeuilles.



PLANET

L'ENVIRONNEMENT



C'est sans hésiter que notre CEO, Philippe Lallemand, a accepté de soutenir la campagne Sign for my Future en devenant ambassadeur de cette action qui a pour objectif de mettre en œuvre une politique climatique forte et à long terme.

GOUVERNANCE ENVIRONNEMENTALE

Même si les activités des services d'Ethias ne semblent pas en soi polluantes, l'entreprise et ses collaborateurs représentent tout de même un « impact environnemental » à travers leurs déplacements, leurs consommations énergétiques, les émissions de déchets, de CO₂ ou encore la consommation d'eau et de papier.

Ethias a pris les devants et a décidé de quantifier son impact écologique pour mieux le réduire grâce à de nombreuses actions de terrain.



Vers la neutralité carbone !

Face à l'urgence climatique et au-delà du « Green Deal » européen, Ethias veut définir une stratégie garantissant la qualité du service et des produits, la prospérité de ses actionnaires et de ses collaborateurs sans faire appel à l'énergie d'origine fossile.

Elle développe un plan pluriannuel pour devenir une compagnie d'assurances neutre en carbone d'ici 10 ans, tout en compensant ses émissions actuelles dans un premier temps.

Deux axes principaux ont été identifiés pour réduire ses émissions de gaz à effet de serre :

- **La sobriété-efficacité :** disposer de bâtiments passifs, limiter les déplacements inutiles, développer le Homeworking, réduire au maximum les consommations superflues...
- **Le shift énergétique :** passer progressivement au tout électrique alimenté par des sources bas-carbone.

Cette transformation concernera principalement les infrastructures et l'ensemble de la mobilité des collaborateurs.

Depuis 2009, Ethias a instauré une politique résolue dans les 4 domaines suivants :



Mobilité



Réduction des émissions de CO₂



Réduction des déchets



Fournisseurs et achats responsables

Mobilité

Un centenaire sur le thème de la mobilité du futur

En 2019, Ethias célébrait ses 100 ans d'existence. Pour marquer cet événement plutôt rare dans le paysage économique belge, Ethias a choisi d'axer les célébrations de son premier centenaire autour d'une thématique qui lui est chère : la mobilité du futur.

À travers toutes les provinces de Belgique, Ethias a ainsi organisé des événements afin de promouvoir, auprès du public et des pouvoirs locaux, les avantages d'une mobilité adaptée et de présenter les solutions existantes et/ou innovantes en la matière. Pour ce faire, nous nous sommes associés aux principaux partenaires nationaux de mobilité : la SNCB, De Lijn, la STIB et le TEC.



Grâce à WeAreMobility (FEBIAC), notre partenaire structurel pour ces événements, nous avons initié plusieurs milliers de Belges à l'usage d'engins de mobilité innovants et contribué à les conscientiser sur la nécessité sociétale de cette transition.

7 200 PERSONNES ONT PARTICIPÉ À NOS ÉVÉNEMENTS (12 dates)

Une politique de mobilité pour les collaborateurs :

Ethias s'est engagée publiquement sur cette thématique car elle est convaincue qu'elle revêt un caractère crucial pour l'avenir de notre société, mais aussi car elle se positionne comme une pionnière en la matière. En effet, l'entreprise se prévaut depuis de nombreuses années d'une politique dynamique et volontariste en matière de déplacements qui mise sur une mobilité intelligente et plus respectueuse de l'environnement, en utilisant les outils publics et les engins de mobilité douce pour améliorer les déplacements des travailleurs.

