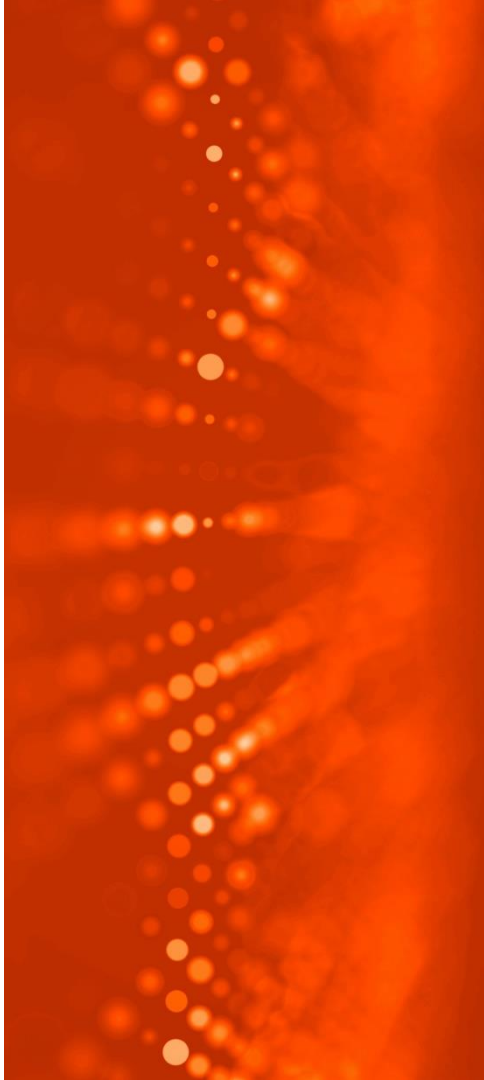




## Half year 2020 results

30.09.2020



# Agenda

Highlights YTD and KPI

Ethias identity and strategy

Financial performance IFRS

Financial performance BGAAP

Solvency II

Investment portfolio and Life reserves

Rating

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# Agenda

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# Highlights

## Key events

- 1 April 2020 : **effective collaboration with IMA Benelux** specialized in **assistance** management
- 19 May 2020 : **Fitch Affirms Ethias at IFS 'A-'; Outlook Stable.** The ratings primarily reflect **Ethias's strong capitalisation and leverage, good profitability and strong business profile.**
- 13 July 2020 : Ethias perpetuates the **50% homeworking** and announces the **creation of 100 jobs in 2020**

## Financial results

- **IFRS : Operational result 135 M€** (+35 M€ versus H1 2019)
- **Solvency : 177% after deduction of 50 M€ provisional dividend for H1 2020** (vs 191% at end 2019)
- **IFRS Equity : 2,747 M€** (+59 M€ in H1 2020)
- **Total balance sheet : 20,519 M€** (vs 19,506 M€ at end 2019)

## Performance Non Life (IFRS)

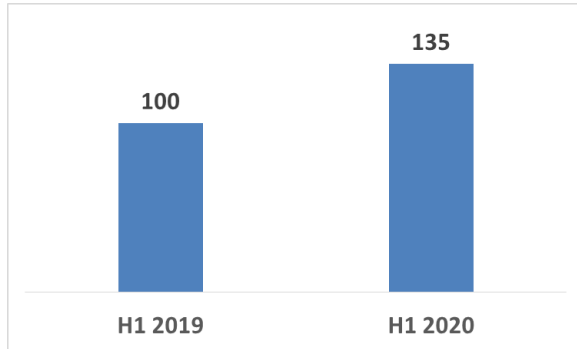
- Gross written premiums **886 M€ (-3.5%** vs H1 2019)
- Non life result before tax **95 M€ (+11 M€** vs H1 2019)
- Operating combined ratio **93.3% (-2.7%** vs H1 2019)

## Performance Life (IFRS)

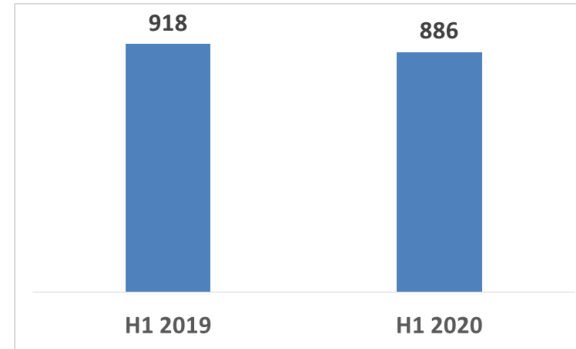
- Gross written premiums **628 M€ (+13.2%** vs H1 2019)
- Life result before tax **37 M€ (-35 M€** vs H1 2019 due to realized capital gains in H1 2019)

# KPI H1 2020

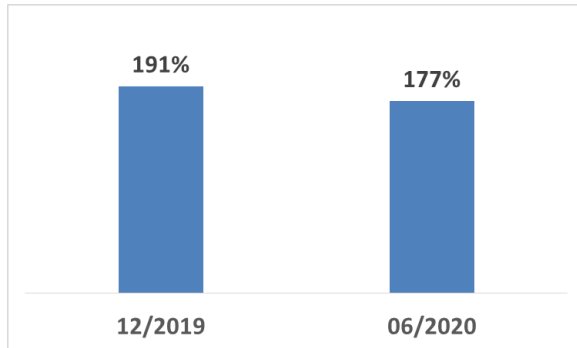
## Operational result (M€)



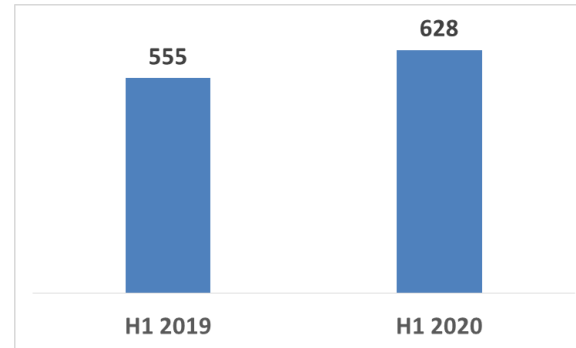
## Premiums non life (M€)



## Solvency



## Premiums Life (M€)



# Main events in 2020

28/01

Ethias **updates** its **Ethical Investment Code** in line with the **European Green Deal** towards **even more sustainable investments**

---

19/02

Ethias appoints **Wilfried Neven** as **Chief Digital Transformation Officer**

---

23/04

Ethias launches a **digital platform App4You** to **promote mutual aid between citizens**

---

19/05

**Fitch Affirms Ethias at IFS 'A-'; Outlook Stable.**

The ratings primarily reflect **Ethias's strong capitalisation and leverage, good profitability and strong business profile.**

---

19/05

Ethias **finances sanitary material for sport infrastructures** in order to help their reopening

---

25/05

Ethias **donates 1,000 laptops** to schools in Belgium

---

26/05

Publication of our **non financial report** with the **ambition to be carbon neutral by 2030**

---

13/07

Ethias perpetuates the **50% homeworking** and announces the **creation of 100 jobs in 2020**

---

11/09

Ethias **distributes 1,500 prevention kits to Belgian cultural organizations** so that cultural events take place in complete safety.

---

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# ETHIAS

WHO ARE WE?

