CONSOLIDATED ANNUAL REPORT 2023

We're here for you. ethias

Annual report

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

These consolidated financial statements were established by the Board of Directors of Ethias SA on 17 April 2024.

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

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ethias.be

Content

Retrospective and vision of the chairmen

To be the insurer that leaves a positive mark on Belgian society with every one of its footprints

2023...

...arrives after three years marked by the global pandemic, the war in Ukraine, the worsening consequences of global warming, an increasingly unstable geopolitical context and the growing risks associated with cybersecurity. Technologies such as artificial intelligence are shaking up our convictions, raising a lot of questions, but also opening up opportunities that we can't ignore. At Ethias, these challenges make us more determined than ever to align the Group's different strengths to support and protect a population under pressure.

A unique, solid and responsible Belgian player at the service of society for over 100 years

Due to its ability to anticipate, its resilience and its expertise of over 100 years, Ethias ended 2023 with a result that exceeded expectations.

As at December 31, 2022, the net result (Group's share) amounts to EUR 346 million. Non-Life operating result amounts to EUR 308 million. In Life, the operating result amounts to EUR 154 million. Overall income[1] amounted to EUR 3.374 billion, an increase of 15.6% compared to 2022. This good result largely exceeds forecasts and is attributable to both Life and Non-Life. CSM after tax stands at EUR 721 million. The **Solvency II ratio** stands at **190.2%**[2] after deducting the proposed dividend. It should be noted that the ratio is calculated according to a standard formula without using transitional measures for technical provisions. Subject to the approval of the General Assembly, a dividend of EUR 110 million will be paid to our four shareholders (SFPIM, Wallonie Entreprendre, the Flemish Region and EthiasCo).

Our "ESG by design" strategy: when purpose and performance meet

Beyond economic performance, which is obviously essential for any company, Ethias integrates sustainability and societal goals into its strategy in all its operations and activities. As you will discover in this report, Ethias' commitment to society has been deeply rooted since the company was founded. Ethias' commitment became concrete in 2023 with the 2nd edition of the Ethias Youth Solidarity Awards, aimed at fighting poverty among people under the age of 30 and the Fail Better campaign. Ethias also concluded a number of sustainable investments and partnerships, pursued its "zero-carbon 2050" plan, successfully closed the issuance of its first Green Bond for an amount of EUR 250 million and launched Ethias Lease, which offers a 100% electric fleet management.

By integrating sustainability into all aspects of its business, Ethias strengthens its ability to be a strong and responsible player in society, creating jobs, but also finding solutions to the challenges facing every citizen.

Strengthening synergies within the Ethias Group for even more solutions and protection

Customers' needs are evolving: they expect solutions without multiple intermediaries. In this context, and thanks to its various activities, Ethias Group[3] continually generates value for its customers. The financial performance and strategies for the optimisation of synergies between the various entities over the last few years demonstrate the relevance of this ecosystem.

1 Income is not a defined indicator under IFRS17.

2 Annual solvency assessment at 31/12/2023.

3 includes Ethias SA, NRB Group, Ethias Pension Fund, Ethias Ventures, Ethias Services, Ethias Lease, Flora & IMA Benelux Assistance.

We are proud to count on the commitment of over 5,000 employees who make up the Ethias Group, the trust of our customers and the support of our shareholders. Without them, we could not be the insurer that makes a positive mark on Belgian society with each and every one of its actions. Once again, we would like to thank them most sincerely.

We wish you a pleasant reading.

Philippe LALLEMAND
Chair of the Executive Committee
Chief Executive Officer

Myriam VAN VARENBERGH
Chair of the Board of Directors

1. Ethias in a nutshell

1.1. Key figures and financial indicators

Essential data of the consolidated income statement

In thousands of euros	31 December 2023	31 December 2022 restated	Change during the year
Insurance service result	418,885	82,265	409.19%
Net revenue from investment	372,633	184,306	102.18%
Financial expenses from insurance and reinsurance contracts	(215,412)	(145,467)	48.08%
Net result from insurance and investment	**576,105**	**121,104**	**375.71%**
Other revenue and expenses	(107,323)	(84,498)	27.01%
Net profit (loss) before tax	**468,782**	**36,606**	**1180.61%**
Income taxes	(106,631)	(16,762)	536.16%
Net profit (loss) after tax	**362,152**	**19,844**	**1724.95%**
Share of the associated companies in the result	(6,431)	(2,164)	197.19%
Net consolidated profit (loss)	**355,720**	**17,680**	**1911.95%**
Group's share	346,261	4,383	7800.38%
Non-controlling interests	9,459	13,297	-28.87%

Essential data of the consolidated financial position

In thousands of euros	31 December 2023	31 December 2022 restated	Change during the year
Total assets	**19,340,299**	**18,303,260**	**5.67%**
Equity of the Group	2,174,845	1,830,843	18.79%
Contractual service margin (1)	720,870	731,181	-1.41%
Economic value	**2,895,715**	**2,562,024**	**13.02%**
Non-controlling interests	**83,563**	**72,041**	**15.99%**
Annualised operating ROE	**20.81%**	**19.18%**	**1.63%**
Gross written premiums (2)	**3,374,128**	**2,914,022**	**15.79%**

(1) Net of tax.

(2) Gross premiums written are not an indicator defined under IFRS 17.

Regulatory coefficients

	31 December 2023	31 December 2022	Change during the year
Solvency ratio of the company Ethias SA	190%	170%	20%

The Solvency II margin at end-December 2023, established according to the standard formula, stands at 190% and takes into account a dividend of EUR 110 million which will be proposed to the General Assembly. At end-2022, the Solvency II margin stood at 170% and took into account the dividend of EUR 108 million.