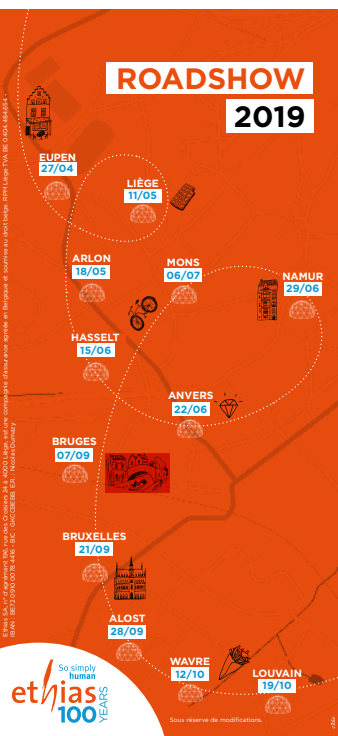
Dès 2012, Ethias est ainsi devenue une entité pilote de l'opération « Tous vélo-actifs » du SPW Mobilité, qui promeut le vélo « pour se rendre au boulot » dans les entreprises. Parallèlement, Ethias a été l'une des premières entreprises à rejoindre la cellule mobilité de l'UWE qui organise notamment la formation des Mobility Managers wallons.

Parmi les nombreuses initiatives déployées en interne, Ethias a notamment obtenu fin 2019, et ce pour la quatrième année consécutive, le label 5 étoiles « Tous vélo-actifs » décerné par le SPW ainsi que le badge « Parking vélo ».



Les émissions de CO₂ liées aux trajets entre le domicile et le lieu de travail ont un impact environnemental particulièrement important. C'est pourquoi, Ethias encourage ses collaborateurs à poursuivre leurs efforts et à changer leurs habitudes de déplacement en favorisant également le covoiturage et l'usage des transports en commun. Chaque année en septembre, Ethias participe à la **semaine de la mobilité** et met en valeur les usagers de la mobilité douce et de la mobilité combinée (voiture + vélo, transports en commun + vélo, etc.).

EN 7 ANS, LE NOMBRE DE CYCLISTES QUOTIDIENS CHEZ ETHIAS A QUINTUPLÉ (PRÈS DE 12 % DU PERSONNEL EN 2019).



En 2019

- **Ethias covoiture :** Elle a soutenu des programmes de mobilité alternative issus des pouvoirs publics comme l'initiative **Covoit-stop**. Elle a également lancé un projet de covoiturage permettant à davantage de collègues de s'y essayer, tout en bénéficiant de l'avantage fiscal. La plateforme comOn a été sélectionnée.
- **Ethias à vélo :**
 - Depuis 2014, Ethias met à disposition de ses collaborateurs, pour leurs déplacements personnels (temps de midi, après le travail), une flotte de 10 vélos d'entreprise (dont un électrique).
 - Une station gratuite de recharge électrique pour vélos a été installée dans son parking.
 - Depuis 2015, Ethias organise le « printemps du vélo » et offre aux collaborateurs qui viennent travailler à vélo l'entretien et la révision gratuits de leur vélo : un geste de prévention important pour un assureur.
 - Une journée « à vélo au boulot » a été organisée au début de l'été, en collaboration avec l'Amicale du personnel et le restaurant.
- **En 2019 :** Ethias a été invitée à présenter sa stratégie de promotion de la mobilité douce, notamment devant The Shift et devant le réseau des Mobility Managers et gestionnaires wallons de la mobilité.
- **CO₂ :**
 - L'entreprise applique depuis 2008 une mesure environnementale à ses véhicules de société : un taux limite d'émission de CO₂ a été fixé pour chaque catégorie de véhicules de fonction. La maîtrise des émissions carbone est un plan d'action prioritaire d'Ethias.
 - Depuis 2015, du printemps à l'automne, Ethias met en place sur son intranet « un compteur de km verts » où les cyclistes et piétons sont invités à encoder les kilomètres de parcours neutres d'empreinte carbone. En 2019, 104 378 km ont été parcourus, soit 21 tonnes de CO₂ épargnées. 124 collègues se sont inscrits à l'action et, pour la première fois, Ethias a participé à un projet de reforestation : une donation pour la plantation de 3 000 plants de palétuviers dans le Sud-Ouest du Bénin.
 - Un système de vidéo-conférences entre nos deux sièges permet de réduire les déplacements pour les réunions de travail.
 - Des rail pass sont mis gratuitement à la disposition du personnel pour les déplacements professionnels.



Réduction des émissions de CO₂

Suite à la mesure de l'empreinte carbone par CO₂logic, nous constatons une hausse de 16,5 % des émissions globales d'Ethias.

