

ethias

INTERIM REPORT  
ON 30 JUNE 2020  
ETHIAS GROUP



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# I. Introduction

## I.1 General

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

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

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

## I.2 Key figures

### I.2.1 Essential data of the consolidated income statement

In thousands of euros	30 June 2020	30 June 2019	Change during the year
<b>Non-Life</b>	<b>886,393</b>	<b>918,514</b>	<b>-3.50%</b>
Public bodies and Companies	582,552	617,418	-5.65%
Private Individuals	303,840	301,096	0.91%
<b>Life</b>	<b>628,193</b>	<b>554,506</b>	<b>13.29%</b>
Public bodies and Companies	610,890	530,867	15.07%
Private Individuals	17,303	23,640	-26.81%
<b>Total premium collection Life and Non-Life</b>	<b>1,514,586</b>	<b>1,473,020</b>	<b>2.82%</b>
Net profit (loss) on current transactions after tax	93,719	140,870	-33.47%
Share of the associates in the result	(230)	(17)	1.235.64%
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	0.00%
<b>Net consolidated profit (loss)</b>	<b>93,488</b>	<b>140,853</b>	<b>-33.63%</b>
Group's share	87,733	133,031	-34.05%
Non-controlling interests	5,755	7,822	-26.42%

### I.2.2 Essential data of the consolidated financial position

In thousands of euros	30 June 2020	31 December 2019	Change
Total assets	20,518,692	19,506,398	5.19%
<b>Equity of the Group</b>	<b>2,747,205</b>	<b>2,687,735</b>	<b>2.21 %</b>
Non-controlling interests	62,379	65,374	-4.58 %

### I.2.3 Regulatory coefficients

	30 June 2020	31 December 2019	Change
Solvency II ratio* of the company Ethias SA	177%	191%	-14%

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

The Solvency II margin at end-June 2020, established according to the standard formula, stands at 177% after deduction of a foreseeable dividend of 50 million euros. Excluding this foreseeable dividend, the SII margin amounts to 181%.

## I.2.4 Other key figures

	30 June 2020	31 December 2019	Change
<b>Number of employees</b>	<b>4,003</b>	<b>3,535</b>	<b>13.24%</b>
Ethias SA	1,899	1,887	0.64%
NRB Group	2,018	1,648	22.45%
IMA Benelux	86	-	-

IMA Benelux was acquired in January 2020.

## I.3 Key facts of the first half of 2020

### I.3.1 Financial market developments in the first half of 2020

The sudden but tectonic impact of COVID-19 on economic growth and employment started in March. It was most outspoken in sectors such as airlines, energy, metals & mining, automotive and tourism. Sectors that have profit most are real estate and pharmaceuticals. Analysts presume today that a recovery will be slower than initially thought. The V-recovery shapes are overtaken by "Nike Swoosh" alike recoveries with Q3 or even Q4 2022 as target to get back to Q4 2019 growth patterns.

While the monetary and fiscal support packages should limit the impact of the pandemic in the short run, supply disruption, demand weaknesses, e-commerce, digitalization and working from home will have a lasting impact in the long run. Financial risk will continue to weigh on market volatility in the coming quarters. Some sectors risk downgrades and credit spread widening, companies will need to be recapitalized or supported with liquidity packages. Regulators have already prevented the financial sector to pay dividends and banks have taken massive provisions to cope with possible non-performing loans.

It can be concluded that the low interest rate environment, the higher market volatility and the lower dividend expectations will have an impact on our profit projections. A higher risk profile could be required to generate the same P&L levels from investments as before 2020. Credit losses, provisions and stock corrections risk also to have their impact on the performance of investment portfolios.

Diversification of investments, credit monitoring and agile investing will be important to cope with the financial risks that are listed above.

### I.3.2 The COVID-19 pandemic

The health crisis and its consequences at all levels have had an impact on our insurance activities.

The number of **claims** was lower in Motor, Assistance and Travel Cancellation, as a result of a considerably reduced use of means of mobility during the lockdown period and a summer period with fewer trips abroad as well.

**Premium** income was also down: solidarity actions in favour of policyholders placed on temporary unemployment<sup>1</sup>, suspension of certain contracts, postponement or cancellation of certain tariff increases deemed inappropriate at that time.

It should be noted that thanks to its direct and phygital model, **Ethias has not experienced any business interruption**. In fact, very quickly after the lockdown period, a clear **upturn in insurance subscriptions** was recorded, among others in Car and Home insurances. This growth in the number of contracts and income, compared to 2019, was again confirmed in August (+8% increase in Individual Non-Life business income, of which 9% from the Web).

The financial turmoil due to the COVID-19 crisis has had an impact on the Ethias SII coverage ratio (-14%), mainly due to the equity market stressed conditions and the pressure on the government bond yields. Market volatility was only partly compensated by Solvency II volatility absorbing mechanisms such as Volatility Adjustment for credit spread market volatility or Symmetric Adjustment for equity market volatility. Despite this partial compensation, Ethias' Solvency position remains solid, mainly thanks to the management decision to maintain a very low sensitivity to interest rates downwards shocks, a well-diversified investment portfolio and a limited exposure to sectors which suffered particularly from the crisis such as leisure, the close monitoring of the market anticipations and the dynamic management of the financial risks and a regular update of the COVID-19 impact estimation on the business.

<sup>1</sup> Car: issuance of a credit note corresponding to 2 months of premium to be credited on the next due date.

Annual travel cancellation: issuance of a credit note corresponding to 2 months of premium to be credited on the next due date.

Temporary travel cancellation: issuance of a voucher corresponding to the insurance premium paid for the trip made impossible.

Tenant: payment of one month's rent, up to a maximum of € 500.00.

Furthermore, several scenarios are examined and updated on a regular basis in order to take into account the latest known data and trends, potential lagging effects as well as the uncertainty around the evolution of the pandemic and its impacts on the economy.

As a result of the COVID-19 crisis and its socio-economic consequences on our underwriting / insurance activities, the emergence of several risks may arise.

Within sectors where the economic depression is experienced, we may suffer from the decrease in our turnover as well as from policyholder defaults. The impact of that risk may however be mitigated by the very well diversified position of Ethias.

There are also political uncertainties as to the extent to which the insurance sector will be required by the government to either adjust premiums to the claim evolution due the health crisis (in particular, in motor insurance) or to cover the COVID-19 pandemic risk (currently without a clear view on how the (re)insurance market can handle that risk, possibly together with the authorities).

Furthermore, the delay in non-urgent health care acts (not performed during the lockdown period) may also lead to an increase of the future claim severity (due to a deterioration of the health state because of deferred care).

Finally, we can also mention that a prolonged lockdown period may lead to an increase in fraudulent behaviours (due to less intensive control operations) and that more frequent home working habits may contribute to change the risk profile (higher cyber risk exposure, alteration of the worker's accident risk profile ...).

Moreover, the current crisis represents an occasion for Ethias to accelerate the deployment of its strategy, in line with its ambition to be the n° 1 Direct insurer, the n° 1 Digital insurer and the n° 1 insurer for Public Bodies. Being an insurer with a **complete and diversified range of products** (addressing mobility, health care, liability, accidents, home as well as life and death coverage for both private individuals and public bodies), Ethias has been able to absorb these impacts and to turn the crisis into an **opportunity for developing new coverages and services** that meet the **new client needs brought about by the health crisis** and for **further boosting its digital performance** (*Do Insure Yourself: easy & safe*). Our 1,800 employees continue to work on strengthening our direct and digital communication channels with our B2C and B2B clients, and on developing new products and services (particularly in the health care sector). After the rapid and successful introduction of a work-from-home programme for nearly all personnel, Monday 4<sup>th</sup> May saw the **reopening of our regional offices**. The operation was carried out to the satisfaction of our colleagues and clients and with respect for protection and social distancing measures.

Monday 15<sup>th</sup> June saw the **resumption of activities at the company's main offices in Liège and Hasselt**, in full compliance with the measures of distancing and prevention. This on-site resumption took place within a work-from-home framework that is maintained at 50%, while respecting a rotation in teams and skills. From a societal point of view, and for the post-COVID era, Ethias wants to make this way of working more structural by applying a "50% work-from-home" principle for all its employees. This measure, for which an agreement has been reached with the trade unions, will also have a significant impact in terms of cost reduction, infrastructure needs, reducing our carbon footprint, but also balancing economic efficiency with the needs of employees in their personal lives.

On the client side, **Ethias has adopted more than 50 measures in favour of its policyholders and our country's citizens** (support for and accompaniment of the health care and education sectors, extension of insurance coverages, possibility to spread premium payment in the event of difficulty, refraining from tariff increases, etc.). These measures demonstrate our commitment to society, serving policyholders, citizens and the economy.

We have also deployed a strategy of direct and permanent communication to all parties concerned: our staff members (via the company's intranet, messages from the CEO ...), our clients (special "Covid" section on our website, text messages, newsletters, development of an online aid platform for citizens called "App4you", strengthening of our digital communication channels ...) and our various stakeholders.

It was also important for us to **support first-line actors**, for example through financial aid to the Red Cross, Doctors Without Borders, participation in health care ecosystems, the donation of portables for schools, the provision of disinfection equipment and signage for sports facilities ...

In short, 1,800 people have mobilized all their forces to protect and support people in need at the right moment while ensuring the sustainability of their company.

### I.3.3 DECAVI

The quality of our products and services has once again been rewarded! Ethias has won **4 DECAVI Trophies** in Non-Life insurance:

- Tenant Insurance;
- Family Civil Liability Insurance;
- Workers' Compensation Insurance;
- Digital Trophy for the development of "My AT" in the Client Zone (consultation and follow-up by the victim of a work accident).

These awards, like the many other achievements, confirm our innovation dynamics and the quality of work at the service of our policyholders, in line with our ambition to be the n° 1 Direct insurer, the n° 1 Digital insurer and the n° 1 insurer for Public Bodies.

### I.3.4 Conclusion of a partnership with Independer

Conclusion of a partnership with Independer, acting as a price comparator and insurance intermediary (launch in November, for the car insurance product). Independer is DPG Media's digital advice and comparison platform for insurances, banking products, energy and mortgages.

### I.3.5 Ethias appoints Wilfried Neven as CDTO

Wilfried Neven took office on 21 February. He is in charge of accelerating the digital transformation, in line with our positioning, our strategic plan and the expectations of our clients.

### I.3.6 Publication of our 3<sup>rd</sup> CSR Report, testimony to Ethias' long-standing involvement in Corporate Social Responsibility

Ethias has published its 3<sup>rd</sup> non-financial report since the transposition of the European Directive 2014/95/EU into Belgian law. Designed around the 3 pillars "People, Profitability" & Planet", this report reviews Ethias' 2019 actions on the social, societal and ecological levels.