Other key figures

	31 December 2023	31 December 2022	Change during the year
Number of employees	**4,602**	**4,386**	**4.92%**
Ethias SA	1,954	1,952	0.10%
NRB Group	2,517	2,324	8.29%
Glasfaser Ostbelgien	2	-	-
IMA Benelux	124	110	12.73%
Ethias Lease Corporation	5	-	-

1.2. Non-financial key performance indicators[1]

In order to monitor the progress of its sustainability strategy, set realistic goals and report on its progress, Ethias has a **centralised ESG dashboard which lists all the KPIs it considers important in relation to its ESG strategy**.

ENVIRONMENT	
Carbon footprint (marked-based - Scope 1, 2, 3)	10.751 tCO_2e
Share of renewable electricity in total energy consumption	26,5%
Electrification of company cars	32%
Fleet electrification (Cafetaria Plan)	11%
Circular economy – Number of recycled laptops (Digital For Youth stats)	132 laptops donated
Training/awareness-raising on climate issues for Ethias staff (Fresco)	150 employees attended Climate Fresco workshops
SOCIAL	
Allocation to the Ethias Impact Fund (€)	300.000 euros
Gender: % women-men	51,13% women – 48,87% men
Gender: % women-men ratio in middle management positions	38% women – 62% men
Gender: % women-men ratio in Top management	38% women – 63% men
Ethias Engagement Survey (score)	82 % of broadly satisfied employees
Percentage of days worked from home compared to days worked	43,5 %
GOVERNANCE	
Integrating sustainability goals into executive remuneration	Variable remuneration of members of the Executive Committee takes into account one or ESG goals
Rating/score	Ecovadis - Silver medal + Top Employer
SUSTAINABLE INVESTMENT AND FUNDING	
Carbon intensity of private investments (tonnes CO eq. CO_2 / millions of euros invested)	252
Carbon intensity of private investments (tonnes CO eq. CO_2 / millions of euros of turnover)	763
Carbon intensity of sovereign and assimilated investments (tonnes CO eq. / GDP unadjusted)	246
Green, social, sustainable or ESG performance bonds invested	EUR 1,139 million invested
Investments in Belgian society	EUR 4,933 million invested in the Belgian economy
Green bond (green bond issued)	EUR 250 million invested in projects with a positive environmental impact
EU TAXONOMY	
Percentage of investments eligible for Taxonomy based on turnover	4,96%
Percentage alignment of investments with Taxonomy based on turnover	1,93%
Percentage of Non-Life underwriting activities eligible for Taxonomy	2,12%
Percentage of Non-Life underwriting business aligned with Taxonomy	0%

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

2. Key facts of 2023

Entry into force of IFRS 9 and IFRS 17

On January 1, 2023, two new standards with a major impact on the insurance sector came into force: IFRS 9 for investment assets and liabilities, and IFRS 17 for insurance contracts.

The financial statements of 2023 have been prepared on the basis of these two new standards and are compared with the restated 2022 financial statements. These comparative financial statements are therefore different from the financial statements presented in the 2022 reports.

A summary of the accounting principles as modified following the effective date is available in paragraph ***17.4 Summary of significant accounting principles***. The impact of the transition on opening shareholders' equity is available in paragraph ***17.4.1.2*** under the heading ***Main impacts of the replacement of IFRS 4 and IAS 39 by IFRS 17 and IFRS 9***.

Financial markets in 2023

A year of volatility

The year 2023 began with an almost unanimous market consensus: the very restrictive policies of the Fed and ECB were expected to maintain the upward trend in interest rates. They would also generate a severe economic recession before the end of the year. It now obvious that not everything went exactly according to plan.

After a final quarter of 2022 marked by a rapid rise in rates, the Goldilocks scenario – or soft landing – seemed to prevail in the early weeks of 2023. Central banks would succeed in bringing inflation back close to their targets, while maintaining sufficiently positive growth. As proof, the US economy showed no signs of weakness despite the sharp rise levels rates, with unemployment reaching its lowest levels historically. This optimism would be quickly shattered by the bankruptcies of Silicon Valley Bank (SVB) and other US regional banks. The loss of a significant proportion of their deposits had been a huge blow. These events had repercussions on financial markets, raising concerns about a crisis similar to that of 2008. Central banks responded with emergency measures, but persistent volatility spread to Europe, even threatening the stability of major financial institutions like Crédit Suisse.

The second quarter saw renewed optimism, thanks in particular to solid economic indicators in the United States. Central banks continued their monetary tightening cycle, and the market began to give more weight to the higher for longer scenario, meaning higher rates for a longer period.

At the start of the third quarter, the end of government debt issuance programs prompted a reconsideration of the interest rate stance, in anticipation of an imminent economic slowdown in Europe. However, the higher for longer assumption continued to weigh on the markets until the end of September, leading to a violent bear-steepening of the yield curves. The US 10-year yield even passed - briefly - the 5% mark, while the German 10-year was close to 3%.

The last quarter opened with a series of positive surprises on the inflation front, both in the US and Europe. Inflation was falling faster than expected, allowing central bankers to consider early rate cuts. It was the end of higher for longer and the return to power of Goldilocks and the soft-landing scenario. Falling inflation would lead to a easing of monetary policy, which would safeguard economic growth. As a result, the risk of recession became very low. Fixed-income markets fell sharply: the 10-year Bund rate lost 100bp in three months, and the 10-year US rate fell back below 4%. Meanwhile, stock market indices were regularly breaking new records.

In conclusion, the year 2023 ended with a strong rally in rates, no sign of an imminent recession, with the certainty that falling inflation will allow central banks to cut rates within the next six months. The consensus of early 2023 did not materialise. Will 2024 be any different, or are the markets too optimistic?