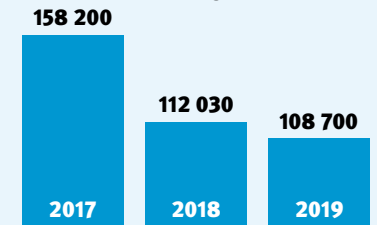
Cette hausse de nos émissions de CO₂ s'explique par deux facteurs :

- d'une part, un élargissement du périmètre de notre bilan : nous avons en effet intégré dans le calcul l'usage (tant privé que professionnel) des véhicules achetés dans le cadre du plan Cafeteria qu'Ethias a lancé pour la première fois en 2019.
- D'autre part, une hausse effective des émissions de CO₂ liées aux déplacements.

Ces résultats à la hausse nous confortent dans notre volonté de mettre en place un plan fort et ambitieux pour mener Ethias vers la neutralité carbone et la nécessité de ne pas relâcher nos efforts.

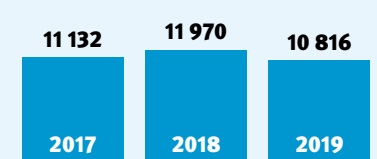
Consommation de papier

(en kg)



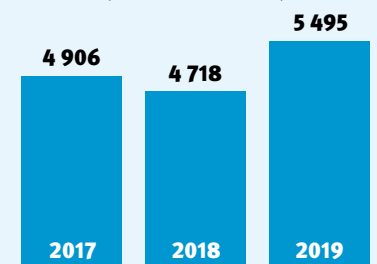
Consommation de viandes

(en kg)



Emissions globales d'Ethias

(en tonnes de CO₂)



Les actions entreprises en 2012-2013 perdurent en 2019 :

- Souscription de contrats de fourniture d'électricité privilégiant le **label vert « de garantie d'origine »** qui garantit la fourniture d'énergie produite par moyen hydroélectrique, éolien, de cogénération ou solaire (énergie 2030) ;
- **Mesure de l'empreinte carbone**, en partenariat avec la société CO₂logic, donnant lieu à des suggestions d'actions en vue d'une réduction de l'empreinte. Depuis 2018, la mesure de l'empreinte carbone se fait chaque année (auparavant, tous les deux ans) ;
- **Partenariat avec bpost** pour la compensation en CO₂ des envois postaux ;
- **Modernisation des équipements** de production et de gestion du chauffage/air conditionné ;
- **Mise en œuvre de mesures correctrices ou innovantes** afin de diminuer nos émissions (placement de modules de comptage énergétique, de détecteurs de présence...).



Réduction des déchets

Si le tri des déchets commence à faire partie des habitudes de tous au niveau privé, il reste plus difficile à organiser en entreprise, et surtout à ancrer dans les mentalités. Ethias sensibilise régulièrement le personnel à la collecte et au tri des déchets.

- **Gestion des déchets, emballages et consommables usés.** En 2018, un projet pilote de collecte du papier « essuie-mains » a été mis en place. Le test s'étant avéré positif, cette collecte a été déployée pour tous en 2019 et elle a permis de supprimer un des conteneurs de déchets « tout-venant ».
- **Commande de chaises certifiées « cradle to cradle »** - Recyclage à 90 % - Certification QUALITY OFFICE.
- **Quantification de la diminution des consommations** (énergies, eau, papier, déchets): 15,8 tonnes de papier et de carton ont été recyclées en collaboration avec l'asbl Terre.
- **Don de bureaux** à des associations caritatives et à des écoles.
- **Collecte de piles** en collaboration avec Bebat.

Fournisseurs et achats responsables

En 2017, Ethias a créé un service Procurement qui est en charge des achats de biens matériels et de services afin d'obtenir les meilleures garanties aux meilleures conditions. Une attention particulière se porte, autant que possible, sur les choix éthiques, durables et de proximité.

Ethias veille à ce que les conditions générales de tous ses bons de commande incluent un article selon lequel le fournisseur s'engage à respecter et faire respecter par ses éventuels sous-traitants et fabricants les principes de base de l'Organisation Internationale du Travail (O.I.T.).