### I.3.7 "Change Over 2030": Ethias commits to an ambitious climate plan

Objective: to reach a climate-neutral activity by 2030 by means of an ambitious plan called "Change Over 2030"!

**The trajectory to achieve this ambition will revolve around 2 major pillars:**

- **Energy sobriety:** having CO<sub>2</sub>-efficient buildings, limiting unnecessary travel and reducing unnecessary consumption.
- **Energy shift:** gradually moving to all-green electricity powered by low-carbon sources.

**There will be 3 stages (2020-2025-2030):**

- From 2020, Ethias will offset all its emissions by participating in one or more certified projects that contribute to reducing the carbon footprint.
- By 2025, it will reduce its CO<sub>2</sub> emissions by one third by renovating or constructing new corporate buildings based on the principles of "**Sustainable Building**". Ethias will continue its efforts in the area of **soft mobility** and it will totally transform its car fleet by promoting **electric and hybrid vehicles**.

It will also continue its **work-from-home** policy.

- By 2030, **all of our buildings** will be CO<sub>2</sub>-efficient. All our vehicles will emit 0 grams of CO<sub>2</sub> per km. Within the Ethias Group, we will work together with NRB, our IT subsidiary, to reduce our digital footprint.

### I.3.8 Ethias, an ever more attractive employer according to the latest study by Universum

In the latest survey conducted by Universum<sup>2</sup> among more than 11,000 students (Master's & Bachelor's degrees from Business, Engineering and Law schools), **Ethias records a 13% increase in 2020** in terms of attractiveness as an employer, after having already gained 16% in 2019 in the "Business" category. **Ethias is also gaining 38 places among law students**, hence recording the best progression.

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<sup>2</sup> Source: <https://peoplesphere.be/fr/> publication June 30, 2020 - Universumglobal.com

## I.4 Result of the financial year

The first half of 2020 records a net result of 88 million euros for the Group, split between the Non-Life business (95 million euros), the Life business (37 million euros), the other activities of the Group (-6 million euros) and taxes (-38 million euros). Taking into account minority interests, the consolidated net result amounts to 93 million euros.

The decrease in the group's net income compared to June 30, 2019 (-45 million euros) is mainly due to the evolution of non-recurring financial results and the impact of the February storms, partly offset by lower claims costs in Non-Life, and more specifically in Motor, following the pandemic.

## I.5 Management of financial and insurance risks

### I.5.1 Concentration risk

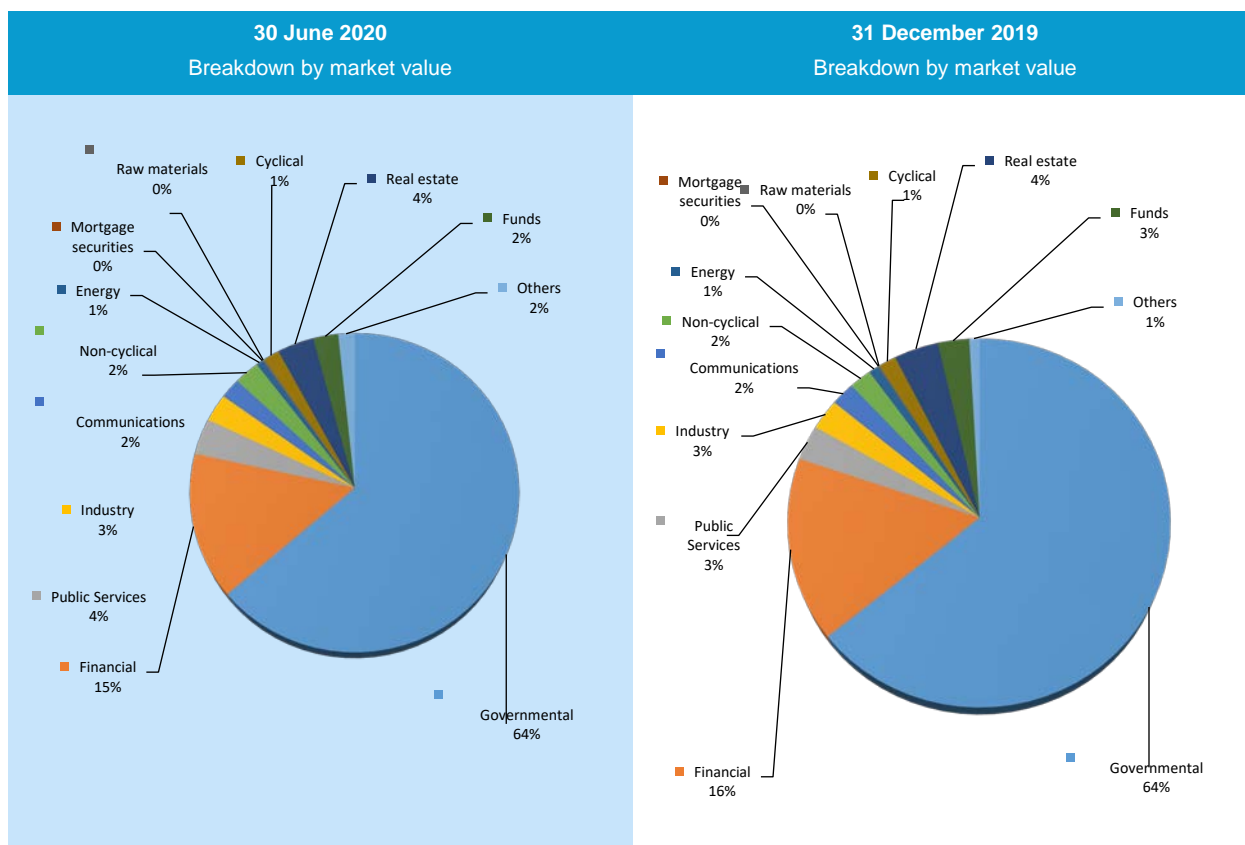
The concentration risk on the market risks includes the risk of additional losses borne by the company as a result of either, the lack of diversification in its assets portfolio (losses increased by the concentration of investments in a geographical zone or activity sector) or an important exposure to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

#### I.5.1.1 Sectoral distribution

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

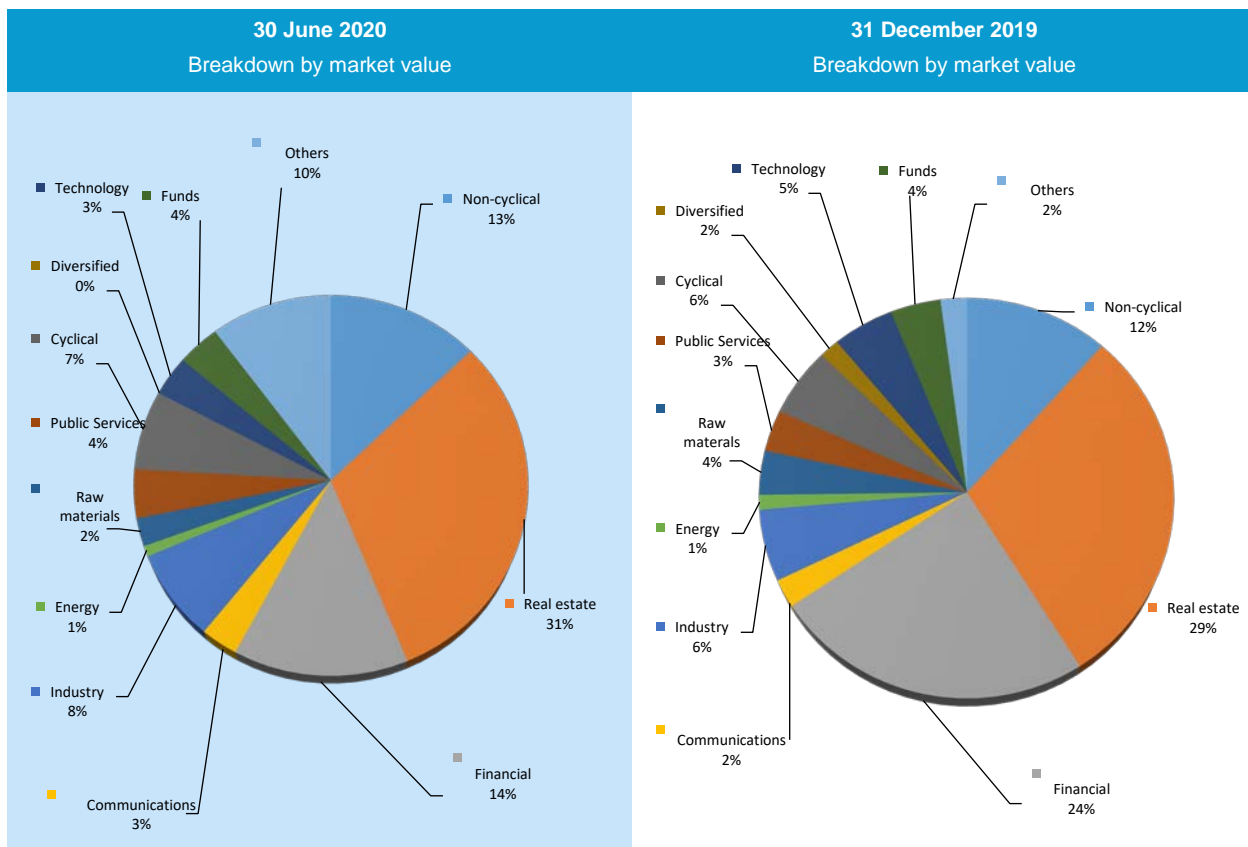
In 2020, the sectoral distribution of shares and investment funds as well as of bonds and similar securities invested is as follows:

##### I.5.1.1.1 Bonds and similar securities





### I.5.1.1.2 Shares, participating interests and investment funds



### I.5.1.2 Exposure to sovereign risk

At end-June 2020, 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. 10,234.7 million euros on a total of 15,371.9 million euros). End-2019, this part amounted to 67% (i.e. 9,812.2 million euros on a total of 14,713.7 million euros).

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

In thousands of euros; in market value	30 June 2020	31 December 2019
Germany	476,440	441,279
Austria	169,822	154,642
Belgium	4,214,362	4,221,393
Spain	933,557	856,579
Central and Eastern Europe	547,139	624,393
France	1,476,051	1,437,801
Ireland	539,059	507,255
Italy	362,673	243,472
The Netherlands	20,849	21,786
Scandinavia	45,979	44,734
Portugal	770,536	585,287
Supranational securities	592,856	628,867
Others	85,366	44,692
<b>Total</b>	<b>10,234,690</b>	<b>9,812,179</b>

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, 10,234.7 million euros per June 30, 2020 (against 9,812.2 million euros per December 31, 2019), is higher than the amount mentioned under the sector "Governmental", i.e. 9,787.7 million euros (against 9,438.9 million euros per December 31, 2019).