37 REGIONAL OFFICES

75% of the employees  
feel proud to work for Ethias\*\*\*

1.887 EMPLOYEES

(50% OF WOMEN)

2 HEADQUARTERS

LIÈGE AND HASSELT

3<sup>RD</sup> INSURER

OF THE BELGIAN MARKET

41.081

B2B CUSTOMERS

OVERALL SATISFACTION  
RATE OF 96%\*\*

1.187.344

B2C CUSTOMERS

OVERALL SATISFACTION  
RATE OF 92%\*

FINANCIAL  
STRENGTH

A- (STRONG)  
FITCH RATING

So simply  
human  
**ethias**  
100 YEARS

HAS BEEN AROUND FOR OVER

100 YEARS

ETHIAS.BE

4.600.000 VISITORS (IN 2019)

\* Indicators come from the Satisfaction & Moments of Truth survey conducted in 2019. The aim of this survey is to measure the main performance indicators (satisfaction, NPS...) and evaluate the "Moments of Truth" experienced by Ethias' Public and Corporate customers. 2019 sample: 236 customers.  
\*\* Indicators come from the NPS (Net Promoter Score) project, a tool created in 2014 to measure the satisfaction and recommendation rate of private individuals (customers & prospects) who have had contact with Ethias. 2018 sample: 19.613 customers.  
\*\*\* Source: "Employee Engagement Survey" conducted by Kom Ferry in October/November 2019.



# ETHIAS – BRAND PERSONALITY

ACCESSIBLE, SIMPLE, FRIENDLY, HONEST AND HUMANE

9 out of 10 clients consider Ethias as their preferred partner in the insurance field \*



Ethias compared to other insurers on the Belgian market.

How does Ethias position itself based on the following criteria?

Accessible	1 <sup>st</sup>
Simple	1 <sup>st</sup>
Friendly	1 <sup>st</sup>
Honest	1 <sup>st</sup>
Humane	1 <sup>st</sup>
Innovative	2 <sup>nd</sup>
Good prices	2 <sup>nd</sup>
Reliable	3 <sup>rd</sup>
Efficient	3 <sup>rd</sup>
Unique	3 <sup>rd</sup>
Expert	3 <sup>rd</sup>
Direct	3 <sup>rd</sup>
Close	3 <sup>rd</sup>

Source : Survey InSites Consulting (2019)

# ETHIAS

## A CLEAR STRATEGY



### OUR VALUES:

♥ #Human

👍 #CustomerSatisfaction

✓ #Commitment

★ #Enthusiasm

#PROUDTOBEETHIAS



### OUR MISSION:

Making insurance **easier** so as to bring you security, peace of mind and freedom of initiative, with innovative services and products.

As **partner** of your daily life, we put our expertise and our energy at your service.



### OUR VISION:

As **Belgium's leading insurance company**, Ethias' ambition is to strengthen its position as **number 1** direct insurer by increasing its market share and its attractiveness based on new consumer habits.

This ambition is based on constant and profitable **growth** by:

- Positioning itself as a reference player in the areas of **mobility, ageing and health**
- Strengthening our relations with the **public sector** through a partnership with Ethias
- Enhancing the **customer experience** as well as our offer to better meet customer expectations.
- **Continuously innovating** in terms of processes and services, for greater **attractiveness, efficiency and productivity**.
- Turning our **employees** into our main brand ambassadors
- Growing externally.

This growth should **enhance value creation and capture** to support our presence in **new markets** against new forms of competition. It will also enable Ethias to be an attractive employer and to pay out an expected level of dividends to our shareholders.



# ETHIAS – A CLEAR STRATEGY

WHAT'S NEXT: FROM INSURER TO INTEGRATED SERVICE PROVIDER

STRENGTHENING  
OUR POSITION



WITH A  
POWERFUL GROUP

ethiasGROUP



Offering extended **SERVICES**

Developing **DIGITAL** and technological **INNOVATIONS**

Building **ECOSYSTEMS**

Creating **SYNERGIES** and pooling **SKILLS**

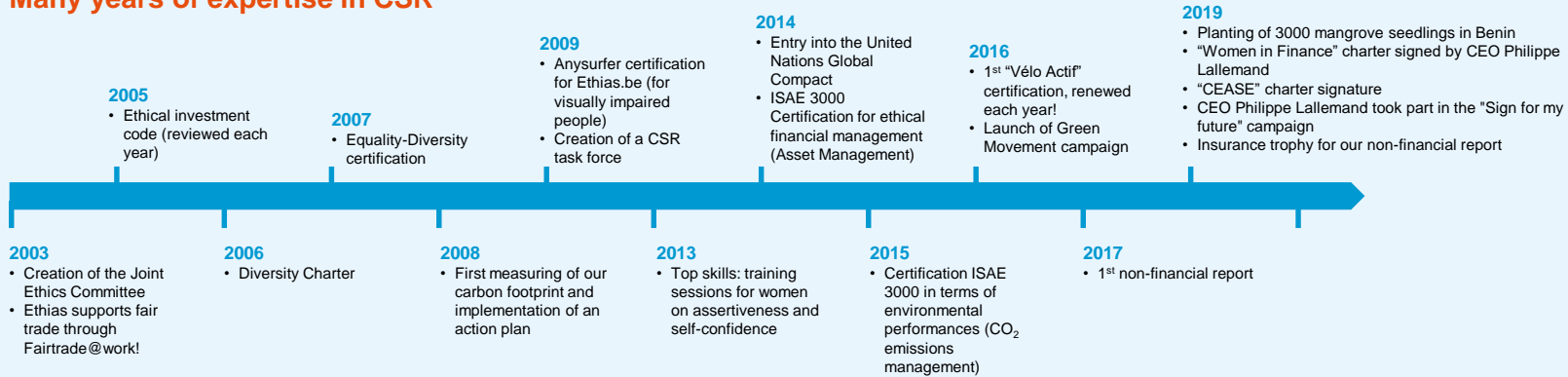
Building **PARTNERSHIPS** and rethinking our **SALES APPROACH**

# ETHIAS – RESPONSIBLE INSURER

## SOCIAL RESPONSIBILITY



### Many years of expertise in CSR



### Achievements in H1 2020

- ✔ NFR published in 4 languages
- ✔ Ethical Investment Code updated
- ✔ Neutral Company certification
- ✔ Financing of reforestation project in Zambia
- ✔ Launch of our "Change over 2030" plan
- ✔ Implementation of a specific action plan for 3 SDG's: Fighting poverty, Health for all and Global warming
- ✔ Covid-19: Implementation of a broad action plan



**NEUTRAL COMPANY CERTIFICATION**



**REFORESTATION PROJECT**

**17 SUSTAINABLE DEVELOPMENT GOALS**



# ETHIAS – RESPONSIBLE INSURER

## WHAT'S NEXT? CARBON NEUTRAL HORIZON 2030

### 2 APPROACHES

**LOW CARBON:** build low-carbon buildings, avoid unnecessary trips and reduce unnecessary consumption.  
**ENERGY SHIFT:** gradual shift towards full green energy produced by low-carbon sources.

### 3 STEPS



### 3 THEMES

MOBILITY



FINANCE/IT

INFRASTRUCTURE

# ETHIAS – RESPONSIBLE INSURER

## INVOLVED IN THE COVID-19 HEALTH CRISIS

### SUPPORT SEVERAL STAKEHOLDERS:

- ✔ Support for the Red Cross and MSF (Doctors Without Borders)
- ✔ Support for sport facilities in municipalities (#1 public sector)
- ✔ Extended coverages for the healthcare sector (#1 public sector)
- ✔ Key measures for insured (Car, Assistance, Home)
- ✔ Community volunteering app (#1 digital)
- ✔ Teleconsultation platform (#1 digital and public sector)
- ✔ Gift of PC's to schools (#1 digital)
- ✔ Distribution of prevention kits to cultural organizations

### FOR OUR B2C CUSTOMERS:

- ✔ Cancellation Insurance: financial compensation for the whole portfolio
- ✔ Tenant Insurance: financial compensation for temporarily unemployed customers due to Covid-19
- ✔ Car Insurance: financial compensation for unemployed customers

### FOR OUR B2B CUSTOMERS:

- ✔ Extended coverage (public, healthcare, education)
- ✔ Suspended guarantees for car fleets
- ✔ Insurance contract cancellation
- ✔ Insurance coverage when working from home
- ✔ Extra payment facilities