Restaurants du personnel

125 000 repas servis de façon toujours plus responsable avec un objectif « bien-être et santé »

- **Suppression des bouteilles en verre et plastique**, remplacées par des fontaines et condiments en libre-service.
- Inscription à la Charte « **Green Deal – Cantines durables** ».
- Placement de **tables de tri** des déchets pour le débarrasage des plateaux.
- Mise en place d'une **politique « slowfood »** dans les restaurants du personnel: choix de fournisseurs de proximité adhérant à la charte de restauration Ethias et labels durables/ agriculture raisonnée/bio. Cette politique a valu à Ethias une récompense « **Fairtrade@work Award** » décernée par Max Havelaar.
- Chaque année, Ethias commande un colis « **Nekto** », « **Oxygen+** » ou « **Buy-Aid** » auprès d'associations favorisant le travail adapté pour personnes présentant un handicap mental léger, moteur ou sensoriel ou des organisations comme Unicef, Child Focus. Depuis 2012, Ethias s'est associée à Unicef (aide aux enfants dans les pays en développement) dans l'action Buy-Aid Coffee Week.
- **Conseils santé** affichés quotidiennement au restaurant du personnel.
- Organisation de la **semaine « santé-bonheur »** sur le thème de la diversité (mise à l'honneur des membres de l'équipe du restaurant).

15 000

15 000 BOUTEILLES EN PLASTIQUE ONT ÉTÉ SUPPRIMÉES AU DERNIER TRIMESTRE 2019



GESTION DES BÂTIMENTS

Réduction de la superficie d'occupation

Ethias a entamé en 2019 une importante démarche immobilière dans le but de réduire le nombre de m² de bureaux occupés et réduire ainsi notre empreinte carbone. 300 collègues ont été directement concernés par ce réaménagement d'espace.

**RÉDUCTION DE 6 500 M²
OCCUPATION DE 3 À 2 BÂTIMENTS.**

Cette démarche est notamment soutenue par la mise en place du Homeworking déployé en 2019 (voir page 13) et qui permet une optimisation des espaces de travail.

Choix stratégique de rénovation

Les consultations d'Ethias en termes d'équipement et d'infrastructure intègrent de manière naturelle les critères environnementaux lors de la sélection de ses fournisseurs et partenaires (choix de matériel recyclable, peu consommateur d'énergie, produits écologiques et biodégradables).

Ethias a mis en place les Concept Stores, ces agences commerciales «durables» qui visent une société de proximité. Les produits utilisés pour l'ameublement et la construction ou la rénovation de ces agences sont soit des matériaux recyclés, soit des matériaux recyclables. Un contrat-cadre a été signé avec un bureau de design pour développer cet esprit environnemental.

4 NOUVEAUX CONCEPT STORES ONT ÉTÉ OUVERTS EN 2019.



GOUVERNANCE

INTÉGRITÉ

L'activité de l'entreprise s'appuie sur des valeurs fortes qui constituent le fil conducteur de son travail, de son organisation et de ses politiques.

L'intégrité est au cœur de ces valeurs et doit guider au quotidien les décisions et les actions de chacun. Cela nourrit la confiance des parties prenantes et préserve sa crédibilité et sa réputation, facteurs clés de son succès.

La politique d'intégrité reprend les règles de conduite internes et externes qui s'imposent aux collaborateurs de l'entreprise et fournit un cadre de référence pour guider chacune de leurs actions, inspirer leurs choix et faire vivre les valeurs de l'entreprise au quotidien.

Elle a été intégralement révisée en 2018 et validée par le Conseil d'administration le 24 janvier 2019. Durant cette année, elle a fait l'objet d'une campagne de sensibilisation, sous la forme d'un quiz sur l'intranet, où des mises en situation illustrant ces thèmes principaux ont été proposées et ont suscité la participation de nombreux collègues.



Pacte mondial des Nations Unies

Depuis 2006, Ethias adhère au Pacte mondial des Nations Unies et a renouvelé son adhésion en 2018. Le Pacte mondial reste totalement intégré à la stratégie de l'entreprise.

Ce Pacte définit un cadre global en termes d'éthique, de respect des droits de l'homme, de respect du droit du travail et de politique environnementale (faire référence au tableau en fin de document).