## I.5.2 Credit spread risk

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

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

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

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

In thousands of euros In market value	30 June 2020						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and similar securities	717,377	6,871,808	2,596,825	4,275,892	177,707	732,310	15,371,919
Loans and deposits	-	15,698	9,028	-	-	506,436	531,162
Receivables	-	-	57	-	-	518,954	519,011
Cash and cash equivalents	112	7	603,735	-	265	38,083	642,202
<b>Total</b>	<b>717,489</b>	<b>6,887,513</b>	<b>3,209,645</b>	<b>4,275,892</b>	<b>177,973</b>	<b>1,795,888</b>	<b>17,064,399</b>

In thousands of euros In market value	31 December 2019						
	AAA	AA	A	BBB	BB and below	No rating	Total
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
<b>Total</b>	<b>733,402</b>	<b>6,703,856</b>	<b>3,088,506</b>	<b>3,705,949</b>	<b>142,457</b>	<b>1,725,755</b>	<b>16,099,924</b>

The proportion of "BBB" ratings (increasing for "Bonds and similar securities") is explained by the fact that the majority of reinvestments are made in this category of issuers, with the aim of optimizing the portfolio's risk/return ratio.

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

No significant events occurred after the closing date.

## II. CONSOLIDATED FINANCIAL STATEMENTS

### II.1 Consolidated balance sheet

In thousands of euros	Notes	30 June 2020	31 December 2019
<b>Assets</b>			
<b>Goodwill</b>	IV.1	68,810	61,675
<b>Other intangible assets</b>	IV.2	105,369	112,963
<b>Operational buildings and other tangible fixed assets</b>	IV.3	88,670	94,600
<b>Right-of-use of assets</b>		42,303	18,922
<b>Investment in associates</b>		1,374	595
<b>Investment properties</b>	IV.3	520,546	503,392
Financial assets available for sale		15,821,870	14,994,049
Financial assets at fair value through profit and loss		460,043	616,026
Loans, deposits and other financial investments recognized at amortized cost		510,214	483,324
Derivative financial instruments		129,067	98,742
Investments belonging to unit-linked insurance contracts		1,363,993	1,394,250
<b>Financial investments</b>	IV.4	18,285,187	17,586,391
<b>Reinsurers' share of technical provisions</b>		172,395	157,350
<b>Deferred tax assets</b>	IV.6	234	24,908
<b>Receivables arising from insurance operations or accepted reinsurance</b>	IV.5	272,613	224,682
<b>Receivables arising from ceded reinsurance operations</b>	IV.5	111,168	110,833
<b>Other receivables</b>	IV.5	135,231	147,406
<b>Any other assets</b>		51,315	43,032
<b>Cash and cash equivalents</b>		642,202	398,372
<b>Assets available for sale including assets from discontinued operations</b>		21,276	21,276
<b>Total assets</b>		20,518,692	19,506,398

<b>Liabilities</b>			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		1,197,489	985,255
Net profit (loss) of the period		87,733	211,956
Other items of comprehensive income		461,983	490,523
<b>Equity of the Group</b>		<b>2,747,205</b>	<b>2,687,735</b>
<b>Non-controlling interests</b>		<b>62,379</b>	<b>65,374</b>
<b>Total equity</b>		<b>2,809,585</b>	<b>2,753,109</b>
Insurance contract liabilities		9,137,901	8,845,234
Investment contract liabilities with discretionary participation features		4,779,924	4,769,558
Investment contract liabilities without discretionary participation features		3,315	3,464
Liabilities belonging to unit-linked insurance contracts		1,363,993	1,394,250
Profit sharing liabilities		3,939	53,268
<b>Insurance and investment contract liabilities</b>	<b>IV.7</b>	<b>15,289,071</b>	<b>15,065,775</b>
<b>Subordinated debts</b>	<b>IV.8</b>	<b>475,883</b>	<b>484,037</b>
<b>Lease obligations due in less than one year</b>		<b>14,760</b>	<b>8,739</b>
<b>Lease obligations due in more than one year</b>		<b>27,966</b>	<b>10,211</b>
<b>Other financial debts</b>	<b>IV.8</b>	<b>865,346</b>	<b>234,020</b>
<b>Employee benefits</b>	<b>IV.9</b>	<b>273,502</b>	<b>290,283</b>
<b>Provisions</b>		<b>28,184</b>	<b>32,201</b>
<b>Derivative financial instruments</b>		<b>59,735</b>	<b>43,722</b>
<b>Tax payables</b>	<b>IV.10</b>	<b>77,956</b>	<b>29,484</b>
<b>Deferred tax liabilities</b>	<b>IV.6</b>	<b>37,751</b>	<b>31,259</b>
<b>Liabilities from operating activities</b>	<b>IV.10</b>	<b>260,524</b>	<b>292,137</b>
<b>Other payables</b>	<b>IV.10</b>	<b>298,429</b>	<b>231,421</b>
<b>Liabilities related to assets available for sale and discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Total other liabilities</b>		<b>17,709,108</b>	<b>16,753,289</b>
<b>Total liabilities</b>		<b>20,518,692</b>	<b>19,506,393</b>

The statements and notes of sections II. to V. form an integral part of the consolidated financial IFRS statements as at 30 June 2020.

## II.2 Consolidated income statement

In thousands of euros	Notes	30 June 2020	30 June 2019
Gross premiums		1,514,586	1,473,020
Premiums ceded to reinsurers		(33,034)	(35,752)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(191,574)	(193,535)
Other income from insurance activities		2,616	2,741
<b>Revenues from insurance activities <sup>(a)</sup></b>	<b>V.1</b>	<b>1,292,594</b>	<b>1,246,474</b>
<b>Revenues from other activities</b>		<b>157,065</b>	<b>147,341</b>
Net income from investments		199,816	207,258
Net realized gains or losses on investments		17,668	48,980
Change in fair value of investments through profit and loss <sup>(b)</sup>		(81,099)	93,803
<b>Net financial income</b>	<b>V.3</b>	<b>136,385</b>	<b>350,041</b>
<b>NET REVENUES</b>		<b>1,586,044</b>	<b>1,743,855</b>
Claims and insurance benefits		1,094,138	1,275,614
Net expenses or revenues ceded to reinsurers		(8,326)	(9,551)
Management costs <sup>(c)</sup>		179,596	168,914
<b>Technical expenses for insurance activities</b>	<b>V.2</b>	<b>1,265,409</b>	<b>1,434,977</b>
<b>Expenses for other activities</b>		<b>148,209</b>	<b>136,348</b>
Change in depreciation and amortization on investments (net)	V.3	17,217	(7,686)
Other investment financial expenses	V.3	6,821	5,080
Finance costs		14,521	13,793
<b>Financial expenses</b>		<b>38,560</b>	<b>11,186</b>
<b>NET EXPENSES</b>		<b>1,452,177</b>	<b>1,582,512</b>
Goodwill impairment		-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>133,867</b>	<b>161,343</b>
Income taxes		(40,148)	(20,473)
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>93,719</b>	<b>140,870</b>
Share of the associates in the result		(230)	(17)
Net profit (loss) from discontinued operations		-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>93,488</b>	<b>140,853</b>
Group's share		87,733	133,031
Non-controlling interests		5,755	7,822

a) Net of reinsurance

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

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

## II.3 Statement of consolidated comprehensive income

In thousands of euros	30 June 2020	30 June 2019
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>93,488</b>	<b>140,853</b>
Actuarial gains and losses on defined benefit pension liabilities	(7,920)	(19,802)
Tax	1,980	4,951
<b>Items that will not be reclassified to the income statement</b>	<b>(5,940)</b>	<b>(14,852)</b>
Change in fair value of financial assets available for sale	(25,748)	260,815
Change in fair value of derivative instruments designated as cash flow hedges	12,260	17,602
Tax	(9,112)	(60,211)
<b>Items likely to be reclassified to the income statement</b>	<b>(22,600)</b>	<b>218,205</b>
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	<b>(28,540)</b>	<b>203,353</b>
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>64,949</b>	<b>344,206</b>
Group's share	59,193	336,384
Non-controlling interests	5,755	7,822

## II.4 Consolidated cash flows statement

In thousands of euros	Notes	30 June 2020	30 June 2019
<b>Net profit (loss) before tax (Total 1)</b>		<b>133,867</b>	<b>161,343</b>
Depreciations and impairments on intangible and tangible assets	IV.2, IV.3	37,188	20,922
Change in depreciations on financial instruments and investment properties	IV.3, IV.4, V.3	17,217	(7,686)
Change in fair value on investments through profit or loss	IV.4, V.3	81,099	(93,803)
Provisions for risks and expenses, and other liabilities		(30,718)	(29,763)
Change in provisions of insurance and investments contracts		125,368	323,131
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(185,110)	(224,190)
<b>Corrections of the amounts that do not impact cash flows (Total 2)</b>		<b>45,045</b>	<b>(11,388)</b>
Dividends and instalments on earned dividends		13,039	20,858
Earned financial income	V.3	244,052	243,479
Use of provision for employee benefits		(7,588)	(5,753)
Change in current receivables and debts	IV.5, IV.10	32,696	(184,905)
Change in liabilities from insurance and investments contracts		(1,727)	(14,665)
Tax paid		(10,632)	(20,699)
<b>Other changes (Total 3)</b>		<b>269,839</b>	<b>38,316</b>
<b>Net cash flows from operating activities (Total 1+2+3)</b>		<b>448,751</b>	<b>188,271</b>
Shares in subsidiaries, net of acquired cash in hand	III.3	(6,254)	-
Acquisition of financial assets and investment properties	IV.3, IV.4	(2,334,420)	(2,493,879)
Acquisition of intangible and tangible fixed assets	IV.2, IV.3	(45,925)	(44,874)
Disposals of shares in subsidiaries, net of transferred cash	III.3	675	-
Disposals of financial assets and investment properties	IV.3, IV.4	1,556,241	2,192,996
Disposals of intangible and tangible fixed assets	IV.2, IV.3	3,539	895
<b>Net cash flows from investing activities</b>		<b>(826,144)</b>	<b>(344,862)</b>
Subscription to capital increase		-	-
Capital refund		-	-
Dividends paid by the parent company		-	-
Dividends paid to third parties		(5,695)	(4,827)
Issues of financial liabilities	IV.8	77	9,000
Refund of financial liabilities	IV.8	(1,332)	(4,882)
Interests paid on financial liabilities		(23,166)	(22,263)
Issuance of lease obligations		46,810	29,286
Reimbursement of lease obligations		(23,035)	(5,215)
Interest paid on lease obligations		(531)	-
<b>Net cash flows from financing activities</b>		<b>(6,871)</b>	<b>1,099</b>
<b>Total cash flows</b>		<b>(384,265)</b>	<b>(155,493)</b>
<b>Cash or cash equivalents at the beginning of the period</b>		<b>216,982</b>	<b>432,160</b>
<b>Cash or cash equivalents at the end of the period</b>		<b>(159,260)</b>	<b>276,574</b>
Change in the cash accounts		(384,265)	(155,493)
Impacts of exchange rate differences of foreign currency and of other transactions		7,000	(43)
Changes in accrued interests not yet due on cash equivalents		1,022	(50)
<b>Change in cash</b>		<b>(376,243)</b>	<b>(155,586)</b>