ETHIAS SUPPORTS MSF

## ETHIAS SUPPORTS SPORTS



COMMUNITY VOLUNTEERING PLATFORM

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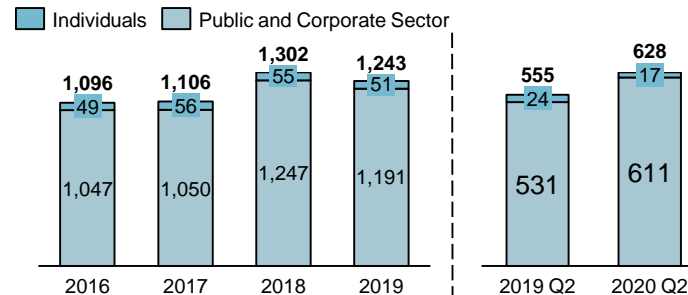
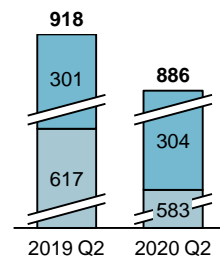
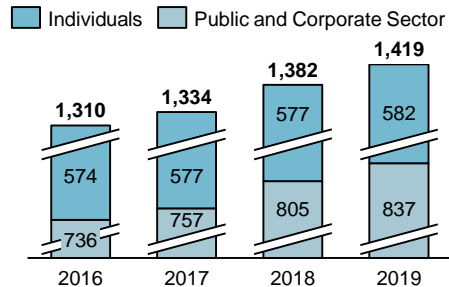
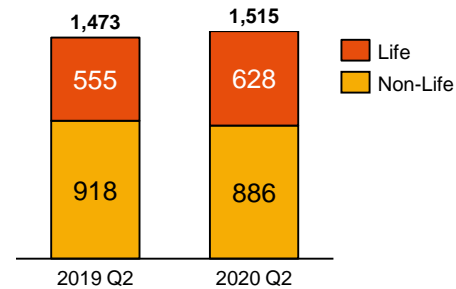
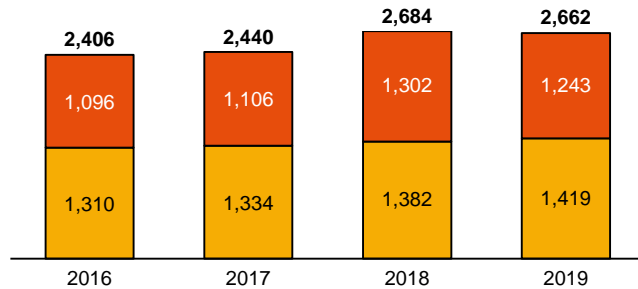
Rating

Appendix

\* IFRS consolidated financial statements of Ethias (defined as Ethias SA and its subsidiaries)

# NON-LIFE AND LIFE PREMIUMS

## EVOLUTION IN GROSS WRITTEN PREMIUMS (€M)



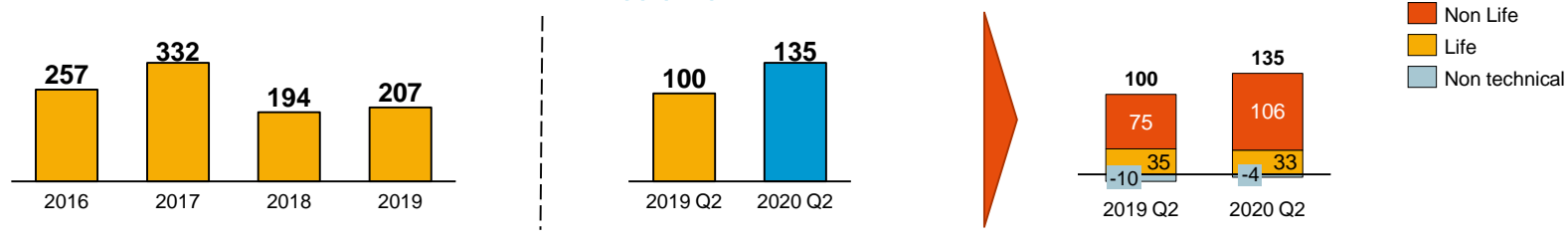
- Decrease of non-Life premiums by 3.5%
- Stable premiums in Retail: less new business through physical channels due to Covid, partly compensated by digital channels and contact centers
- Decrease in public and corporate sector due mainly to termination of most international contracts and Covid crisis

- Increase in Life +13.3% mainly due to single premiums in 1<sup>st</sup> pillar
- Retail : still no new business in savings products

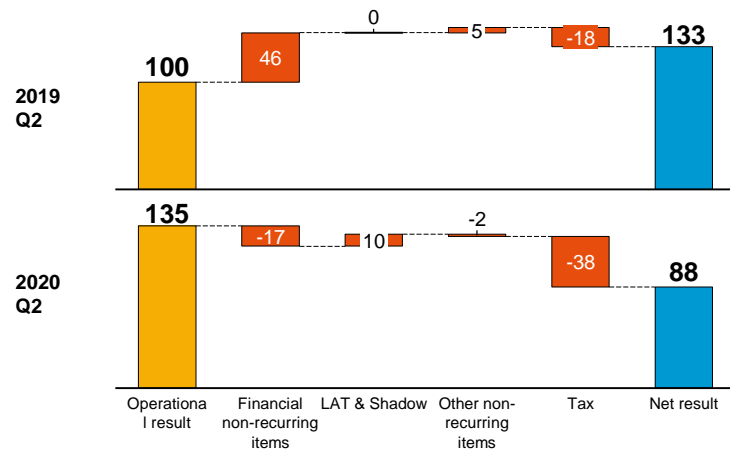


# OPERATIONAL RESULT

## EVOLUTION IN OPERATIONAL RESULT(\*) (M€)



## From operational result to net result (M€)

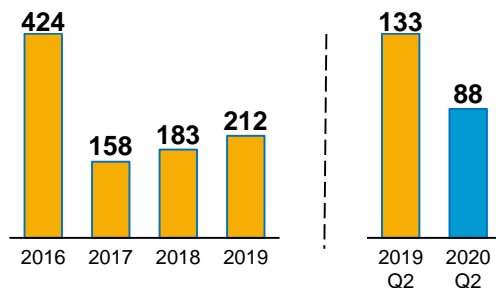


- The **operational result** amounts to **135 M€ in H1** which is higher than H1 last year (+35M€).
  - the main contributor remains **Non-Life : 106 M€**
  - while the **Life** activity accounts for **33 M€**.
- The performance in **non life (operational result +31 M€)** was stronger due to:
  - positive impact of Covid 19 especially for Motor (low claim frequency)
  - partially compensated by impact of February storms (-20 M€ vs -13 M€ in H1 2019)
- The performance in **life (operational result -2 M€)** remains stable
- The **net result decreases from 133 M€ to 88 M€** mainly due to the decrease of financial non recurring revenues.

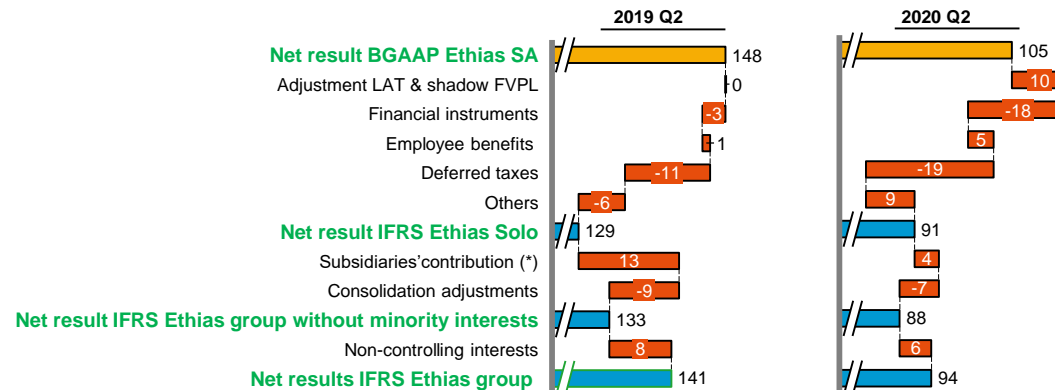
(\*) Part of the group

# NET RESULT

Evolution in net result (M€)