Impact on the financial management of Ethias' investment policy

Ethias' investment philosophy is closely aligned with its values, social goals and insurance activities. Its investment policy is based on a long-term vision, and investment decisions are made in line with the strategic target allocation defined according to the company's risk appetite. As a responsible company, it implements a sustainable investment approach that aims to bring together the financial goals of its various stakeholders and environmental and social issues. The company is also committed to strict governance and to ensuring the best possible execution of transactions to minimise costs. In addition, Ethias has further accentuated its role as a benchmark investor by promoting sustainable economic development in Belgium in a significant proportion of its investments.

Despite an unstable macroeconomic context, the long-term nature of its investments and an active approach to asset-liability matching enabled Ethias to manage the impact of this volatility on its main performance and risk indicators as effectively as possible. Meanwhile, interest rates remained at historically high levels. Ethias took this opportunity to boost the average yield of its portfolios by investing in securities of good credit quality. In this context, the investment portfolio proved to be particularly resilient, and did not suffer any bond-related credit events. The pursuit of its allocation strategy towards more illiquid assets continues to significantly underpin the portfolio's current and future returns. Finally, interest-rate hedging programs generated higher-than-expected gains, also boosting the average rate of return on the investment portfolio.

The company is aware that being a responsible investor comes with a long-term responsibility in the management of legal and supplementary pensions and in supporting the local economy. In line with its allocation strategy, a significant proportion of Ethias' investments is devoted to supporting the economic development of public and private economic players in Belgium. By the end of 2023, Ethias will have invested EUR 5 billion in the Belgian economy, spread across all regions of the country. Through these investments, the company demonstrates its role as a long-term investor, contributing to the development of the economy by bringing the necessary stability to projects developed by local authorities and businesses.

In 2023, Ethias also continued to invest in companies and projects that contribute to environmental and/or societal goals. These investments are made in both equities and debt, on both listed and over-the-counter markets. Over the past two years, Ethias has increased its commitments to sustainable infrastructure funds and projects, either directly or through investment funds. Ethias has also strengthened its presence in the sustainable real estate sector. It focused on acquiring new assets that meet the strictest sustainability requirements and began major renovations in various buildings.

As a responsible investor, the company therefore implements an investment policy that aims to steer Ethias' investments towards sustainable economic development by integrating environmental and social factors. This policy is divided into 5 main areas: exclusion, integration, commitment, impact and communication. This approach is progressive and pragmatic, considering that the integration of ESG criteria in the management requires time and maturity.

Ethias has also developed an impact investment policy in order to generate a positive social or environmental impact in addition to achieving a financial return. In 2024, Ethias will still pursue this policy by investing in projects that have a positive impact on society and the environment. In addition to the collaborative commitments made in 2021, Ethias joined the Science Based Targets initiative in 2022. Through this initiative, it has committed to setting greenhouse gas emission reduction targets in line with the Paris climate agreement by 2024, with the specific aim of achieving Net Zero by 2050.

Impact on insurance products and technical liabilities

In this turbulent macro-economic context, with inflation trending downward but significant volatility in market indicators, underwriting risk management and provisioning were impacted and tariff increases were applied. In addition, Ethias has also reviewed some of its assumptions and estimation methods to reflect the observed and expected inflation levels in its financial statements.

In response to the invasion of Ukraine, the European Union has imposed a series of sanctions against Russia. Ethias, through its Compliance department, regularly ensures that its investments and its relations with clients or intermediaries respect the rules in force.

Signing of the new agreement between insurers and the Walloon Region concerning the flooding of 2021

Following the floods of July 2021, the insurers and the Regions have joined forces in order to fully compensate the claims insured in Simple Risks.

An intervention protocol was signed in August 2021 to share the burden. This protocol provided that if the estimated threshold of EUR 1.7 billion was exceeded, the parties would meet again to examine and specify the cost allocation mechanism, referred to in the protocol as the "Rendezvous Clause". End 2022, the “rendez-vous” clause was activated.

In January 2023, it was agreed that the Walloon Region would intervene for an amount of EUR 1,030 million. The nine insurers concerned by the “rendez-vous” clause will take charge of all compensation due beyond the maximum amount of intervention by Wallonia, on the basis of a proportional distribution key agreed between them.

Ethias successfully closes its first Green Bond issue for a total of EUR 250 million

On April 24, 2023, Ethias successfully completed the issuance of subordinated bonds as part of a Green Bond. The company will be able to pursue its sustainable and responsible investment strategy in the Belgian economy by investing in projects with a positive impact on the environment.

The issuance amounts to EUR 250 million, matures in 2033 and carries a coupon of 6,75%. It was accompanied by an offer to repurchase EUR 116.5 million of the Tier 2 subordinated debt with a 2026 maturity, issued by Ethias, and by the early reimbursement in April 2023 of the subordinated Tier 2 debt of EUR 75 million with a maturity set in July 2023.

Fitch affirms Ethias SA’s IFS rating at “A”

Rating agency Fitch reconfirmed Ethias SA's “A” Insurer Financial Strength (IFS) rating, with a stable outlook. A fine demonstration of the insurer's solidity in a particularly volatile economic context.

The maintenance of this rating demonstrates once again Ethias’ financial strength as well as its good profitability and the robustness of its business model. It also attests to the relevance of the insurer's unique positioning and of its strategic choices, allowing the company to stay on course despite an out-of-the-ordinary context of overlapping crises.

Fitch underlines the insurer’s excellent capitalisation, driven by a strong solvency ratio, as well as its good operating and financial performance. It also highlights its position as a direct insurer on the Belgian market, leader in the public sector.

Dividend payment

The General Assembly of May 17, 2023 approved the distribution of a dividend of EUR 108 million for fiscal year 2022.