Au quotidien, Ethias traduit ce cadre global en actions concrètes, tout en impliquant l'ensemble de ses parties prenantes et en assurant la promotion de ses valeurs.

Codes

Code d'éthique sociale : Ce code rappelle les valeurs et engagements de l'entreprise, dont les principes de base de l'Organisation Internationale du Travail (O.I.T.), et prévoit la mise en place du Comité d'éthique. Dans le domaine des relations de travail, il réaffirme son attachement aux valeurs fondatrices de l'économie sociale qui entend concilier activité économique rentable et politique sociale axée sur l'être humain, à qui la primauté est accordée.

Il existe une procédure de signalement de non-conformité au code d'éthique sociale.





Valeurs fondamentales des entreprises du code d'éthique sociale :

- ✓ Respect de la dignité des personnes et de leur vie privée
- ✓ Liberté syndicale et droit à la négociation collective
- ✓ Interdiction, dans la relation de travail, de toute discrimination fondée sur le sexe, la race, la nationalité, les convictions (religieuses, philosophiques ou politiques) ou l'origine sociale, les caractéristiques physiques individuelles ou l'état de santé
- ✓ Égalité de traitement et égalité des chances
- ✓ Formation professionnelle et développement des qualifications des collaborateurs
- ✓ Encouragement d'une politique de communication interne
- ✓ Interdiction de harcèlement moral, de harcèlement sexuel et de toute forme de violence
- ✓ Respect des lois et des règlements, des conventions individuelles et collectives de travail
- ✓ Respect des procédures et directives de l'entreprise
- ✓ Préservation d'excellentes conditions de sécurité, d'hygiène et de bien-être au travail

Les engagements d'Ethias dans l'économie sociale :

Bâtie sur des valeurs de solidarité et de progrès social, Ethias entend assumer pleinement sa responsabilité sociale, sociétale et environnementale.

Ses engagements à cet égard ont été formalisés dans une charte qui reprend des considérations telles que :

- ✓ Respect de la liberté d'association et reconnaissance du droit de négociation collective
- ✓ Élimination de toutes les formes de travail forcé ou obligatoire
- ✓ Abolition du travail des enfants
- ✓ Élimination de la discrimination en matière d'emploi et de profession
- ✓ Lutte contre la corruption
- ✓ Action contre la corruption sous toutes ses formes, y compris l'extorsion de fonds et les pots-de-vin

Code de conduite de la Direction Finances :

Il définit un ensemble de règles de déontologie professionnelle et de procédures spécifiques permettant de s'assurer que les membres du personnel de la Direction Finances exercent leur mission dans le respect des valeurs d'Ethias.

AMBITIONS 2020

Le Comité de direction d'Ethias et le Comité d'éthique paritaire réaffirment leur volonté d'ancrer la RSE dans les fondamentaux stratégiques de l'entreprise, en tant qu'employeur, assureur, investisseur et acteur responsable de la société.

En 2020, Ethias continuera à appliquer les 10 principes du Pacte mondial des Nations Unies à toutes ses actions et activités RSE. Plus encore, elle élargira son cadre de référence aux 17 objectifs de développement durable (Sustainable Development Goals) fixés par l'ONU, pour lesquels l'intérêt sociétal ne fait que croître.

Le Comité d'éthique a décidé de poursuivre les activités RSE menées jusqu'à présent et d'axer, plus particulièrement, son plan d'actions 2020 sur 3 objectifs de développement durable :



**LUTTE CONTRE LA PAUVRETÉ,
PARTOUT ET SOUS TOUTES
SES FORMES**



SANTÉ ET BIEN-ÊTRE À TOUT ÂGE



**LUTTE CONTRE LE CHANGEMENT
CLIMATIQUE**

POURQUOI UN RAPPORT NON FINANCIER ?

Pour Ethias, la réalisation de ce rapport non financier s'inscrit dans la continuité d'une démarche initiée dès 2007 avec la rédaction de ce qui s'appelait alors le « Rapport de responsabilité sociétale ».

Cette troisième édition du rapport va bien au-delà de l'obligation légale.