Reconciliation of net result between BGAAP & IFRS (M€)



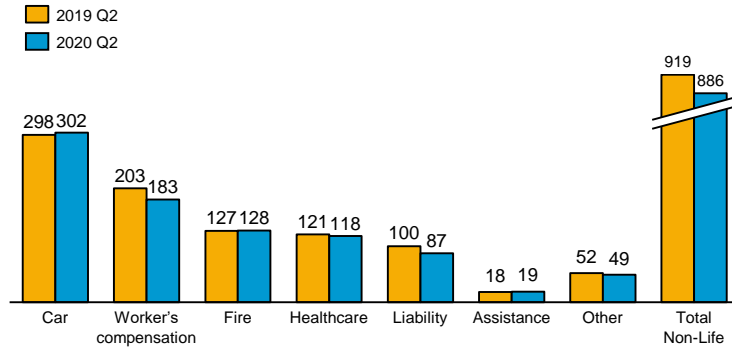
Breakdown of net result, without minority interests (M€)

	2016	2017	2018	2019	2019 Q2	2020 Q2
<b>Technical result</b>	340	400	146	269	159	132
o/w Non-Life	278	299	143	157	84	95
o/w Life	62	101	3	112	72	37
<b>Non-technical result</b>	182	-158	-21	-19	-5	-6
<b>Tax</b>	-98	-84	58	-38	-18	-38
<b>Net result IFRS</b>	424	158	183	212	133	88
For reference :						
<b>Net result BGAAP</b>	80	106	170	190	148	105

(\*) Mainly NRB, Ethias Sustainable Investment Fund and Real estate subsidiaries

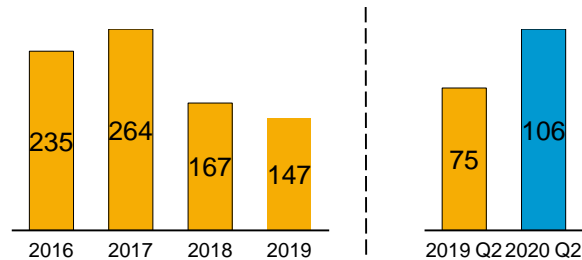
# FOCUS ON NON LIFE BUSINESS

## NON LIFE GROSS WRITTEN PREMIUMS

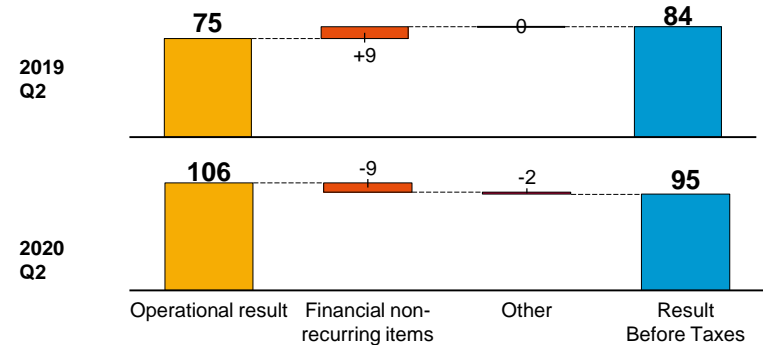
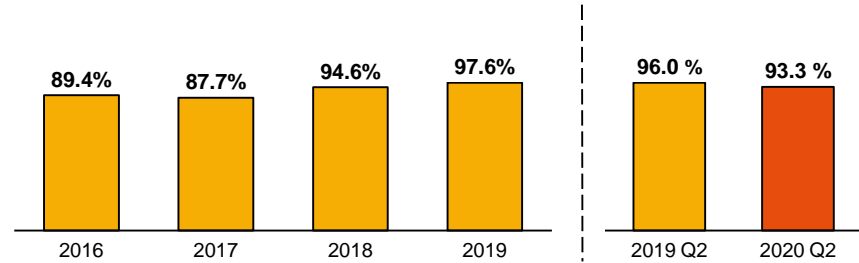