New member of the Ethias SA's Board of Directors

On May 17, Ethias SA's General Assembly approved the appointment of Dewi Van De Vyver as an independent director on the Board of Ethias SA. With her keen sense of entrepreneurship, her recognised expertise in ICT (crowned by the title of "ICT Woman of the Year 2020"), her involvement in sustainable development and corporate social responsibility, and her commitment to gender equality, she will strengthen the skills of the Board of Directors.

Acquisition of Win by NRB

Following the granting of its 5G license last June, NRB (Ethias' ICT branch) has taken a further step into the world of connectivity and telecommunications by acquiring Win, which becomes its 100%-owned subsidiary. Win and NRB have a real strategic complementarity and are becoming a solid player in accelerating digital transformation.

Creation of Ethias Lease Corporation

With the creation of Ethias Lease Corporation in June 2023 Ethias is breaking new ground in the Belgian leasing world: it will be introducing an offer specifically designed to meet the multiple challenges faced by Belgian companies and local authorities in their transition to an electrified car fleet, while responding to the new fiscal reality. Ethias Lease draws on Santander's expertise to provide its clients with a complete, integrated leasing solution and personalized service.

Ethias Youth Solidarity Awards

In January 2023, Ethias launched the second edition of the Ethias Youth Solidarity Awards. An independent professional jury rewarded 14 projects from Public Centers for Social Action (CPAS) in Wallonia, Brussels and Flanders aimed at combating poverty among children and young people under the age of 30. Each winning initiative was rewarded with financial support of EUR 10,000, 25,000 or 40,000, for a total envelope of EUR 275,000. This 2nd edition of the Ethias Youth Solidarity Awards is an initiative of the Ethias Impact Fund, the corporate fund created by Ethias and managed by the King Baudouin Foundation. This fund is an important pillar of the company's Sustainability strategy, and aims to support organisations and projects fighting poverty or promoting environmental or health issues.

Double materiality assessment

In 2023, Ethias carried out its first double materiality analysis. The aim of this exercise is to identify the sustainability issues most relevant to its stakeholders, and to ensure that these are taken into account in the company's strategy and reporting.

This materiality analysis shows that Ethias' Sustainability strategy already encompasses all the concerns highlighted in this first study.

Awards

Ethias is elected Top Employer for the second year in a row! With 87.82%, Ethias is above the average score for insurers in Belgium. The Top Employers Institute certifies companies that offer their employees the best possible working environment through innovative HR practices that focus on people.

Once again this year, Ethias won three DECAVI Insurance Awards Non-Life: Tenant insurance, Workers' Compensation insurance and Family insurance. This is the 5th time that Ethias has won the Workers' Compensation insurance award, in recognition of its involvement as a socially active insurer committed to helping victims of accidents in the workplace.

In its 3rd consecutive year of assessment by EcoVadis, Ethias has consolidated its Silver Medal, making it one of the best performing companies in this area (all sectors combined). In addition to the numerous environmental and societal actions, EcoVadis highlights the company's progress made in responsible procurement.

Partnerships

In March 2023, Ethias signed an agreement with BPI Real Estate for the acquisition of the Wood Hub building. Wood Hub can be considered as one of the most ambitious architectural project in the Benelux in terms of sustainability. This acquisition is part of the diversification process for its real estate portfolio and perfectly meets its requirements in terms of quality, comfort for future occupants and ecological sustainability.

Furthermore, Ethias has teamed up with SFPI/SFPIM to create Cityforward, a real estate fund managed by the Whitewood capital fund manager, to draw up a plan for redeveloping 21 buildings of the European Commission into a sustainable urban district in line with ESG principles. SFPI/SFPIM, as a government agency, will purchase the buildings and Cityforward will take care of the redevelopment work. The entire operation is the result of a collaboration with the Brussels-Capital Region, the municipalities and government bodies.

Ethias, NRB and BeCode, Belgium's largest coding school with social impact, have signed a strategic partnership aimed at developing and strengthening the training of Belgian tech talents. This initiative, rooted in the shared values of the three partners, seeks to respond to the need for professional reintegration and retraining, the development of IT professions and the shortage of local talents in the sector.

New governance model for NRB Group

Following an in-depth review of its strategy, the NRB Group has approved a new governance model for all its subsidiaries. By strengthening synergies between its various entities, the Group aims to pursue its growth, its commitment to innovation, quality of service and customer satisfaction.

André Vanden Camp becomes CEO of the NRB Group to support its vision, steer its transformation and pursue its growth strategy. At the same time, Laurence Mathieu has been appointed new CEO of NRB SA. This appointment will take effect from January 1, 2024.

3. Result of the financial year

The year 2023 records a **consolidated profit** (Group's share) of EUR 346 million, compared to EUR 342 million in the 2022 result. This evolution is explained by a good performance of the Life and Non-Life activities in 2023 and by the strongly negative impact of financial products unrealised in 2022 due to the sharp increase in rates and surinflation in 2022, partially offset by a deterioration of the other activities of Ethias SA and of the NRB group in 2023.

Income from Non-Life activities came to EUR 324 million. The good result is due to the fact that there had been no storm, to a claim history that was better than expected, to the growth of premium and the positive impact of inflation.

The **result of Life business** amounts to EUR 167 million. The good performance of the Life business in 2023 was due in particular to the fall in interest rates, which increased the value of assets measured at fair value through profit or loss, through better operating margins due to premium growth and improved financial margins.

The **result of the other activities** amounts to -EUR 41 million, including -EUR 53 million from Ethias SA and EUR 12 million mainly from the NRB group.

In January 2023, as part of a reorganisation, NRB simplified the number of legal entities within its Group: People&Technology was merged into NRB, Cevi absorbed its subsidiaries PDP and SDP and finally the 4 operating entities within the SME pillar were brought together within SLM. In relation to 2022, Abiware was acquired in early 2023 and immediately merged into Cevi. The company specialises in the development and marketing of software for emergency services (ambulance, police, fire brigade). In July 2023, Xperthis Group and Zorgi merged with retroactive effect to January 1, 2023; the merged entity took the name "Zorgi". Win company (and its subsidiaries) was acquired in May 2023.