## II.5 Consolidated statement of changes in equity

In thousands of euros	2020						
	Subscribed capital	Result carried forward	Unrealized gains and losses	Others	Equity of the Group	Non-controlling interest	Total equity
<b>Equity as of 1 January</b>	<b>1,000,000</b>	<b>1,197,212</b>	<b>464,881</b>	<b>25,642</b>	<b>2,687,735</b>	<b>65,374</b>	<b>2,753,109</b>
Net consolidated profit (loss) attributable to:	-	87,733	-	-	87,733	5,755	93,488
Total of other items of comprehensive income	-	-	(43,030)	14,490	(28,540)	-	(28,540)
Other movements	-	-	-	-	-	-	-
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>87,733</b>	<b>(43,030)</b>	<b>14,490</b>	<b>59,193</b>	<b>5,755</b>	<b>64,949</b>
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(5,695)	(5,695)
Change in the consolidation scope	-	277	-	-	277	(3,056)	(2,779)
Other movements	-	-	-	-	-	-	-
<b>Equity as of 30 June</b>	<b>1,000,000</b>	<b>1,285,222</b>	<b>421,851</b>	<b>40,132</b>	<b>2,747,205</b>	<b>62,379</b>	<b>2,809,585</b>

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

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.

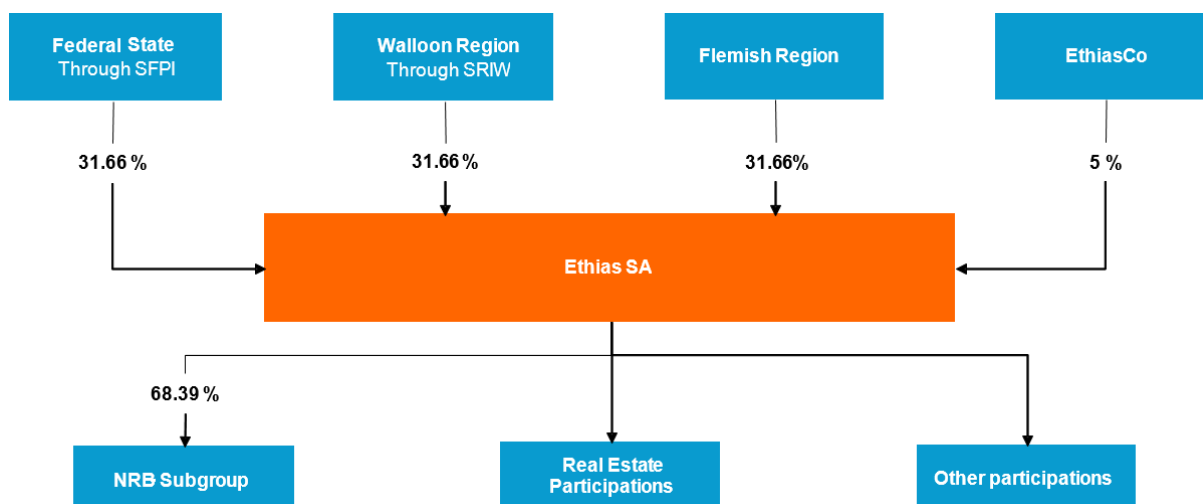
The line "Change in the consolidation scope" includes an increase in the group's shareholders' equity following the change in the group's ownership percentage resulting from the transfer of Xperthis SA's shares from Xperthis Group to Infohos. Minority interests are also impacted by this change as well as by the integration of People & Technology, Infohos and the Computerland Group.



## III. GENERAL INFORMATION

### III.1 Legal structure

Its legal structure is as follows:



**Ethias SA** centralizes all Life and Non-Life insurance activities.

Ethias SA is 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).

### III.2 Consolidation scope

#### III.2.1 List of the consolidated subsidiaries

	30 June 2020					31 December 2019		
	Country	Sector	Currency	% of integration	% of control	% of integration	% of control	Change in scope
<b>Consolidating company</b>								
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%	67.00%	67.00%	
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	0.00%	0.00%	100.00%	100.00%	Cession
Veran Real Estate	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
<b>NRB Group</b>								
Adinfo	Belgium	IT	EUR	34.88%	51.00%	34.88%	51.00%	
Afelio	Belgium	IT	EUR	68.37%	100.00%	68.37%	100.00%	
Altair	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition by NRB
Athena Informati	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition by NRB
Cevi	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Civadis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Computerland	Belgium	IT	EUR	53.38%	78.06%	0.00%	0.00%	Acquisition by NRB
Infohos	Belgium	IT	EUR	49.24%	90.00%	0.00%	0.00%	Acquisition by NRB
Logins	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
NRB	Belgium	IT	EUR	68.39%	68.39%	68.39%	68.39%	
Orda's	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition by NRB
People & Technology	Belgium	IT	EUR	68.39%	100.00%	0.00%	0.00%	Acquisition by NRB
Siggis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
SLM	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition by NRB
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	49.24%	100.00%	54.71%	100.00%	Intra-group disposal
Xperthis Group	Belgium	IT	EUR	54.71%	80.00%	54.71%	80.00%	

<b>Others</b>							
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

<b>NRB Group</b>							
Belgium DC	Belgium	IT	EUR	34.19%	50.00%	34.19%	50.00%
<b>Others</b>							
IMA Benelux	Belgium	Other	EUR	33.00%	33.00%	0.00%	0.00%

Acquisition by Ethias SA

## III.3 Acquisitions and disposals of subsidiaries

### III.3.1 Assets and liabilities of companies acquired

In thousands of euros	30 June 2020	31 December 2019
Goodwill and other intangible assets	10,296	-
Investment properties	-	75,798
Financial investments	-	-
Reinsurers' share of technical provisions	-	-
Other assets and tangible fixed assets	23,515	449
Cash and cash equivalents	2,685	122
Insurance and investment contract liabilities	-	-
Financial debts	(12,509)	(29,918)
Provisions for risks and expenses	(102)	-
Other liabilities	(18,706)	(10,758)
Participating interests accounted for using the equity method	1,010	-
Non-controlling interests	3,056	(7,515)
Changes in equity following acquisitions	(277)	6,600
<b>Net assets acquired</b>	<b>8,968</b>	<b>34,778</b>
Less: cash acquired	(2,685)	(122)
Less: goodwill	(30)	-
<b>Cash used for acquisitions</b>	<b>6,254</b>	<b>34,656</b>

In 2019, NRB 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 in 2019 amounts to 10 million euros for Xperthis Group and 24.7 million euros for Naos.

In 2020, Ethias SA acquired 33 % of the shares of IMA Benelux. For its part, NRB, which is continuing its expansion and growth strategy, acquired 100 % of the shares in People & Technology, 78 % of the shares in Computerland and 90 % of the shares in Infohos. The net cash flow relating to the acquisitions of 2020 amounts to 1 million euros for IMA Benelux, 3.5 million euros for People & Technology, 3.8 million euros for Computerland and -2.2 million euros for Infohos.

### III.3.2 Assets and liabilities of divested companies

In thousands of euros	30 June 2020	31 December 2019
Intangible assets	-	-
Financial investments	2,843	-
Reinsurers' share of technical provisions	-	-
Any other assets	5	-
Cash and cash equivalents	245	-
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Provisions for risks and expenses	-	-
Other liabilities	(36)	-
<b>Net assets acquired</b>	<b>3,057</b>	-
Gain/(loss) on disposals, net of tax	(2,137)	-
Net cash received related to disposals without loss of control	-	-
Transferred cash	(245)	-
<b>Cash received for disposals</b>	<b>675</b>	-

The amounts presented above correspond to the disposal of Vecquim in January 2020.

## III.4 Summary of significant accounting principles

### III.4.1 Basis of preparation of the consolidated financial statements

#### III.4.1.1 General principles

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

This report is prepared for the six months ending on 30 June 2020 and compares it with the end of the previous financial year for the consolidated balance sheet, and with the comparable interim periods of the previous financial year for the other statements.

The interim report does not include all the notes normally included in an annual financial report. Consequently, this report should be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcement made by the Ethias Group during the interim reporting period.

#### III.4.1.2 New standards, amendments and interpretations published and adopted since 1 January 2020

The following new standards and interpretations, applicable as from 1 January 2020, had no major incidence on the consolidated accounts of the Group:

- IFRS 9 – Financial instruments: Recognition and measurement. The "deferral option", which allows the deferred application at the same time as IFRS 17, was used (see point III.4.1.3).
- Amendments to IAS 39;
- Amendments to IFRS 7;
- Amendment IFRS 3;
- Amendment IFRS 16;
- Amendment IAS 1;
- Amendment IAS 8.

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

### III.4.1.3 Future standards and interpretations

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

Moreover, the Group systematically analyzes the standards and interpretations that will come into force in subsequent years.

The Group has implemented projects relating to the main new standards and interpretations that could have a significant impact on the accounts, such as IFRS 17 "insurance contracts" (formerly IFRS 4), which was published on May 18, 2017 and whose date of entry into force is January 1, 2023, as well as of IFRS 9 "Financial Instruments", published on July 24, 2014, whose date of entry into force is January 1, 2018. The "deferral option", which allows the deferred application of IFRS 9, at the same time as IFRS 17, was applied. In fact, the activities of Ethias and its subsidiaries meet the criteria of paragraph 20B of the amendment to IFRS 4 because they are mainly related to insurance. In this respect, management has assessed that the Group has not applied any previous version of IFRS 9 and, in accordance with paragraph 20D of the amendment to IFRS 4, the total book value of the Group's insurance-related liabilities for the year ended 31 December 2015 in relation to the total book value of all its liabilities amounts to 99%, which is more than 90%. In accordance with paragraph 20G of the amendment to IFRS 4, there has been no change in the Group's activities that would justify a revaluation. The implementation of IFRS 9 and IFRS 17 will have a significant impact on equity and result.

IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features (currently only Ethias SA).

The main change brought about by IFRS 17 is the introduction of a general model for measuring the profitability of insurance contracts called BBA, "Building Block Approach". This model is based on a discounted estimate of future profits at the time of subscription of the insurance contracts grouped in an annual cohort. This estimate includes a risk adjustment to incorporate the uncertainty of future flows.