Growing premiums in Car and Fire

## NON LIFE OPERATIONAL RESULT

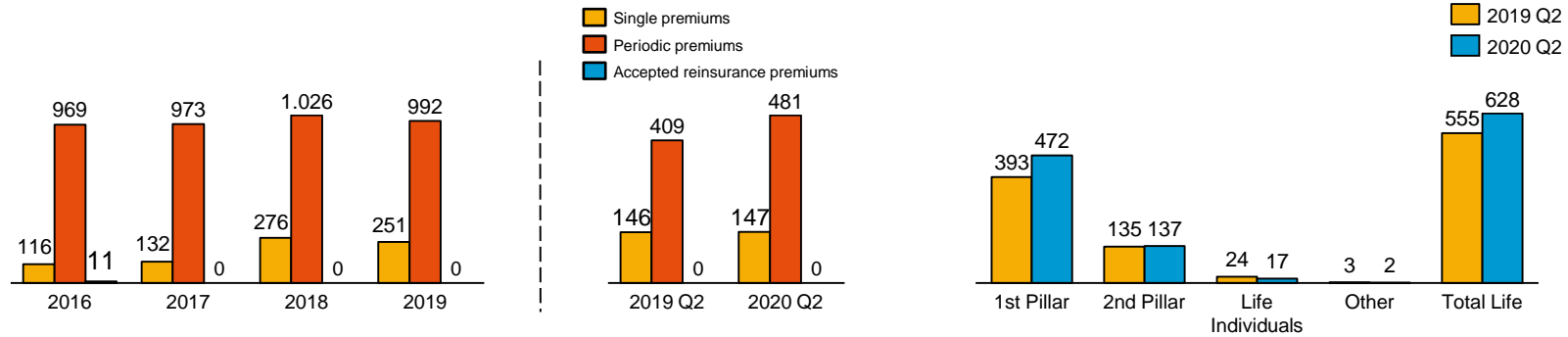


## COMBINED RATIO

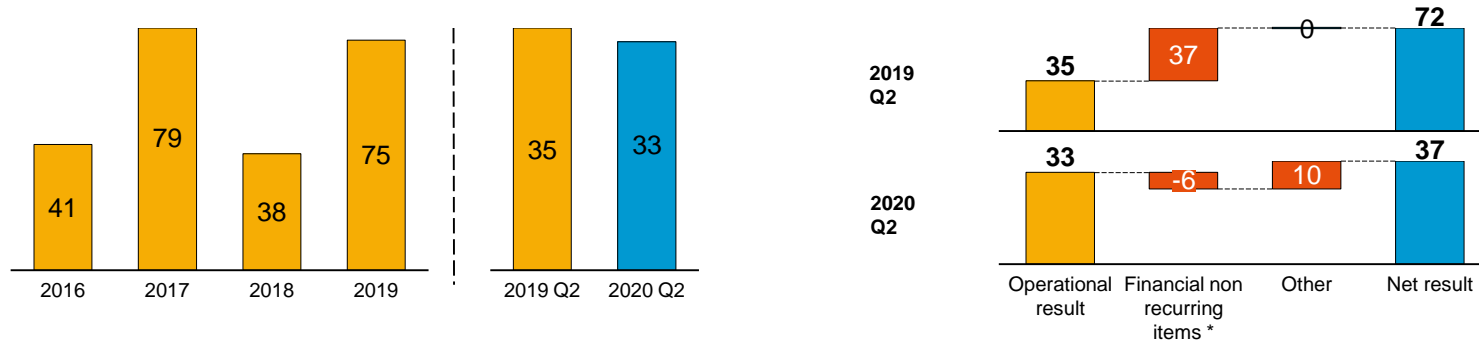


# FOCUS ON LIFE BUSINESS

## LIFE GROSS WRITTEN PREMIUMS (M€)



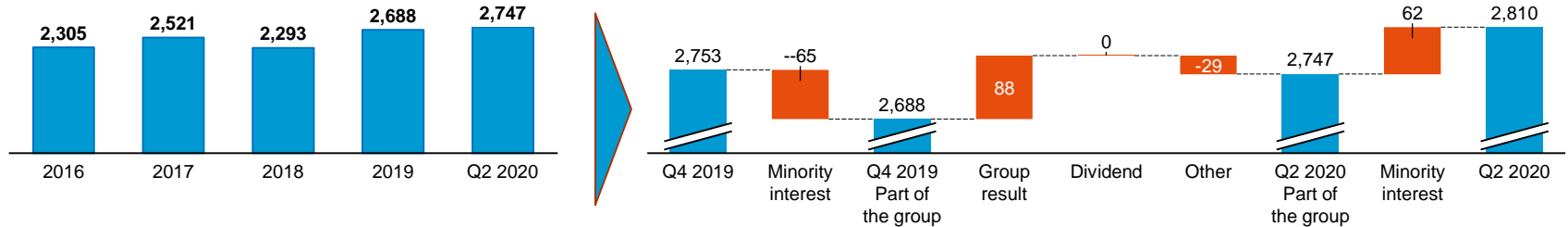
## LIFE OPERATIONAL RESULT



\* Financial non recurring items include fair value through P&L for the part not compensated by shadow accounting

# OWN FUNDS AND LEVERAGE

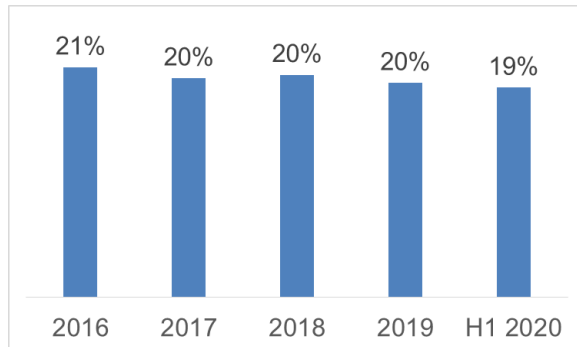
## OWN FUNDS



The **increase in equity of +59 M€** (part of the group) between end-December 2019 and end-June 2020 is explained by the following elements :

- the net result of the period (+88 M€)
- the change in other equity items (-29 M€) due to
  - Ethias SA Solo (-31M€):
    - Increase in financial assets (54M€) compensated by shadow accounting (-64M€)
    - Variation of adjustment linked to employee benefits (-8M€)
    - Deferred tax (-13M€).
  - Consolidation adjustments and subsidiaries' contribution (+2 M€): mainly the cancellation of IFRS adjustments in Ethias SA solo.

## LEVERAGE



The **financial leverage ratio** has been **very stable around 20%** over the last 5 years.

# DURATION GAP

## Further narrowing of the duration gap below one year

	31-12-18			31-12-19			30-06-20		
	Assets Duration	Liab. Duration	Duration gap	Assets Duration	Liab. Duration	Duration gap	Assets Duration	Liab. Duration	Duration gap
Total Life	6.91	9.04	(0.35)	7.88	10.12	(0.66)	8.62	10.38	(0.25)
Total Non-Life	4.93	7.86	(1.25)	6.47	8.46	(0.02)	6.64	8.20	0.34
TOTAL w/o IAS 19			(0.63)			(0.54)			(0.13)
TOTAL with IAS 19			(0.91)			(0.79)			(0.38)

- The sensitivity of own funds to a change in interest rates is under control and does not present a major risk.
- The actions taken in the last couple of years led to reduce the duration gap under one year.
- Variations in the first half of 2020 can be explained by technical effects of valuation due to:
  - The decrease of interest rates;
  - The movement of the volatility adjustment (with a huge increase in March followed by a moderate decrease in June);
  - The increase of the projected inflation rate.
- The change of assets duration on the Life side comes from the investments linked to the repos strategy.

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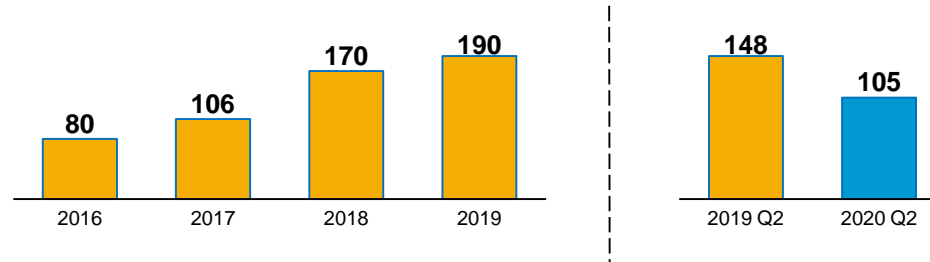
Investment portfolio and Life reserves

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Appendix

\* Statutory accounts of Ethias SA

# NET RESULT IN BGAAP



	2016	2017	2018	2019	2019 Q2	2020 Q2
<b>Non-Life technical result</b>	<b>255</b>	<b>244</b>	<b>145</b>	<b>116</b>	<b>88</b>	<b>97</b>
o/w Technical Items	316	363	290	269	148	167
o/w Financial revenues	153	125	90	110	61	56
o/w Expenses	-214	-244	-235	-263	-121	-125
<b>Life technical result</b>	<b>-320</b>	<b>24</b>	<b>37</b>	<b>103</b>	<b>71</b>	<b>31</b>
o/w Technical Items	-693	-373	-218	-347	-104	-100
o/w Financial revenues	406	435	282	479	189	144
o/w Expenses	-33	-38	-27	-29	-14	-14
<b>Non-technical result</b>	<b>148</b>	<b>-158</b>	<b>6</b>	<b>-20</b>	<b>-5</b>	<b>-13</b>
<b>Taxes</b>	<b>-3</b>	<b>-4</b>	<b>-18</b>	<b>-9</b>	<b>-6</b>	<b>-10</b>
<b>Net result</b>	<b>80</b>	<b>106</b>	<b>170</b>	<b>190</b>	<b>148</b>	<b>105</b>

\* Before transfers to untaxed reserves



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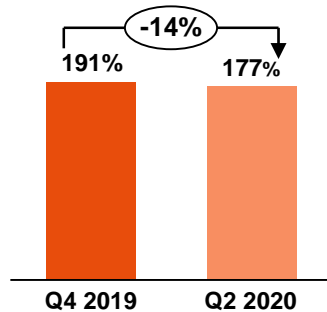
Appendix

\* Solvency 2 quarterly reporting of Ethias SA solo

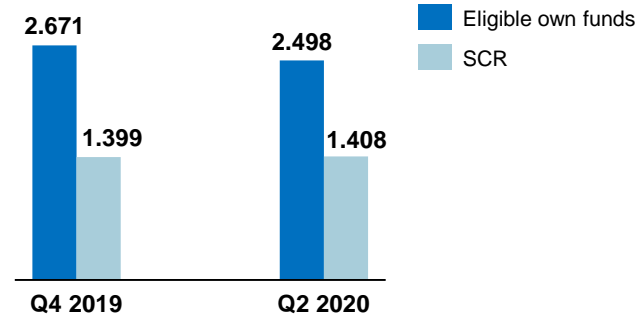
# SOLVENCY RATIOS

THE SOLVENCY RATIO STANDS AT 177% WELL ABOVE THE 160% TOLERANCE LIMIT.