The NRB group's turnover (including orders in progress) reached EUR 577.5 million and increased by EUR 72.1 million (+14%) compared with 2022. Growth was driven by both new acquisitions in 2023 (EUR 36 million) and organic growth (EUR 36 million). NRB's consolidated operating result amounts to EUR 25.1 million as at December 31, 2023, i.e. a decrease of EUR 13.4 million (-35%) compared to 2022. This result accounts for 4.35% of the turnover.

NRB Group ends 2023 with a consolidated profit after tax, in BGAAP, amounting to EUR 10.6 million (of which EUR 6.9 million for the Group's share and EUR 3.7 million for the third party's share), which represents a decrease of EUR 10.5 million compared to the previous fiscal year.

The NRB sub-group contributes 17.8 million euros to the consolidated result, including 9 million euros in third-party interests.

With regard to the other subsidiaries, whose earnings are mainly generated by the real estate subsidiaries, Ethias Sustainable Investment Fund SA (ESIF) and NEB Participations, there were no major events during 2023.

Tax expenses for the financial year amount to 104 million euros.

4. Strategic fundamentals[1]

4.1. Brand Purpose

The **brand purpose** defines the company's *raison d'être*: its moral principles beyond the profit motive. In this new world, we put people at the heart of all our actions, making them, more than ever, a lever for sustainable progress, equity and peace of mind for all.

This is the world today.

Climate emergencies, digital divides, social inequalities, wars and social tensions... These are new threats and challenges that are putting to the test the much-needed solidarity to build our future responsible and sustainable society.

Human and ethical values are all too often disregarded, even though they are our sole and unique reason for existing.

That is why, at Ethias, we put people and communities at the heart of everything we do.

At the centre of our actions, our concerns, our resources and our objectives, the H in Ethias symbolises the human values that have always given meaning to the incredible resilience of our company. Ethias wants every individual or collective action undertaken by its employees and every company's decision, to have a positive impact on Belgian society.

At Ethias, we enable our staff and partners to grow and to give of their best. We are agile and flexible. We are all working together to make life easier and more enjoyable for everyone. We want to bring a smile to people's faces and make threats disappear.

Because at Ethias, technology does not create distance, but brings people together. It facilitates contact, without replacing it. We are close to you, we speak the same language and know the world a round you. Our job Is to be a direct insurer, being in direct contact with life and bringing solutions directly to you.

We are here to protect you and encourage you to focus on what you are, what you want to become, what you want to achieve. Whether you are a single person, a couple, a family, an association, a company or a community.

And to make this happen, we dare to be kind, understanding and empathic. We bring all these deeply rooted human values together in our unwavering determination for the well-being of everyone.

That is why our motto will always be: **"Daring to be human together"**.

4.2. Values

The values are defined by all the employees and are the foundation of Ethias' identity, cultre and personality. In a nutshell, they make up the company's DNA.

#Human

Humanity is at the heart of all our relationships which we treat with respect and empathy. We are a true partner to everybody we work with. We are here for every client. We assist and help them when the going gets tough. For us, proximity and solidarity are no empty words. At a time when our society is becoming increasingly complex and diverse, we want to help everyone.

#Empathy #Respect #Proximity #Team #Solidarity

#Commitment

For over 100 years, we have been daily committed to our clients, to our colleagues and to society. We are reliable, trustworthy, willing and ethical.

#Confidence #Trustworthy #Efficiency #SocialResponsibility #Ethical #Responsible #100years #Proactive

#ClientSatisfaction

It is the driving power behind our activity and everything we do. Through our mutualist origins, we cherish the relations with our customers and strive for exemplary service quality. Our availability, efficiency and flexibility are no longer to be demonstrated and contribute to our customer satisfaction.

#Accessible #Partner #Flexibility #Adaptability #Efficiency #Simplicity #Agile

#Enthusiasm

Because whatever happens, a heart beats within Ethias. Every day, we demonstrate energy, vitality, optimism and dynamism. Our enthusiasm helps us to be creative and to undertake innovative projects.

#Innovation #Vitality #Creativity #Energy #Dynamism #Optimism

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

4.3. Mission

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

4.4. Vision

Ethias' vision for the future is built around 3 axes that represent its strength:

- **Direct:** Ethias is a direct insurer, creating and strengthening relationships with its clients
- **Digital**: at the heart of its strategy, but serving people
- **Public sector:** Ethias is proud to be the number one insurer in the public sector and to be able to serve everyone

4.5. Business Strategy

4.5.1 Strategy 2023

2023 marks the end of the 2018-2023 strategic plan. Beyond the strengthening of the fundamentals, the goal of this strategic plan was to allow Ethias to offer a broad approach to meet customer needs more accurately, beyond the strict requirements of insurance, with ever-changing consumer demands and behaviours.

After 5 very eventful and unprecedented years (Covid19 and lockdowns, the invasion of Ukraine and its macroeconomic consequences), Ethias considers itself satisfied in terms of:

- growth;
- new products;
- mobility ecosystem and healthcare services;
- digital solutions for customers;
- solid and renewed presence at the service of the public sector;
- new distribution partnerships;
- financial support for projects in the public interest.

4.5.2 Ambitions 2024-2026

Ethias' 2024-2026 strategic plan, following on from the previous one, focuses on perfecting customer relations, maintaining specific solutions for the public sector and integrating ESG strategy as an integral part of the company's overall strategy.

These ambitions call for major changes in data management and IT tools, as well as continuous improvement in productivity thanks to a new organisation and the use of the latest generative artificial intelligence solutions.