In the case of profitable contracts, this method is used to determine the Contractual Service Margin (CSM), which represents the estimate of future profits. This estimate of future profits will subsequently be taken into account in the income statement over time. In the case of unprofitable contracts, the expected loss will be taken into account at the time of subscription.

The IFRS 17 regulation also provides for 2 other valuation models for insurance contracts: a simplified model (PAA, Premium Allocation Approach) which can be used under certain conditions, among others for contracts with a term of one year or less, and a VFA model (Variable Fee Approach) for contracts with profit-sharing.

The recognition of current insurance income (premium) will be replaced by a recognition in the income statement as and when the service is rendered in accordance with the new methods for valuing insurance contracts.

As a corollary to the introduction of IFRS 17, the standard for the presentation of financial statements (IAS 1) will also be amended. This standard will change the way in which financial statements are presented by distinguishing insurance results (Insurance Revenue and Insurance Expense) from financial results related to insurance contracts.

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

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

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

### III.4.2 Sector information

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

### III.4.3 Accounting principles and valuation rules

The accounting principles and the valuation rules applied at 31 December 2019 are still valid and therefore applicable for the first half of 2020. For detailed explanation, see the annual report at end 2019.

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

## III.5 Critical accounting estimates and judgements

For more information with regard to the introduction of these estimates, we refer to the corresponding notes in the consolidated financial statements of the annual report 2019.

## III.6 Sector information

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

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

The results of the segments for the years ended on 30 June 2020 and 2019 respectively are detailed below:

In thousands of euros	Note	PUBLIC & CORPORATE SECTOR		PRIVATE INDIVIDUALS		OTHERS	Statutory income statement B-GAAP	Statutory income statement B-GAAP	ADJUSTMENTS	IFRS consolidated financial statement
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON-TECHNICAL	Ethias SA	Subsidiaries	Total Adjustments	30 June 2020
Gross premiums		582,552	612,008	303,840	17,499	-	1,515,900	-	(1,315)	1,514,586
Premiums ceded to reinsurers		(24,549)	(1,512)	(3,473)	-	-	(29,534)	-	(3,499)	(33,034)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(177,700)	-	(17,373)	-	-	(195,073)	-	3,499	(191,574)
Other income from insurance activities		851	67	(43)	1,741	-	2,616	-	-	2,616
<b>Revenues from insurance activities <sup>(a)</sup></b>	<b>V.1</b>	<b>381,154</b>	<b>610,563</b>	<b>282,951</b>	<b>19,240</b>	<b>-</b>	<b>1,293,908</b>	<b>-</b>	<b>(1,315)</b>	<b>1,292,594</b>
<b>Revenues from other activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,183</b>	<b>6,183</b>	<b>236,585</b>	<b>(85,703)</b>	<b>157,065</b>
Net income from investments		33,720	88,437	14,167	14,756	(10,538)	140,541	22,523	36,752	199,816
Net realized gains or losses on investments		-	-	-	-	-	-	2,153	15,516	17,668
Change in fair value of investments through profit and loss <sup>(b)</sup>		-	-	-	-	-	-	(20,262)	(60,837)	(81,099)
<b>Net financial income</b>	<b>V.3</b>	<b>33,720</b>	<b>88,437</b>	<b>14,167</b>	<b>14,756</b>	<b>(10,538)</b>	<b>140,541</b>	<b>4,414</b>	<b>(8,570)</b>	<b>136,385</b>
<b>NET REVENUES</b>		<b>414,873</b>	<b>699,000</b>	<b>297,118</b>	<b>33,996</b>	<b>(4,355)</b>	<b>1,440,632</b>	<b>240,999</b>	<b>(95,587)</b>	<b>1,586,044</b>
Insurance service expenses		317,825	628,651	160,861	24,796	-	1,132,133	-	(37,995)	1,094,138
Net expenses or revenues ceded to reinsurers		(7,141)	(679)	(528)	-	-	(8,349)	-	23	(8,326)
Management costs <sup>(c)</sup>		71,944	42,840	71,889	6,614	-	193,288	-	(13,692)	179,596
<b>Technical expenses for insurance activities</b>	<b>V.2</b>	<b>382,628</b>	<b>670,812</b>	<b>232,221</b>	<b>31,411</b>	<b>-</b>	<b>1,317,073</b>	<b>-</b>	<b>(51,664)</b>	<b>1,265,409</b>
<b>Expenses for other activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,831</b>	<b>8,831</b>	<b>219,305</b>	<b>(79,927)</b>	<b>148,209</b>
Change in depreciation and amortization on investments (net)	V.3	-	-	-	-	-	-	4,423	12,794	17,217
Other investment financial expenses	V.3	-	-	-	-	-	-	673	6,149	6,821
Finance costs		-	-	-	-	-	-	4,441	10,080	14,521
<b>Financial expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,537</b>	<b>29,023</b>	<b>38,560</b>
<b>NET EXPENSES</b>		<b>382,628</b>	<b>670,812</b>	<b>232,221</b>	<b>31,411</b>	<b>8,831</b>	<b>1,325,903</b>	<b>228,842</b>	<b>(102,568)</b>	<b>1,452,177</b>
Goodwill impairment		-	-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>32,245</b>	<b>28,188</b>	<b>64,896</b>	<b>2,585</b>	<b>(13,186)</b>	<b>114,728</b>	<b>12,157</b>	<b>6,981</b>	<b>133,867</b>
Income taxes		-	-	-	-	(10,200)	(10,200)	(5,857)	(24,091)	(40,148)
Transfer/Charge to untaxed reserves		-	-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>32,245</b>	<b>28,188</b>	<b>64,896</b>	<b>2,585</b>	<b>(23,386)</b>	<b>104,528</b>	<b>6,300</b>	<b>(17,110)</b>	<b>93,719</b>
Share of the associates in the result		-	-	-	-	-	-	-	(230)	(230)
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>32,245</b>	<b>28,188</b>	<b>64,896</b>	<b>2,585</b>	<b>(23,386)</b>	<b>104,528</b>	<b>6,300</b>	<b>(17,340)</b>	<b>93,488</b>
Group's share							104,528	6,300	(23,095)	87,733
Non-controlling interests								-	5,755	5,755

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

- a) Net of reinsurance  
b) Including change in fair value of investments of which the financial risk is supported by the insured  
c) Including contract acquisition costs, administration costs, internal claim handling costs and other technical expenses



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

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

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

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

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

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

### III.6.1 Non-Life

**The result of Non-Life business amounts to 97 million euros at end-June 2020.**

Income amounts to 886 million euros and decreases by 3% compared to June 2019. It breaks down as follows between the segments "Private Individuals" and "Public Bodies & Companies":

- Income for Private Individuals increases by 2.7 million euros compared to June 2019 and amounts to 304 million euros;
- Income for Public Bodies & Companies amounts to 583 million euros and decreases compared to June 2019 (-35 million euros), mainly due to the discontinuation of a large part of the contracts at international level and to the COVID-19 crisis.

The Covid-19 pandemic had a positive impact on the claims costs (mainly in car insurance), while the February storms had a negative impact. The net combined operating ratio is 96%.

### III.6.2 Life

**The result of Life business amounts to 31 million euros at end-June 2020.**

Income at end-June 2020 increases by 13% compared to June 2019 and amounts to 629 million euros, including 17 million euros in Private Individuals and 612 million euros in Public Bodies & Companies.

Income in Life Individuals decreases by 6.3 million euros compared to June 2019.

Life income in Public Bodies & Companies amounts to 612 million euros (i.e. an increase of 15% compared to June 2019) and mainly results from the commercialization of Life Insurance products of the 1<sup>st</sup> pillar (pension insurance) and 2<sup>nd</sup> pillar (group insurance).

A provision for deferred profit-sharing of 27 million euros was allocated (i.e. stable compared to June 2019), mainly on 1<sup>st</sup>-pillar ring-fenced funds.

### III.6.3 Non-Technical

In June 2020, the non-technical result before taxes shows a negative contribution of -13.2 million euros compared to -4.7 million euros in June 2019. Tax expenses of the financial year amount to 10.2 million euros compared to 5.8 million euros in June 2019.

### III.6.4 Adjustments

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

Total consolidation adjustments amount to -21 million euros, of which -26.7 million euros as Group's share and +5.8 million to the interest of third parties.

The main movements are the following:

- The impact of the recognition of employee benefits in accordance with IAS 19 thus amounts to 4.6 million euros.
- The recognition of Life technical provisions under IFRS 4 favourably impacts the result by 32.4 million euros following the application of shadow accounting on products classified as FVPL.
- The application of IAS 39 leads to an adjustment on the result of financial instruments of -20.5 million euros.
- The application of IFRS 36 leads to an adjustment on the result of +2.9 million euros. This relates to the elimination of the amortization of past goodwill in B-GAAP on Whestia and on Trasys.
- The elimination of the allocation for future funds recorded in BGAAP amounts to +7 million euros.
- The elimination of dividends from subsidiaries amount to -20.3 million euros.
- Deferred taxes related to IFRS adjustments and consolidation adjustments impact the income statement by -24.1 million euros, including -20.3 million relating to the use of tax losses carried forward.

# IV. NOTES TO THE CONSOLIDATED BALANCE SHEET

## IV.1 Goodwill

### IV.1.1 Evolution of goodwill

In thousands of euros	30 June 2020	31 December 2019
<b>Gross value on 1 January</b>	<b>61,675</b>	<b>61,675</b>
Accumulated impairments on 1 January	-	-
<b>Net book value on 1 January</b>	<b>61,675</b>	<b>61,675</b>
Acquisition	7,135	-
Other changes	-	-
<b>Net book value on 30 June/31 December</b>	<b>68,810</b>	<b>61,675</b>

Goodwill was generated on:

- entities of the NRB subgroup, for 53.7 million euros;
- the acquisition of the Whestia entity ("outstanding balance" insurance portfolio) for 15.1 million euros.

In 2020, the acquisition of 100% of the shares in People & Technology and 78% of the shares in Computerland by NRB generated goodwill of 7.1 million euros.

### IV.1.2 Impairment test on goodwill

There were no significant changes in the first half of 2020 compared to 31 December 2019. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2019.