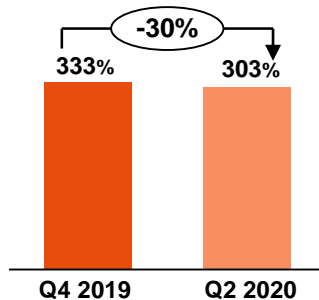
## SOLVENCY CAPITAL REQUIREMENT (SCR) RATIO



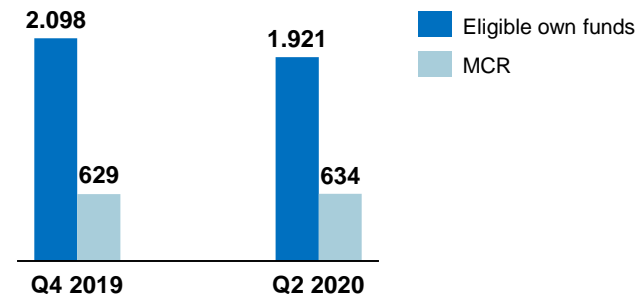
## ELIGIBLE OWN FUNDS FOR SCR COVERAGE IN M€



## MINIMUM CAPITAL REQUIREMENT (MCR) RATIO



## ELIGIBLE OWN FUNDS FOR MCR COVERAGE IN M€



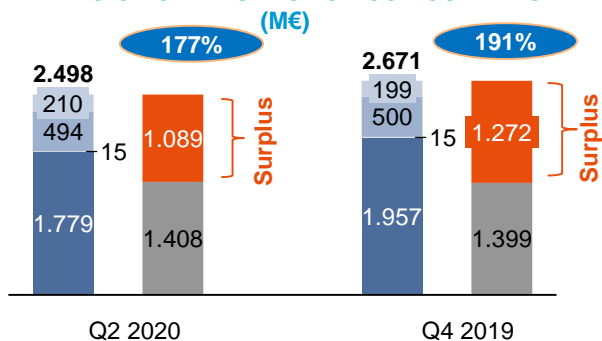
▪ **The decrease of the solvency ratio is explained by:**

- **-5%** net impact of the **interest rate decrease**, including the technical SCR and Risk margin recalculation
- **-13%** net impact of credit spread
- **-5%** net impact of equity and property
- **+3%** from **inflation update** in the Best Estimate calculations
- **+3.5%** from **exceptional items** (mainly reduced claims in Non Life due to Covid 19)
- **+6.5%** time and volume effect (including pruning effect, mainly in worker compensation portfolio)
- **-3.5%** due to provisional dividend of 50 M€ for the first half of 2020

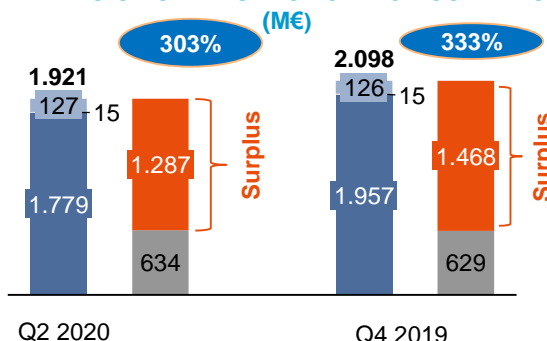
# BREAKDOWN OF ELIGIBLE OWN FUNDS

THE CAPITAL REQUIREMENTS ARE COVERED BY OWN FUNDS OF HIGH QUALITY.

TIERING OF OWN FUNDS FOR SCR COVERAGE

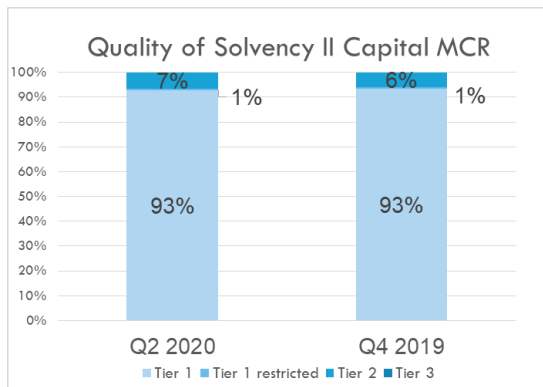
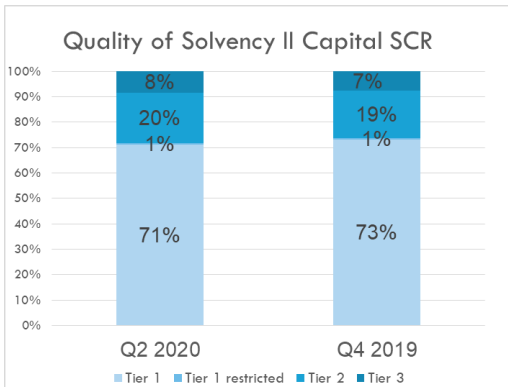


TIERING OF OWN FUNDS FOR MCR COVERAGE



■ Tier 1  
■ Tier 1 restricted  
■ Tier 2  
■ Tier 3

■ Tier 1  
■ Tier 1 restricted  
■ Tier 2  
■ Tier 3



Very high quality capital structure:

unrestricted Tier 1 SCR coverage is > 100%

- **Restricted Tier 1 and Tier 2** are subordinated loans
- **Tier 3** is composed of deferred tax assets
- **SCR coverage**
  - Tier 2 + Tier 3 exceed 50% of the SCR, hence 19 M€ are not eligible
- **MCR coverage**
  - The eligibility limit is reached for Tier 2

**Strong capital structure with high percentage of Tier 1**

**SCR**

- Tier 1 represents 71% of own funds in June 2020 (73% in December 2019)

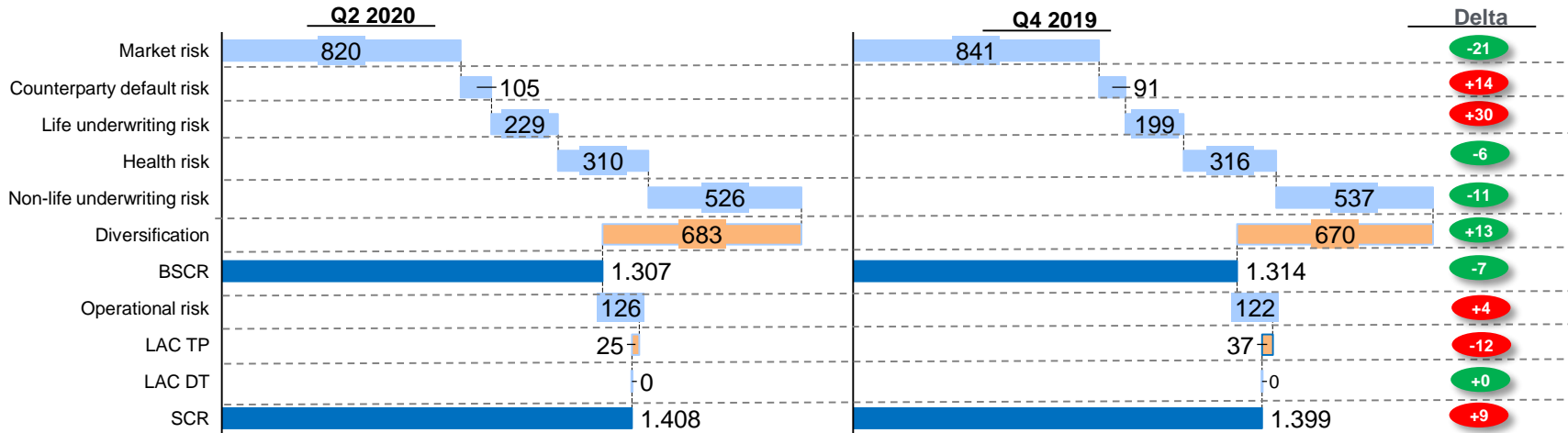
**MCR**

- Tier 1 represents 93% of own funds in June 2020 (93% in December 2019)

N.B. The total can differ from 100% due to rounding.