Ce document se veut fédérateur. Il reflète la collaboration de toutes les entités, au sein de l'entreprise, pour atteindre un objectif commun : être et rester un assureur socialement responsable.

Effectivement, l'ensemble de l'entreprise contribue à l'élaboration de ce rapport en alimentant l'équipe RSE avec toutes les initiatives prises au cours de l'année dans les différents départements.

Le rapport est ensuite rédigé et finalisé sous l'égide du Comité d'éthique, mis en place dès 2003 au sein d'Ethias.

C'est un organe **paritaire**, composé d'autant de représentants de l'employeur que de collaborateurs. Il a pour mission de déployer la RSE au sein de l'entreprise et de veiller au respect des règles d'éthique sociale.

Pour réaliser ce rapport, Ethias s'est basée sur les 10 principes du Pacte mondial des Nations Unies. Chacune des actions d'Ethias est guidée par une stratégie globale fondée sur ces principes et les engagements qui en découlent. Le Pacte mondial des Nations Unies, auquel Ethias adhère, est le fil rouge de la démarche RSE de l'entreprise.

En route vers la neutralité carbone !

Depuis 2008, Ethias mesure ses émissions de CO₂ et travaille à réduire son empreinte carbone. En 2020, Ethias s'engage à proposer une stratégie ambitieuse pour emmener l'entreprise vers la neutralité carbone à l'horizon 2030 !

Grandes tendances : Au-delà de la prise de conscience climatique planétaire en 2019 et des enjeux majeurs pour le secteur de l'assurance - tels que la transformation technologique, les risques émergents, l'environnement macro-économique ou encore le vieillissement de la population, une étude démontre que sur les 10 attentes majeures des consommateurs en 2020, 6 sont directement liées à la responsabilité sociétale & environnementale :

- La mobilité
- La qualité de l'air
- Le bien-être psychique
- Des produits et des services pour tous, sans distinction
- Le soutien à l'économie locale
- Le réemploi plutôt que le recyclage

C'est dans ce contexte que la démarche RSE d'Ethias se renforcera en 2020.





ADHÉSION AU PACTE MONDIAL DES NATIONS UNIES

En 2019, Ethias a renouvelé son adhésion au Pacte mondial des Nations Unies, auquel elle adhère depuis 2006. Ce Pacte est totalement intégré à la stratégie de l'entreprise :

10 Principes ONU

pour inviter les entreprises à :

Réponses d'Ethias

Promouvoir et à respecter la protection du droit international relatif aux droits de l'homme	<ul style="list-style-type: none"> Comité d'éthique paritaire Politique d'intégrité (nouvelle politique en 2019) Code d'éthique sociale Code d'investissement éthique
Veiller à ne pas se rendre complice de violations des droits de l'homme	<ul style="list-style-type: none"> Signature d'une convention O.I.T. par tous les fournisseurs Code d'investissement éthique (nouvelle version en 2019)
Respecter la liberté d'association et à reconnaître le droit à la négociation collective	<ul style="list-style-type: none"> Gouvernance sociale
Contribuer à l'élimination de toutes les formes de travail forcé ou obligatoire	<ul style="list-style-type: none"> Signature d'une convention O.I.T. par tous les fournisseurs
Contribuer à l'abolition effective du travail des enfants	<ul style="list-style-type: none"> Signature d'une convention O.I.T. par tous les fournisseurs
Contribuer à l'élimination de toute discrimination en matière d'emploi et de profession	<ul style="list-style-type: none"> Charte de diversité Politique de Talent Management
Appliquer l'approche de précaution face aux problèmes touchant à l'environnement	<ul style="list-style-type: none"> Gouvernance environnementale Code d'investissement éthique (nouvelle version en 2019)
Favoriser la mise au point et la diffusion de technologies respectueuses de l'environnement	<ul style="list-style-type: none"> Fournisseurs responsables Choix stratégiques de rénovation
Agir contre la corruption sous toutes ses formes, y compris l'extorsion de fonds et les pots-de-vin	<ul style="list-style-type: none"> Politique d'intégrité (nouvelle politique en 2019) Code d'investissement éthique (nouvelle version en 2019)



RAPPORT NON FINANCIER

2019



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