## IV.2 Other intangible assets

In thousands of euros	2020		
	Software and IT developments	Other intangible assets	Total
<b>Gross value on 1 January</b>	<b>235,409</b>	<b>44,576</b>	<b>279,985</b>
Accumulated amortization on 1 January	(136,346)	(15,907)	(152,252)
Accumulated impairments on 1 January	(14,769)	-	(14,769)
<b>Net book value on 1 January</b>	<b>84,294</b>	<b>28,669</b>	<b>112,963</b>
Acquisitions	5,371	510	5,881
Disposals	-	-	-
Reclassifications	132	-	132
Change in the consolidation scope	2,612	550	3,161
Net amortization	(7,203)	(2,266)	(9,469)
Impairments	(7,300)	-	(7,300)
Other changes	-	-	-
<b>Net book value on 30 June</b>	<b>77,906</b>	<b>27,463</b>	<b>105,369</b>

In thousands of euros	2019		
	Software and IT developments	Other intangible assets	Total
<b>Gross value on 1 January</b>	<b>210,672</b>	<b>44,106</b>	<b>254,778</b>
Accumulated amortization on 1 January	(116,244)	(20,722)	(136,966)
Accumulated impairments on 1 January	-	-	-
<b>Net book value on 1 January</b>	<b>94,428</b>	<b>23,384</b>	<b>117,813</b>
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	-	-	-
<b>Net book value on 31 December</b>	<b>84,294</b>	<b>28,669</b>	<b>112,963</b>

An impairment loss of 7.3 million euros was recorded on software and IT developments in the 1<sup>st</sup> half of the year that are no longer useful in the new technologies used by the front office.

## IV.3 Tangible fixed assets and investment properties

In thousands of euros	2020			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
<b>Gross value to be depreciated on 1 January</b>	<b>619,108</b>	<b>132,981</b>	<b>148,031</b>	<b>900,121</b>
Acquisitions	28,251	85	3,456	31,793
Disposals and withdrawals	(29)	(4,080)	(2,050)	(6,158)
Properties held for sale	-	-	-	-
Change in the consolidation scope	(5,258)	1	6,157	900
Reclassifications from one heading to another	-	-	(132)	(132)
Other changes	-	-	-	-
<b>Gross value on 30 June</b>	<b>642,073</b>	<b>128,988</b>	<b>155,463</b>	<b>926,524</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(115,716)</b>	<b>(74,524)</b>	<b>(111,888)</b>	<b>(302,129)</b>
Depreciations of the financial year	(8,231)	(1,662)	(5,635)	(15,529)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	27	27
Reversals following disposals	6	2,251	645	2,902
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	2,415	-	(4,994)	(2,580)
Reclassifications from one heading to another	-	-	-	-
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 30 June</b>	<b>(121,527)</b>	<b>(73,935)</b>	<b>(121,846)</b>	<b>(317,308)</b>
<b>Net book value on 30 June</b>	<b>520,546</b>	<b>55,052</b>	<b>33,617</b>	<b>609,216</b>
<b>Fair value on 30 June</b>	<b>667,590</b>	<b>112,121</b>	<b>33,617</b>	<b>813,328</b>

In thousands of euros	2019			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
<b>Gross value to be depreciated on 1 January</b>	<b>577,303</b>	<b>182,971</b>	<b>206,601</b>	<b>966,875</b>
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)
<b>Gross value on 31 December</b>	<b>619,108</b>	<b>132,981</b>	<b>148,031</b>	<b>900,121</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(112,664)</b>	<b>(93,250)</b>	<b>(165,389)</b>	<b>(371,303)</b>
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	-	-	-	-
<b>Depreciations and accumulated impairments on 31 December</b>	<b>(115,716)</b>	<b>(74,524)</b>	<b>(111,888)</b>	<b>(302,129)</b>
<b>Net book value on 31 December</b>	<b>503,392</b>	<b>58,457</b>	<b>36,143</b>	<b>597,992</b>
<b>Fair value on 31 December</b>	<b>637,040</b>	<b>114,670</b>	<b>37,358</b>	<b>789,068</b>

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.

## IV.4 Financial investments

### IV.4.1 Overview of financial investments by category

In thousands of euros	30 June 2020					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	49,774	(12,321)	87,692	-	125,145	125,145
<b>Participating interests</b>	<b>49,774</b>	<b>(12,321)</b>	<b>87,692</b>	<b>-</b>	<b>125,145</b>	<b>125,145</b>
Available for sale	349,141	(18,485)	54,336	-	384,991	384,991
Designated at fair value through profit or loss	117,080	-	-	(20,144)	96,936	96,936
Held for trading	17,562	-	-	(921)	16,641	16,641
<b>Equities</b>	<b>483,782</b>	<b>(18,485)</b>	<b>54,336</b>	<b>(21,064)</b>	<b>498,569</b>	<b>498,569</b>
Available for sale	187,039	(2,669)	89,472	-	273,842	273,842
Designated at fair value through profit or loss	11,172	-	-	1,266	12,438	12,438
<b>Investment funds</b>	<b>198,212</b>	<b>(2,669)</b>	<b>89,472</b>	<b>1,266</b>	<b>286,280</b>	<b>286,280</b>
Available for sale	13,538,007	(11,339)	1,511,224	-	15,037,892	15,037,892
Designated at fair value through profit or loss	335,992	-	-	(1,964)	334,028	334,028
<b>Bonds</b>	<b>13,873,999</b>	<b>(11,339)</b>	<b>1,511,224</b>	<b>(1,964)</b>	<b>15,371,919</b>	<b>15,371,919</b>
Loans and deposits	515,847	(5,632)	-	-	510,214	531,162
<b>Other investments</b>	<b>515,847</b>	<b>(5,632)</b>	<b>-</b>	<b>-</b>	<b>510,214</b>	<b>531,162</b>
Held for trading	1,594	-	-	(259)	1,335	1,335
Held for hedging purposes	-	-	127,732	-	127,732	127,732
<b>Derivative financial assets</b>	<b>1,594</b>	<b>-</b>	<b>127,732</b>	<b>(259)</b>	<b>129,067</b>	<b>129,067</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,291,816</b>	<b>-</b>	<b>-</b>	<b>72,176</b>	<b>1,363,993</b>	<b>1,363,993</b>
<b>Total</b>	<b>16,415,024</b>	<b>(50,447)</b>	<b>1,870,456</b>	<b>50,155</b>	<b>18,285,187</b>	<b>18,306,135</b>

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
<b>Participating interests</b>	<b>49,759</b>	<b>(12,321)</b>	<b>78,559</b>	<b>-</b>	<b>115,996</b>	<b>115,996</b>
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
<b>Equities</b>	<b>407,026</b>	<b>(9,555)</b>	<b>102,803</b>	<b>7,834</b>	<b>508,108</b>	<b>508,108</b>
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
<b>Investment funds</b>	<b>184,779</b>	<b>(3,081)</b>	<b>88,077</b>	<b>2,524</b>	<b>272,299</b>	<b>272,299</b>
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
<b>Bonds</b>	<b>13,295,669</b>	<b>(11,339)</b>	<b>1,412,650</b>	<b>16,692</b>	<b>14,713,672</b>	<b>14,713,672</b>
Loans and deposits	488,511	(5,187)	-	-	483,324	504,958
<b>Other investments</b>	<b>488,511</b>	<b>(5,187)</b>	<b>-</b>	<b>-</b>	<b>483,324</b>	<b>504,958</b>
Held for trading	1,472	-	-	(993)	479	479
Held for hedging purposes	-	-	98,263	-	98,263	98,263
<b>Derivative financial assets</b>	<b>1,472</b>	<b>-</b>	<b>98,263</b>	<b>(993)</b>	<b>98,742</b>	<b>98,742</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,274,094</b>	<b>-</b>	<b>-</b>	<b>120,157</b>	<b>1,394,250</b>	<b>1,394,250</b>
<b>Total</b>	<b>15,701,310</b>	<b>(41,484)</b>	<b>1,780,352</b>	<b>146,214</b>	<b>17,586,391</b>	<b>17,608,026</b>

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

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



## IV.4.2 Evolution of financial investments

In thousands of euros	2020						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	
<b>Opening balance on 1 January</b>	<b>14,994,049</b>	<b>613,307</b>	<b>2,719</b>	<b>483,324</b>	<b>98,742</b>	<b>1,394,250</b>	<b>17,586,391</b>
Acquisitions	1,964,943	16,275	54,672	62,109	687	207,483	2,306,169
Reclassifications between categories	-	-	-	(7,021)	-	-	(7,021)
De-recognition following exercise option	-	-	-	-	(22,855)	-	(22,855)
Profits and losses realized on hedging instruments not yet transferred to profit or loss	(16,400)	-	-	-	24,850	-	8,450
Disposals and reimbursements	(1,112,400)	(145,217)	(39,979)	(28,238)	(24,881)	(192,780)	(1,543,495)
Foreign currency translation differences on monetary assets	1	-	-	-	-	-	1
Adjustment at fair value	75,780	(39,499)	(771)	-	52,522	(41,335)	46,697
Amortizations	(22,699)	445	-	31	-	(2,585)	(24,808)
Changes in accrued interests not yet due	(50,764)	(1,909)	-	478	-	(1,041)	(53,235)
Impairments	(10,640)	-	-	(468)	-	-	(11,108)
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
<b>Net book value on 30 June</b>	<b>15,821,870</b>	<b>443,402</b>	<b>16,641</b>	<b>510,214</b>	<b>129,067</b>	<b>1,363,993</b>	<b>18,285,187</b>

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	
<b>Opening balance on 1 January</b>	<b>13,619,615</b>	<b>691,401</b>	<b>-</b>	<b>481,852</b>	<b>52,317</b>	<b>1,173,222</b>	<b>16,018,407</b>
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 realized on hedging instruments not yet transferred to 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	-	-	-	-	-	-	-
<b>Net book value on 31 December</b>	<b>14,994,049</b>	<b>613,307</b>	<b>2,719</b>	<b>483,324</b>	<b>98,742</b>	<b>1,394,250</b>	<b>17,586,391</b>

Adjustments to the fair value for derivatives (assets) break down into 52.6 million euros for derivative hedging instruments (against 165.9 million euros in December 2019) and -0.1 million euros for derivative trading instruments (against -1.0 million euros in December 2019).