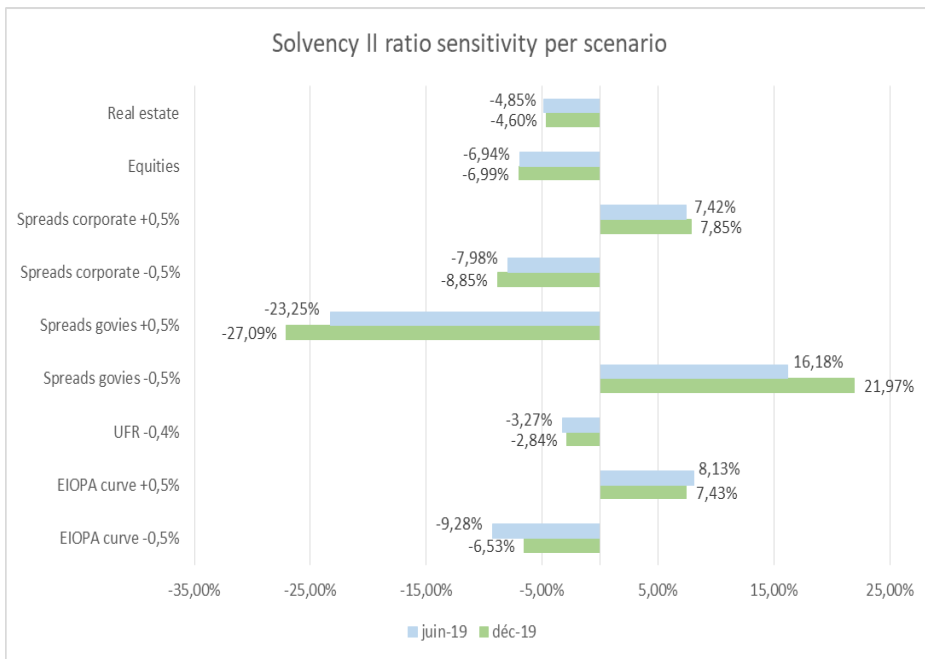
# BREAKDOWN OF SOLVENCY CAPITAL REQUIREMENT

The solvency capital requirement increased by 9 M€ between December 2019 and June 2020



- **Decrease in market risk** mainly related to the decrease in SCR interest and SCR equity, partly compensated by an increase in SCR spread
- **Increase in counterparty default risk** mainly due to the higher cash positions partly compensated by a methodology review
- **Increase in life underwriting risk** due to the lower interest rate curve
- **Decrease in health risk** due to the decrease in SCR premium and reserve (mainly the decrease in premium risk ; seasonality effect and lower exposure in worker compensation) partly compensated by the increase in SCR health SLT (due to the lower interest rate curve)
- **Decrease in non-life underwriting risk** related to the decrease in SCR premium and reserve (due to the decrease in best estimate of claims (covid effect))
- **Diversification has a higher impact** thanks to the decrease of Non-Life and Market SCRs and the increase of Life SCR
- **The operational risk increases** as a consequence of the higher non life and life best estimates
- **The loss absorbing capacity of technical provisions** is mainly driven by the equity shock, which decreased
- **The loss absorbing capacity of deferred taxes is null** due to the amount of DTA in the balance sheet

# Solvency sensitivity to market factors



The solvency level is primarily sensitive to the evolution of credit spreads on government bonds

- An increase in **govies spreads** has a negative impact on solvency because of lower market values of government bonds, partially mitigated by an increase in the volatility adjustment that reduces the best estimate of technical provisions. The sensitivity has increased in H2 2019 due to reinvestments in long term government bonds.

The solvency ratio is also sensitive, to a lesser extent, to other factors

- Equities** and **real estate**: the impact of a downward shock is moderate given the relatively small exposure of these asset categories in the investment portfolio.
- Ultimate forward rate (UFR)**: the EIOPA will gradually lower the value of this technical parameter over time from 3,90% at end December 2019 (3,75% applicable in 2020) to 3,50% with a maximum decrease of 0,15% per year. The impact is limited.
- A decline in **interest rates** affects negatively the solvency ratio; however this sensitivity has been reduced thanks to long term fixed income investments in the second half of 2019.
- On the contrary, higher **corporate spreads** lead to an improvement of the solvency thanks to the over-compensating effect of the volatility adjustment on the best estimate of technical provisions.

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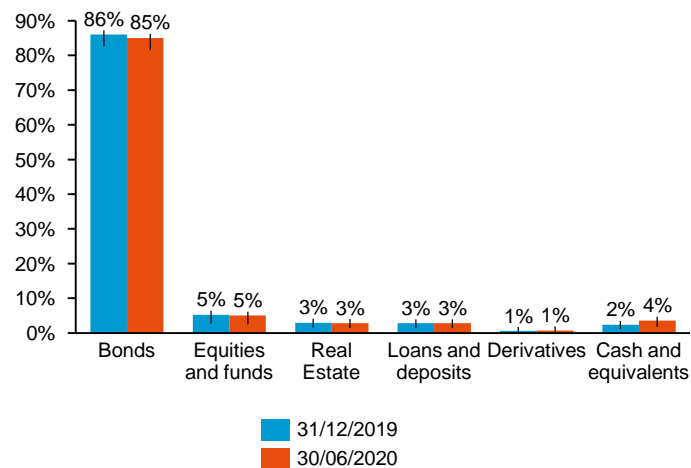
Appendix

\* IFRS consolidated financial statements of Ethias SA

# INVESTMENT PORTFOLIO

## ASSET ALLOCATION

### Investment portfolio by asset class (excluding unit-linked)



### Book value in IFRS (excluding unit-linked)

Asset class (€M)	Dec-2019	June-2020
Bonds	14,714	15,372
Equities and funds	896	910
Real Estate	503	521
Loans and deposits	483	510
Derivatives	99	129
Cash and equivalents	398	642
<b>Total</b>	<b>17,094</b>	<b>18,084</b>

# INVESTMENT PORTFOLIO

## FIXED INCOME PORTFOLIO BY RATING

	30 June 2020						
Market value in M€	AAA	AA	A	BBB	<= BB	No rating	Total
Bonds and similar securities	717	6.872	2.597	4.276	178	732	15.372
Loans and deposits	-	16	9	-	-	506	531
Receivables	-	-	0	-	-	519	519
Cash and cash equivalents	0	0	604	-	0	38	642
<b>Total</b>	<b>717</b>	<b>6.888</b>	<b>3.210</b>	<b>4.276</b>	<b>178</b>	<b>1.796</b>	<b>17.064</b>

	31 December 2019						
Market value in M€	AAA	AA	A	BBB	<= BB	No rating	Total
Bonds and similar securities	733	6.688	2.719	3.705	142	727	14.714
Loans and deposits	-	16	7	-	-	482	505
Receivables	-	-	-	-	-	483	483
Cash and cash equivalents	-	-	363	1	-	34	398
<b>Total</b>	<b>733</b>	<b>6.704</b>	<b>3.088</b>	<b>3.706</b>	<b>142</b>	<b>1.726</b>	<b>16.100</b>

"Bonds and similar securities": we note a significant increase in "BBB" ratings due to reinvestments made in this category in order to optimise the risk/return ratio of the portfolio.



# TECHNICAL PROVISIONS LIFE

## IFRS FIGURES IN M€

Mathematical reserves Life 06/2020 (*)		
in M€	Accounting reserves 06/2020	Guaranteed rate 06/2020
"First"-type products	490	2,18%
Retirement savings	414	2,79%
Other retail	208	1,32%
<b>Retail Life</b>	<b>1.112</b>	<b>2,25%</b>
Pillar 1	3.043	0,39%
Pillar 2	4.008	2,34%
Other Public&Corporate	64	1,68%
<b>Public &amp; Corporate Life</b>	<b>7.115</b>	<b>1,50%</b>
<b>Life branches 21 and 26</b>	<b>8.227</b>	<b>1,60%</b>
UL - Retail	12	n/a
UL - Public&Corp	1.352	n/a
<b>Total Life</b>	<b>9.591</b>	<b>n/a</b>

Mathematical reserves Life 12/2019 (*)		
in M€	Accounting reserves 12/2019	Guaranteed rate 12/2019
"First"-type products	515	2,11%
Retirement savings	416	2,82%
Other retail	212	3,21%
<b>Retail Life</b>	<b>1.144</b>	<b>2,57%</b>
Pillar 1	3.075	0,63%
Pillar 2	3.940	2,40%
Other Public&Corporate	65	1,62%
<b>Public &amp; Corporate Life</b>	<b>7.081</b>	<b>1,62%</b>
<b>Life branches 21 and 26</b>	<b>8.225</b>	<b>1,76%</b>
UL - Retail	14	n/a
UL - Public&Corp	1.381	n/a
<b>Total Life</b>	<b>9.619</b>	<b>n/a</b>

**Life mathematical reserves decreased slightly** in H1 2020 (-0,29%), resulting from various movements.

In guaranteed rate products:

- Retail life reserves decreased by 2,78%. On the one hand, existing reserves grow with the capitalization at the guaranteed rate, but on the other hand there is no new business in savings products, hence reserves are naturally decreasing over time.
- Life reserves in public and corporate (+0,49%) are lower in the first pillar and higher in the second pillar.