Overall, Ethias aims to play a full role in Belgian society, serving each and every citizen, Belgian society as a whole and supporting the environmental transition. As a result, Ethias' vision is to become the insurer that leaves a positive mark on Belgian society in any way possible.

4.5.3 Sustainability at Ethias

4.5.3.1 An integrated strategy at the heart of our business

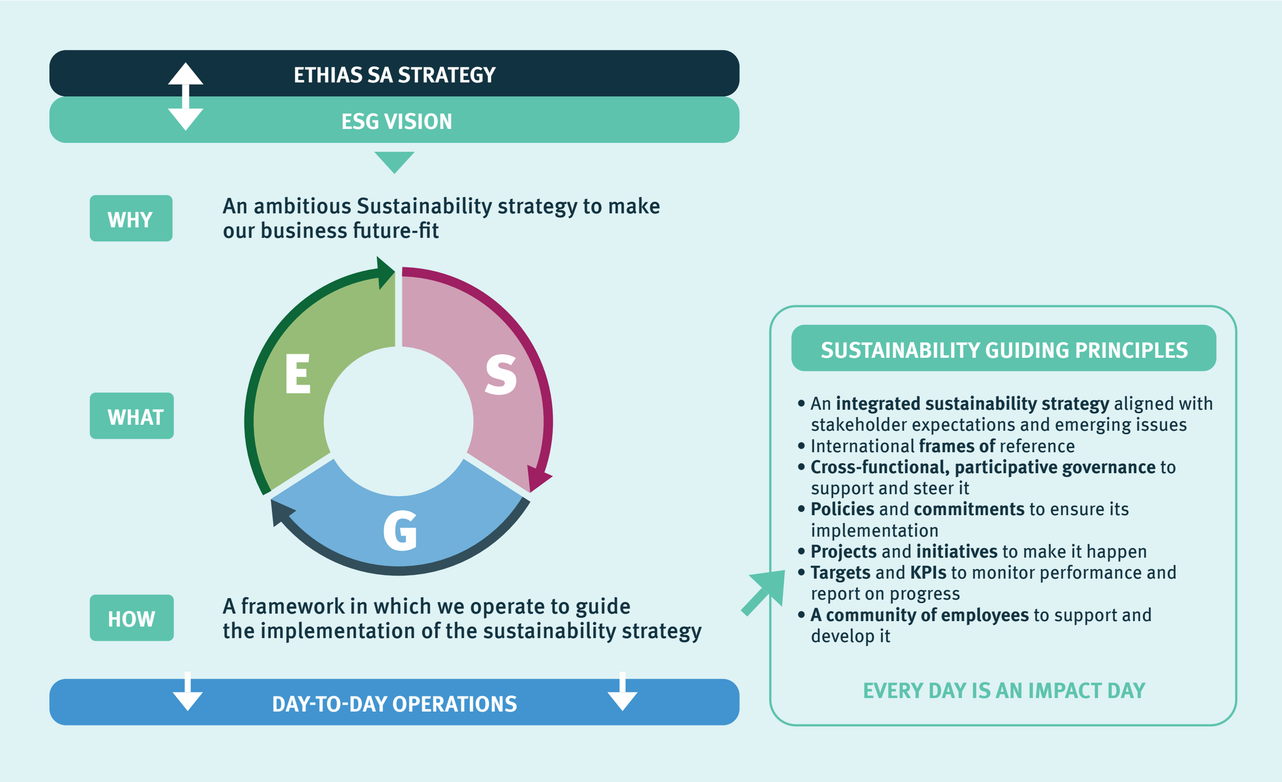
At Ethias, sustainability is a fundamental pillar of our corporate strategy. It is an integral part of every aspect of our insurance business: in the insurance products and services we develop, in the investments we make, and in the relationship with our customers, partners and shareholders, so that the way we conduct our business has a lasting impact on the society of today and tomorrow.

To contribute to the vision of society, Ethias has reshaped its Sustainability strategy at the end of 2021. This strategy is built around the three main pillars of Environmental - Social - Governance (ESG) and the guiding principles that underpin its implementation.

- **Environmental pillar:** Ethias is helping to mitigate climate change by aiming for a maximum reduction in its own emissions by 2030, and Net Zero by 2050;
- **Social pillar:** Ethias continually seeks to improve the working conditions of its employees and to create a positive impact for Belgian society, particularly through the Ethias Impact Fund;
- **Governance pillar:** Ethias is committed to communicating authentically and transparently, and to preserving its reputation as a socially responsible company.

Its sustainable ambitions are also reflected in our investment activities and in the development of our insurance products.

- Ethias **invests in transition and sustainable businesses**, while supporting the local economy;
- In **product development**: Ethias is gradually transforming its range of insurance products and services to minimise their environmental impact, ensure that no one is excluded, and promote prevention and the adoption of sustainable behaviour.


ETHIAS SA STRATEGY
ESG VISION
WHY
An ambitious Sustainability strategy to make our business future-fit
WHAT
E
S
G
HOW
A framework in which we operate to guide the implementation of the sustainability strategy
DAY-TO-DAY OPERATIONS
SUSTAINABILITY GUIDING PRINCIPLES
• An **integrated sustainability strategy** aligned with stakeholder expectations and emerging issues
• International **frames of** reference
• **Cross-functional, participative governance** to support and steer it
• **Policies** and **commitments** to ensure its implementation
• **Projects** and **initiatives** to make it happen
• **Targets** and **KPIs** to monitor performance and report on progress
• **A community of employees** to support and develop it
EVERY DAY IS AN IMPACT DAY

4.5.3.2 10 key commitments

Ethias' sustainability strategy can be summed up in **10 major commitments** towards the planet, society and its various stakeholders.