## IV.4.3 Evolution of impairments on investments

### IV.4.3.1 Impairment on available-for-sale investments

In thousands of euros	30 June 2020	31 December 2019
<b>Balance on 1 January</b>	<b>(36,296)</b>	<b>(49,874)</b>
Provision for impairments	(10,640)	(3,178)
Reversals of impairments	-	-
Reversals due to disposals	2,121	16,731
Change in the consolidation scope	-	-
Reclassifications	-	25
Other changes	-	-
<b>Balance on 30 June / 31 December</b>	<b>(44,815)</b>	<b>(36,296)</b>

### IV.4.3.2 Impairments on loans, deposits and other financial investments

In thousands of euros	30 June 2020	31 December 2019
<b>Balance on 1 January</b>	<b>(5,187)</b>	<b>(8,581)</b>
Provision for impairments	(499)	(170)
Reversals of impairments	31	2,932
Reversals due to disposals	23	633
Change in the consolidation scope	-	-
Reclassifications	-	-
Other changes	-	-
<b>Balance on 30 June / 31 December</b>	<b>(5,632)</b>	<b>(5,187)</b>

## IV.4.4 Definition of fair value of financial instruments

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

In thousands of euros	30 June 2020			
	Level 1 - Listed prices on an active market	Level 2 - Valuation methods based on observable market data	Level 3 - Valuation methods not based on observable market data	Net book value
<b>Financial assets</b>				
Available for sale	3	-	125,142	125,145
<b>Participating interests</b>	<b>3</b>	<b>-</b>	<b>125,142</b>	<b>125,145</b>
Available for sale	380,351	-	4,640	384,991
Designated at fair value through profit or loss	96,936	-	-	96,936
Held for trading	16,641	-	-	16,641
<b>Equities</b>	<b>493,929</b>	<b>-</b>	<b>4,640</b>	<b>498,569</b>
Available for sale	162,009	18,439	93,395	273,842
Designated at fair value through profit or loss	12,438	-	-	12,438
Held for trading	-	-	-	-
<b>Investment funds</b>	<b>174,447</b>	<b>18,439</b>	<b>93,395</b>	<b>286,280</b>
Available for sale	13,568,498	1,335,045	134,349	15,037,892
Designated at fair value through profit or loss	121,512	179,905	32,611	334,028
Held for trading	-	-	-	-
<b>Bonds</b>	<b>13,690,010</b>	<b>1,514,950</b>	<b>166,960</b>	<b>15,371,919</b>
Held for trading	628	707	-	1,335
Held for hedging purposes	-	127,732	-	127,732
<b>Derivative financial assets</b>	<b>628</b>	<b>128,439</b>	<b>-</b>	<b>129,067</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,336,584</b>	<b>27,408</b>	<b>-</b>	<b>1,363,993</b>
<b>Total financial assets</b>	<b>15,695,601</b>	<b>1,689,236</b>	<b>390,137</b>	<b>17,774,973</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	<b>1,339,899</b>	<b>27,408</b>	<b>-</b>	<b>1,367,308</b>
Held for trading	-	-	-	-
Held for hedging purposes	-	59,735	-	59,735
<b>Derivative financial liabilities</b>	<b>-</b>	<b>59,735</b>	<b>-</b>	<b>59,735</b>
<b>Total financial liabilities</b>	<b>1,339,899</b>	<b>87,143</b>	<b>-</b>	<b>1,427,043</b>

In thousands of euros

	31 December 2019			
	Level 1 - Listed prices on an active market	Level 2 - Valuation methods based on observable market data	Level 3 - Valuation methods not based on observable market data	Net book value
<b>Financial assets</b>				
Available for sale	3	-	115,993	115,996
<b>Participating interests</b>	<b>3</b>	<b>-</b>	<b>115,993</b>	<b>115,996</b>
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
<b>Equities</b>	<b>503,468</b>	<b>-</b>	<b>4,640</b>	<b>508,108</b>
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	-	-	-	-
<b>Investment funds</b>	<b>168,453</b>	<b>20,259</b>	<b>83,587</b>	<b>272,299</b>
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	-	-	-	-
<b>Bonds</b>	<b>13,313,180</b>	<b>1,213,242</b>	<b>187,250</b>	<b>14,713,672</b>
Held for trading	303	176	-	479
Held for hedging purposes	-	98,263	-	98,263
<b>Derivative financial assets</b>	<b>303</b>	<b>98,440</b>	<b>-</b>	<b>98,742</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,367,349</b>	<b>26,901</b>	<b>-</b>	<b>1,394,250</b>
<b>Total financial assets</b>	<b>15,352,756</b>	<b>1,358,842</b>	<b>391,470</b>	<b>17,103,068</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	<b>1,370,814</b>	<b>26,901</b>	<b>-</b>	<b>1,397,715</b>
Held for trading	-	-	-	-
Held for hedging purposes	-	43,722	-	43,722
<b>Derivative financial liabilities</b>	<b>-</b>	<b>43,722</b>	<b>-</b>	<b>43,722</b>
<b>Total financial liabilities</b>	<b>1,370,814</b>	<b>70,623</b>	<b>-</b>	<b>1,441,437</b>

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

#### IV.4.5 Distribution between the various hierarchic levels

There has been no change in the criteria used to allocate assets between the different hierarchical levels. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2019.

## IV.4.6 Important transfers between investments estimated at fair value in level 1 and 2

In thousands of euros	30 June 2020		31 December 2019	
	From level 1 to level 2	From level 2 to level 1	From level 1 to level 2	From level 2 to level 1
<b>Financial assets</b>				
Available for sale	-	-	-	-
<b>Participating interests</b>	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Equities</b>	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Investment funds</b>	-	-	-	-
Available for sale	41,076	-	8,240	54,141
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Bonds</b>	<b>41,076</b>	-	<b>8,240</b>	<b>54,141</b>
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
<b>Derivative financial assets</b>	-	-	-	-
<b>Investments belonging to unit-linked insurance contracts</b>	<b>3,367</b>	-	-	-
<b>Total financial assets</b>	<b>44,443</b>	-	<b>8,240</b>	<b>54,141</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	-	-	-	-
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
<b>Derivative financial liabilities</b>	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

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 (no transfer compared to 54.1 million euros in December 2019) involve securities for which the source of the market price was the price given by a counterparty and which are currently valued by the BGN price (generic Bloomberg) and, inversely, transfers from level 1 to level 2 (i.e. for 41.1 million euros compared to 8.2 million euros in December 2019) involve securities that were valued by BGN (generic Bloomberg) and that are currently valued by the market price given by a counterparty.

## IV.4.7 Evolution of investments estimated at fair value in level 3

In thousands of euros	2020		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
<b>Opening balance on 1 January</b>	<b>336,836</b>	<b>54,633</b>	<b>391,470</b>
Acquisitions	19,774	-	19,774
Reclassifications between categories	-	-	-
Reclassification to level 3	-	-	-
Exit from level 3	-	(22,749)	(22,749)
Disposals and reimbursements	(7,346)	-	(7,346)
Adjustment at fair value through equity	7,735	-	7,735
Adjustment at fair value through profit or loss	-	(599)	(599)
Depreciation (premiums/discounts)	696	-	696
Changes in accrued interests not yet due	(170)	1,326	1,156
Impairments through profit or loss	-	-	-
Other changes	-	-	-
<b>Closing balance on 30 June</b>	<b>357,526</b>	<b>32,611</b>	<b>390,137</b>

In thousands of euros	31 December 2019		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
<b>Opening balance on 1 January</b>	<b>246,895</b>	<b>64,094</b>	<b>310,989</b>
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	-	-	-
<b>Closing balance on 31 December</b>	<b>336,836</b>	<b>54,633</b>	<b>391,470</b>

The amount of acquisitions (19.7 million euros - AFS) mainly includes the acquisition of the Fonds Bonds Rivage and BNP (for 8 million euros) and the balance for the acquisition of the "M80" fund (2.4 million euros), the "Maquarir" fund (3 million euros) and the "Capenergie 4" fund (5.4 million euros).

Disposals (7.3 million euros - AFS) are mainly due to the reimbursement of the fund "Bond BNP" (for 4 million euros) and the balance for the funds "Infravia" (1 million euros), "Rivage" (0.9 million euros) and the participating interest "Vecquim" (0.92 million euros).

The amount of the transfer from level 3 to level 1 (22.7 million euros - FVPL) relates to the switch from the model price to the BGN (generic Bloomberg) market price of the perpetual bond "MACIFS 3.916 10/29/49".

## IV.5 Receivables

### IV.5.1 Breakdown of receivables by nature

In thousands of euros	30 June 2020		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	299,464	(26,851)	272,613
Receivables arising from ceded reinsurance operations	111,168	-	111,168
Receivables arising from other operations	80,541	(1,472)	79,068
Tax receivables	7,267	-	7,267
Other receivables	50,535	(1,640)	48,896
<b>Total</b>	<b>548,974</b>	<b>(29,963)</b>	<b>519,011</b>

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
<b>Total</b>	<b>509,700</b>	<b>(26,778)</b>	<b>482,922</b>

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.

The increase in receivables is mainly due to the fact that a significant portion of the Non-Life premiums are issued in the first half of the year.

### IV.5.2 Evolution of impairments on receivables

In thousands of euros	30 June 2020	31 December 2019
<b>Impairments on receivables on 1 January</b>	<b>(26,778)</b>	<b>(19,897)</b>
Provisions of the financial year	(9,137)	(15,466)
Expenditures of the financial year	399	1,631
Reversals of the financial year	5,236	8,859
Change in the consolidation scope	9	-
Other changes	309	(1,906)
<b>Impairments on receivables on 30 June/31 December</b>	<b>(29,963)</b>	<b>(26,778)</b>

### IV.5.3 Outstanding receivables

There were no significant changes in the first half of 2020. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2019.

## IV.6 Deferred tax assets and liabilities

Net deferred taxes amount to -37.5 million euros (compared to -6.4 million euros at 31/12/2019). This change of -31.1 million euros is mainly due to the change in deferred tax liabilities on revaluations of investments classified as AFS (-27.3 million euros) and the change in deferred tax assets relating to deferred tax assets on recoverable tax losses (-20.4 million euros) offset by the movement in deferred tax assets on technical provisions (+13.5 million euros).

## IV.7 Insurance and investment contract liabilities

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

### IV.7.1 Liabilities related to Non-Life insurance contracts

In thousands of euros	30 June 2020	31 December 2019
Mathematical provisions	957,472	920,126
Provisions for unearned premiums	497,942	292,976
Claims provisions	2,485,577	2,536,602
Shadow accounting	-	-
Other provisions	205,462	205,899
<b>Total insurance contract liabilities (gross)</b>	<b>4,146,452</b>	<b>3,955,603</b>
Reinsurers' share in liabilities related to Non-Life insurance contracts	169,775	155,524
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>3,976,678</b>	<b>3,800,079</b>

The increase in mathematical provisions is mainly due to the indexation of annuities.

The increase in provisions for unearned premiums is explained by the fact that a significant portion of the Non-Life premiums are issued in the first half of the year.

The decrease in claims provisions is partly due to the pandemic.

### IV.7.2 Liabilities related to Life insurance contracts

In thousands of euros	30 June 2020	31 December 2019
Mathematical provisions	4,233,511	4,189,353
Claims provisions	-	-
Shadow accounting	752,715	700,277
Other provisions	5,222	-
<b>Insurance contract liabilities</b>	<b>4,991,448</b>	<b>4,889,631</b>
<b>Liabilities related to unit-linked insurance contracts</b>	<b>411,781</b>	<b>403,561</b>
<b>Total insurance contract liabilities (gross)</b>	<b>5,403,229</b>	<b>5,293,192</b>
Reinsurers' share in liabilities related to Life insurance contracts	2,621	1,826
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>5,400,608</b>	<b>5,291,365</b>

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



The increase in liabilities related to Life insurance contracts is mainly explained by the allocation of profit-sharing at January 1<sup>st</sup> and by the decrease in interest rates.