In unit linked:

- Reserves in public and corporate decreased by 2,17%.

**The average guaranteed rate decreased** from 1,76% to 1,60%.

(\*) without IAS 19 and without any additional provision (longevity, flashing light,...)

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# Rating overview

## LATEST RATING ACTIONS AND EXTRACTS FROM FITCH PRESS RELEASES

Insurer Financial Strength	A-	Stable outlook
Long-Term Issuer Default Rating	BBB+	Stable outlook
Subordinated Debt Rating	BBB-	



### 19 May 2020 : Fitch Affirms Ethias at IFS 'A-'; Outlook Stable

The ratings primarily reflect **Ethias's strong capitalisation and leverage, good profitability and strong business profile**.

Under our pro-forma analysis, we continue to view Ethias as strongly capitalised for its rating, with financial capital ratios marginally weaker than those reported in 2019 results. The **Prism Factor-Based Model (FBM) score is estimated at "Extremely Strong"** (excluding dividends) **at end-2019** (2018: "Very Strong") **and remains in excess of the 'A' benchmark** in our rating case analysis. We expect Ethias's Solvency 2 ratio (191% at end-2019, excluding dividends) to remain above the 160% risk tolerance limit. The ratio remains sensitive to Belgian sovereign bond spread risk.

The pro-forma Fitch-calculated financial leverage ratio (FLR, 19% at end-2019) is only marginally weaker in our rating case analysis, remaining well below the 35% rating sensitivity.

Our rating case analysis suggests **manageable COVID-19 related claims**, resulting in a **moderate weakening in operating earnings and net income return on equity (ROE)**. We expect **post-crisis profitability metrics to be consistent or exceed the 2019 levels**, assuming a recovery of market and business conditions and a combined ratio at or below the 95% target (2019: 97.6%).

Ethias has a **strong balance sheet liquidity position**, enhanced by unused repo capacity and no debt maturities before 2023.

### 19 March 2020 : Fitch Revises Ethias's Outlook to Stable; Affirms IFS at 'A-'

### 13 August 2019 : Fitch Revises Ethias's Outlook to Positive; Affirms IFS at 'A-'

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# Consolidated balance sheet

IFRS

ETHIAS SA CONSO - BALANCE SHEET			
	In thousands of €		
	12/2019	6/2020	Variations
<i>ASSETS</i>			
<b>Assets</b>	<b>288.160</b>	<b>305.151</b>	<b>16.991</b>
Intangible assets	174.638	174.178	-460
Tangible assets	113.522	130.973	17.451
<b>Financial assets</b>	<b>18.090.378</b>	<b>18.807.108</b>	<b>716.729</b>
Investment properties	503.392	520.546	17.154
Financial assets	16.192.736	16.922.568	729.833
Investments belonging to unit-linked insurance contracts	1.394.250	1.363.993	-30.258
<b>Other Assets</b>	<b>1.127.860</b>	<b>1.406.434</b>	<b>278.574</b>
Reinsurance assets	157.350	172.395	15.045
Deferred taxes	24.908	234	-24.673
Trade and other receivables	482.922	519.011	36.089
Cash and Cash equivalent	398.372	642.202	243.830
Assets available for sale	21.276	21.276	0
Other assets	43.032	51.315	8.283
<b>TOTAL assets</b>	<b>19.506.398</b>	<b>20.518.692</b>	<b>1.012.294</b>
<i>LIABILITIES</i>			
<b>Equity</b>	<b>2.753.109</b>	<b>2.809.585</b>	<b>56.475</b>
Share capital	1.000.000	1.000.000	0
Reserves and retained earnings	1.197.212	1.285.222	88.010
Other items of comprehensive income	490.523	461.983	-28.540
Non-controlling interests	65.374	62.379	-2.995
<b>Liabilities</b>	<b>16.753.289</b>	<b>17.709.108</b>	<b>955.819</b>
Insurance non-life contract liability	3.955.603	4.146.452	190.849
Insurance life contract liability	9.662.653	9.774.687	112.034
Liabilities belonging to unit-linked insurance contracts	1.394.250	1.363.993	-30.258
Profit sharing liabilities	53.268	3.939	-49.329
Financial debts	737.007	1.383.955	646.948
Employee benefits	290.283	273.502	-16.781
Provisions	32.201	28.184	-4.017
Trade and Other payables	365.343	398.215	32.873
Deferred taxes	31.259	37.751	6.492
Other liabilities	231.421	298.429	67.008
<b>TOTAL liabilities</b>	<b>19.506.398</b>	<b>20.518.692</b>	<b>1.012.294</b>

# Consolidated income statement

IFRS

ETHIAS SA CONSO - Results		In thousands of €	
	6/2019	6/2020	Variations
Gross premiums	1.473.020	1.514.586	41.566
Premiums ceded to reinsurers	-35.752	-33.034	2.718
Change in the provision for unearned premiums and current risks	-193.535	-191.574	1.961
Other income from insurance activities	2.741	2.616	-125
Revenues from other activities	147.341	157.065	9.724
<b>Revenues</b>	<b>1.393.815</b>	<b>1.449.659</b>	<b>55.844</b>
Net revenues from investments	207.258	199.816	-7.443
Net realized gains or losses on investments	48.980	17.668	-31.311
Change in fair value of investments through profit and loss	93.803	-81.099	-174.901
<b>Net financial income</b>	<b>350.041</b>	<b>136.385</b>	<b>-213.655</b>
<b>NET REVENUES</b>	<b>1.743.855</b>	<b>1.586.044</b>	<b>-157.811</b>
Insurance service expenses	1.275.614	1.094.138	-181.476
Net expenses or revenues ceded to reinsurers	-9.551	-8.326	1.226
Management costs	168.914	179.596	10.682
Expenses for other activities	136.348	148.209	11.860
<b>Operating expenses</b>	<b>1.571.326</b>	<b>1.413.618</b>	<b>-157.708</b>
Change in depreciation and amortization on investments (net)	-7.686	17.217	24.903
Other investment financial expenses	5.080	6.821	1.742
Finance costs	13.793	14.521	729
<b>Financial expenses</b>	<b>11.186</b>	<b>38.560</b>	<b>27.374</b>
<b>NET EXPENSES</b>	<b>1.582.512</b>	<b>1.452.177</b>	<b>-130.335</b>
<b>NET PROFIT (LOSS) BEFORE TAX</b>	<b>161.343</b>	<b>133.867</b>	<b>-27.477</b>
Income taxes	-20.473	-40.148	-19.675
<b>NET PROFIT (LOSS) AFTER TAX</b>	<b>140.870</b>	<b>93.719</b>	<b>-47.151</b>
Share of the associates in the result	-17	-230	-213
Net profit (loss) from discontinued operations	0	0	0
<b>Net consolidated income</b>	<b>140.853</b>	<b>93.488</b>	<b>-47.364</b>
Group's share	133.031	87.733	-45.297
Non-controlling interests	7.822	5.755	-2.067

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## Half year 2020 results

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