- Transforming and developing **sustainable products and services**
- Focusing on **prevention** to meet the challenges of sustainability
- Acting on **climate** and aiming for Net Zero
- Protecting the environment and regenerating **ecosystems** and **biodiversity**
- To strengthen its responsible investment approach
- Creating impact in society through its **Ethias Impact Fund**
- Welcoming everyone's **diversity** and **uniqueness**
- To bring sustainability to life within the company with the **#ReGeneration Movement**
- Involving **stakeholders** in implementing the sustainability strategy
- Promoting sustainability by joining **networks and communities of experts**

4.5.3.3 Partnerships, memberships and frames of reference

In addition to the various mandatory regulations and standards[1] applicable to its insurance activities, Ethias also chooses to follow the following reference frameworks, on a voluntary basis. It uses these benchmarks to set goals, measure progress, identify areas for improvement and ensure that actions taken meet the needs of today's and tomorrow's society.

1 The European Sustainability Reporting Standards (ESRS), an integral part of the Corporate Sustainability Reporting Directive, and the International Financing Reporting Sustainability Standards (IFRS-S).

4.5.3.4 Ethias' history of sustainability

2003
- Creation of the **Joint Ethics Committee**
- Ethias supports **fair trade** through Fairtrade@work!

2005
- **Ethical investment code** (reviewed each year)

2006
- Diversity Charter
- 1st societal report

2007
- **Equality-Diversity certification**

2008
- First **measuring of our carbon footprint** and implementation of an action plan

2009
- **Anysurfer certification** for Ethias.be (for visually impaired people)
- Creation of a **CSR task force**

2013
- Top skills: **training sessions** for women on assertiveness and self-confidence

2014
- Entry into the **United Nations Global Compact**
- ISAE 3000 Certification for **ethical financial management** (Asset Management)

2015
- Certification ISAE 3000 in terms of **environmental performances** (CO_2 emissions management)

2016
- 1st Vélo Actif certification, renewed each year
- Launch of Green Movement campaign

2017
- **1st non-financial report**

2019
- Planting of **3,000 mangrove seedlings** in Benin
- **«Women in Finance» charter** signed by CEO Philippe Lallemand
- **"CEASE"** charter signature
- CEO Philippe Lallemand took part in the **«Sign for my future» campaign**
- **DECAVI award** for the **non-financial report**

2020
- **DECAVI trophy for all our societal initiatives during the pandemic** and our structured assistance plan
- Ongoing collaboration with **Digital For Youth** against digital exclusion
- Subscription to the **"Green Deal Circular Procurement"**
- Launch of the **Change Over** plan
- Participation in the Zambia **CO2 offset scheme**
- Signature of the **UN PRI Charter**

2021
- Update of the **ethical investment code** and adoption of the **sustainable and responsible investment policy**
- **Financial and psychological support** to the self-employed and VSEs (COVID)
- Support plan for **vaccination centres** and volunteers (COVID)
- **Free psychological help** for young people (COVID)
- Investment in **economic recovery plans** (COVID)
- Solidarity actions after the **July floods** (mobile crisis centres, cash advances, App4You mental support...)
- Call for projects in Public Centres for Social Action (CPAS) for the **Ethias Youth Solidarity Awards**
- Signing the **PBAF / BACA / Climate Action 100+**
- **New Sustainability Strategy** 2022-2025

2022
- First edition of the Ethias Youth Solidarity Awards
- Creation of the **Ethias Impact Fund** (King Baudouin Foundation)
- **DECAVI** Life Insurance Award for our social commitment
- **Red Touch Challenge**
- **Ecovadis Silver Medal**
- **Top Employer** Certification
- **ReGeneration Movement**
- Signing of **UN PSI**
- Signing of **SBTi**
- Partnership with **Natuurpunt**
- First participation in **De Warmste Week**
- Permanent support to the **Pelicano association**

2023
- **Top Employer** certification for the second year in a row
- **Ecovadis Silver Medal**
- Launch of **Ethias Lease**
- First **green bond** issued
- New **Well-being strategy**
- 150 employees trained for the **Climate Fresco**
- **Forest in One Day** - Collective reforestation action
- Corporate challenge **Ma Petite Planète**
- Second edition of the **Ethias Youth Solidarity Awards**
- **Char'Ethi Hours**
- Ethias' first **double materiality assessment**
- **Ethias Sustainability Framework**
- **Group Ethics Charter**

4.6. Business

4.6.1 A group with a mutual insurance philosophy

4.6.1.1 Direct insurer

To Ethias, being a direct insurer is not only a matter of business model. It is also about having a direct positive role and impact on the lives of its clients and people in general.

This makes it all the more important for Ethias to continually improve on how clients have access to services, whether online or in direct or remote contact with employees.

Ethias provided concrete solutions by renewing its campaign highlighting products at affordable premiums and by supporting the projects of fourteen public social welfare centers (Ethias Impact Fund) for helping young people living in poverty.

Being a direct insurer means being close to people and their concerns.

4.6.1.2 The strength of a group

Building on the success of its unique model, Ethias created an ecosystem capitalising on the strengths and specificities of its subsidiaries to position Ethias as a value-generating group for all its stakeholders.

The main entities of Ethias Group are:

Ethias

Over 100 years of expertise of insuring clients and their property.

Ethias Services

Developing innovative services in the fields of prevention, risk management and pensions. In 2023, ESG components were mapped out in the current range of services, and were also at the very heart of the development of new services (energy transition), drawing on the expertise of other Group entities (NRB, Civadis, Cevi for cyber, IMA for personal assistance). In addition, various Ethias SA departments have integrated solutions developed by Ethias Services into their value proposition in order to improve the service offered to customers.

Ethias Pension Fund

Ethias Pension Fund is a unique multi-employer pension fund in Belgium that offers the best suited solutions for financing pensions.

In 2023, the necessary efforts were made to have a separate management for over 350 new schemes, enabling Ethias Pension Fund to achieve exponential growth in terms of membership.