### IV.7.3 Investment contract liabilities

In thousands of euros	30 June 2020	31 December 2019
Mathematical provisions	4,306,986	4,320,344
Claims provisions	-	-
Shadow accounting	450,763	449,215
Other provisions	22,175	-
<b>Investment contract liabilities with discretionary participation features</b>	<b>4,779,924</b>	<b>4,769,558</b>
<b>Liabilities related to unit-linked investment contracts with discretionary participation features</b>	<b>940,278</b>	<b>977,178</b>
Mathematical provisions	3,315	3,464
<b>Investment contract liabilities without discretionary participation features</b>	<b>3,315</b>	<b>3,464</b>
<b>Liabilities related to unit-linked investment contracts without discretionary participation features</b>	<b>11,934</b>	<b>13,511</b>
<b>Total investment contract liabilities (gross)</b>	<b>5,735,451</b>	<b>5,763,712</b>
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
<b>Total investment contract liabilities (after deduction of the reinsurers' share)</b>	<b>5,735,451</b>	<b>5,763,712</b>

The amount of 22 million euros included under "Other provisions" corresponds to the estimated profit-sharing during the year.

The decrease in liabilities related to investment contracts is mainly explained by higher benefits than premiums, partially offset by the allocation of profit-sharing at January 1<sup>st</sup> and by the decrease in interest rates.

### IV.7.4 Profit sharing liabilities

In thousands of euros	30 June 2020	31 December 2019
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	3,939	21,104
Profit sharing related to investment contracts	-	32,164
<b>Liabilities for profit sharing of policyholders</b>	<b>3,939</b>	<b>53,268</b>

In the course of the year, the estimated Life profit sharing is recorded under "Other provisions" (see tables above).

## IV.8 Financial debts

The following table details the financial debts.

In thousands of euros	30 June 2020		31 December 2019	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	475,883	532,927	484,037	583,732
<b>Subordinated debts</b>	<b>475,883</b>	<b>532,927</b>	<b>484,037</b>	<b>583,732</b>
<b>Lease obligations</b>	<b>42,726</b>	<b>42,726</b>	<b>18,950</b>	<b>18,950</b>
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	67	67	55	55
Payables arising from repurchase operations (repo)	728,322	728,322	123,590	123,590
Collateral received as guarantee	73,074	73,074	57,745	57,745
Others	63,884	63,884	52,630	52,630
<b>Other financial debts</b>	<b>865,346</b>	<b>865,346</b>	<b>234,020</b>	<b>234,020</b>
<b>Total of the financial debts</b>	<b>1,383,955</b>	<b>1,440,999</b>	<b>737,007</b>	<b>836,702</b>

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.

The increase in financial debts is mainly due to the significant purchase of repos (+604.7 million euros) in the 1<sup>st</sup> half of 2020, as well as the increase in collateral by 15.3 million euros.

## IV.9 Employee benefits

There were no significant changes in the first half of 2020. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2019.

## IV.10 Trade and other payables

The following table details trade and other payables.

In thousands of euros	30 June 2020	31 December 2019
Liabilities arising from direct insurance operations and accepted reinsurance	120,668	164,215
Liabilities arising from ceded reinsurance operations	139,856	127,922
<b>Liabilities from operating activities</b>	<b>260,524</b>	<b>292,137</b>
Tax on current result	12,379	8,962
Other contributions and taxes	65,577	20,522
<b>Tax payables</b>	<b>77,956</b>	<b>29,484</b>
Social security payables	59,307	60,052
Payables to associates	-	-
Payables from finance leases	4,398	4,643
Trade payables	73,880	84,633
Other payables	127,370	70,693
Accruals for liabilities	33,474	11,401
<b>Other payables</b>	<b>298,429</b>	<b>231,421</b>
<b>Total other payables</b>	<b>636,909</b>	<b>553,042</b>

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

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

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

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

# V. NOTES TO THE CONSOLIDATED INCOME STATEMENT

## V.1 Income from insurance activities

In thousands of euros	30 June 2020			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	148,695	886,393	479,498	1,514,586
Premiums ceded to reinsurers	(1,512)	(31,521)	-	(33,034)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(191,574)	-	(191,574)
Other income from insurance activities	1,763	808	45	2,616
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>148,946</b>	<b>664,105</b>	<b>479,543</b>	<b>1,292,594</b>

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

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

## V.2 Technical expenses for insurance activities

In thousands of euros	30 June 2020			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Insurance service expenses	180,280	475,491	438,368	1,094,138
Net expenses or revenues ceded to reinsurers	(679)	(7,647)	-	(8,326)
Management costs	12,185	138,089	29,323	179,596
<b>Technical expenses for insurance activities</b>	<b>191,785</b>	<b>605,933</b>	<b>467,691</b>	<b>1,265,409</b>

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

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

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

### V.3 Net financial result without finance costs

In thousands of euros	30 June 2020					Total
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations of investments	Other investment financial expenses	
<b>Investment properties</b>	<b>17,281</b>	<b>27</b>	<b>-</b>	<b>(8,231)</b>	<b>-</b>	<b>9,078</b>
Available for sale	1,677	(2,107)	-	-	-	(430)
<b>Participating interests</b>	<b>1,677</b>	<b>(2,107)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(430)</b>
Available for sale	9,881	3,040	-	(8,519)	-	4,403
At fair value through profit or loss	1,436	(3,346)	(61,308)	-	-	(63,219)
Held for trading	45	1,778	(771)	-	-	1,052
<b>Shares and investment funds</b>	<b>11,362</b>	<b>1,472</b>	<b>(62,079)</b>	<b>(8,519)</b>	<b>-</b>	<b>(57,764)</b>
Available for sale	152,442	16,381	2	-	-	168,825
At fair value through profit or loss	6,357	1,833	(17,861)	-	-	(9,671)
Unlisted at amortized cost price	-	-	-	-	-	-
<b>Bonds</b>	<b>158,799</b>	<b>18,214</b>	<b>(17,859)</b>	<b>-</b>	<b>-</b>	<b>159,154</b>
<b>Loans, deposits and other financial investments</b>	<b>6,405</b>	<b>-</b>	<b>-</b>	<b>(468)</b>	<b>-</b>	<b>5,938</b>
Held for trading	-	27	199	-	-	226
Held for hedging purposes	-	-	-	-	-	-
<b>Derivative financial instruments</b>	<b>-</b>	<b>27</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>226</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>(10)</b>	<b>36</b>	<b>(1,336)</b>	<b>-</b>	<b>-</b>	<b>(1,310)</b>
<b>Cash and cash equivalents</b>	<b>2,329</b>	<b>-</b>	<b>(24)</b>	<b>-</b>	<b>-</b>	<b>2,305</b>
<b>Others</b>	<b>1,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,821)</b>	<b>(4,848)</b>
<b>Net financial result without finance costs</b>	<b>199,816</b>	<b>17,668</b>	<b>(81,099)</b>	<b>(17,217)</b>	<b>(6,821)</b>	<b>112,347</b>

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

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

## V.4 Employee benefit expenses

There were no significant changes in the first half of 2020. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2019.

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

## VI.1 Related parties

Represented in this appendix are transactions with related parties, which are the Directors and Manager of the Group, Ethias Pension Fund OFP and EthiasCo SRL and Vitrufin until October 2019.

### VI.1.1 Transactions related to the balance sheet

In thousands of euros	30 June 2020	31 December 2019
Other financial investments	-	-
Receivables	54	-
Any other assets	-	-
<b>Total assets with related parties</b>	<b>54</b>	<b>-</b>
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Trade and other payables	-	-
<b>Total liabilities with related parties</b>	<b>-</b>	<b>-</b>

### VI.1.2 Transactions related to revenues and expenses

In thousands of euros	30 June 2020	30 June 2019
Revenues	-	-
Operating expenses	(24,450)	(27,439)
Financial income	-	111
<b>Total of the revenues and expenses with related parties</b>	<b>(24,450)</b>	<b>(27,328)</b>

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

### VI.1.3 Remunerations for key management personnel

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

As at 30 June 2020, no loans, credits or bank guarantees had been granted to members of the Board of Directors or the Management Committee or to members of their close relatives.

### VI.1.4 Other transactions with related parties

In the first half of 2020, the Group did not receive or give any commitment towards related parties.

## VI.2 Commitments

### VI.2.1 Received commitments

In thousands of euros	30 June 2020	31 December 2019
Guarantee commitments	729,237	748,096
Finance commitment	623	623
Other received commitments	-	-
<b>Total</b>	<b>729,860</b>	<b>748,718</b>

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

### VI.2.2 Given commitments

In thousands of euros	30 June 2020	31 December 2019
Guarantee commitments with regard to financing	-	-
Other guarantee commitments	11,786	12,559
Commitments on securities	734,728	123,631
Other given commitments	219,023	204,490
<b>Total</b>	<b>965,538</b>	<b>340,680</b>

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

The commitments on securities mainly include repurchase operations for 729.4 million euros at June 30, 2020 (compared to 123.6 million at December 31, 2019) following the implementation of an investment programme financed by repos.

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

## VI.3 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. The litigation is still ongoing and has not changed in the 1<sup>st</sup> half of 2020.



## VII. Other information

### VII.1 Statutory auditor's report on the consolidated financial statements for the year ended 30 June 2020



**ETHIAS SA/NV**

**Statutory auditor's report to the board of  
directors on the review of the consolidated  
interim financial information for the six-  
month period ended 30 June 2020**

30 September 2020



To the board of directors  
Ethias SA/NV

**STATUTORY AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ON THE REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**Introduction**

We have reviewed the accompanying consolidated interim financial information, consisting of the consolidated balance sheet of Ethias SA/NV and its subsidiaries (collectively referred to as "the Group") as at 30 June 2020, the consolidated income statement, the statement of consolidated comprehensive income, the consolidated cash flows statement and the consolidated statement of changes in equity for the six-month period then ended, as well as the explanatory notes.

These statements show a consolidated balance sheet total of EUR '000' 20.518.692 and a net consolidated profit (attributable to Group's share) for the six-month period then ended of EUR '000' 87.733.

The board of directors is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

**Scope of review**

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

**Conclusion**

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

Sint-Stevens-Woluwe, 30 September 2020

The statutory auditor  
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV  
Represented by

Tom Meuleman  
Réviseur d'Entreprises / Bedrijfsrevisor