Ethias Lease

This newly-created subsidiary provides comprehensive, integrated leasing solutions for electric mobility.

With the approval of the European competition authorities, Ethias Lease – joint venture between Ethias and the Banco Santander Group – was officially incorporated on September 15. Since then, the first contracts have been signed and the very first vehicles are now on the road.

Ethias Ventures

Ethias Ventures is a tool for investing in start-ups working in insurtech and ecosystems with added societal value close to insurance: mobility, health and home.

Flora by Ethias

Full digital insurance. 93.000 unique visitors on Flora's website in 2023 contributed to an 83% growth over the previous year.

Flora by Ethias has been voted by Sia Partners as the best online subscription experience for a Tenant insurance in Belgium. A 4.6/5 rating on Trustpilot speaks for the quality of its products and service. After just three years in business, Flora by Ethias is making its mark on the market alongside the major traditional insurers.

NRB Group

The NRB Group, one of Belgium's leading players in the ICT sector and a true local partner, supports its customers in their digital transformation. Capitalising on technological evolution and innovation, NRB aims to offer them the best solutions available, suited to their environment with a wide range of IT services built around four axes: consultancy, software, infrastructure & hybrid cloud, and managed staffing. NRB focuses on a wide range of sectors: the public and social sectors, the energy and utilities sector, the financial sector and industry. A team is dedicated to European and international institutions and companies.

IMA Benelux

IMA creates services related to Car, Home and Healthcare assistance. Since this year, solutions are provided to Ethias Lease clients and these solutions are integrated in AI for back-office processing in order to improve customer experience.

From a strategy as an insurer to a strategy of integrated and durable services for clients and the public

The Ethias Group ecosystem relies on the synergies, expertise and talents of more than 5.000 employees to speed up the implementation of solutions in areas such as health, ageing, mobility and public services. This allows Ethias to offer services that goes beyond insurance contracts by also focusing on sustainability aspects.

This strategy, which goes beyond insurance, is based on 5 pillars:

- Providing extended **services;**
- Developing **digital** and **technological** innovations for humans;
- Building **ecosystems;**
- Creating **synergies** and pooling **skills;**
- Building **partnerships** and improve the sales approach.

4.6.2 Research & Development

When a company wants to grow in a sustainable way, it must always look for creative and innovative solutions to anticipate customer expectations. This is why Ethias pays particular attention to innovation projects and devotes the necessary resources to the development of projects selected and prioritised according to selection criteria that take into account the expected improvements in a holistic manner and the cost/benefit ratio.

Ethias implements its development policy through specific structures focused on innovation, such as Flora and Ethias Ventures, and through ongoing collaboration with NRB, its go-to IT partner and member of the Ethias Group.

Several projects are currently under development, in line with Ethias' strategy and with the following main goals:

- improving the customer's user experience;
- creating new products and services;
- continued digitisation of processes;
- integrating innovative technological solutions.

4.7. Ethias' value creation graph

ethias
We're here for you.

OUR FUNDAMENTALS

BRAND PURPOSE

“Daring to be human together”.
“In this new world, we put people at the heart of all our actions, making them, more than ever, a lever for sustainable progress, equity and peace of mind for all.”

OUR VALUES

Human, Commitment, Enthusiasm, Customer satisfaction.

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

To be the insurer that leaves a positive mark on Belgian society with every one of its footprints.

OUR POSITIONING

Direct : Ethias is a direct insurer, creating and strengthening relationships with its clients
Digital : at the heart of its strategy, but at the service of people
Secteur public : Ethias is proud to be the number one insurer in the public sector and to be able to serve everyone.

OUR STRATEGIC AMBITIONS

Become the insurer with **the most personalised customer relationship**
We are here for every Belgian.

Support the **public sector** as it faces new challenges
We are here for Belgian society.

Becoming the most **future-proof** insurer
We are here to support change.

OUR BUSINESS LINES

ETHIAS SA

Centralises all Life and Non-Life insurance activities. To meet its customers’ needs even more effectively, Ethias is developing complementary solutions through the strength of its group.

ETHIAS SERVICES

Services going beyond insurance, including prevention, risk management and pensions.

ETHIAS PENSION FUND

Tailor-made pension solutions for employers.

ETHIAS LEASE

Is a new leasing service created specifically for fully electric company cars.

ETHIAS VENTURES

Investment in innovative insurance-related start-ups.

NRB GROUP

ICT services and solutions.

IMA BENELUX

Specialist in mobility, travel, home and health assistance.

OUR RESOURCES

1,946 committed **employees** and more than 5,000 within the Ethias Group

Our partners who help us provide our customers with the best possible offers and service (network of inspectors for public bodies, etc.)

Our infrastructure:
3 headquarters, 37 offices, our call centers, the Ethias mobile truck and all our digital solutions

Our resources :
we consume natural resources in a sustainable manner, respecting the planet's limits

OUR BENEFICIARIES | **OUR ADDED VALUE** | **KEY FIGURES**

OUR CLIENTS

Satisfy our clients beyond their expectations
Our role as insurer of the public sector and of more than 1.2 million private individuals is to support and protect the population by offering innovative coverage solutions and services adapted to the new risks.

- Overall customer satisfaction: B2C 92%, B2B 93% score NPS 58

BELGIAN SOCIETY

Support Belgian society
On the one hand, Ethias supports the Belgian economy its investments, support for recovery plans, the payment of dividends to its public shareholders and tax payments. On the other hand, Ethias supports the Belgian public through various solidarity initiatives (Ethias Impact Fund, Warmste week...).

- EUR **4.933 million** invested in the Belgian company
- EUR **108 million** in dividends paid to public shareholders
- EUR **80 million** to support recovery plans
- EUR **275,000** to welfare centres to combat poverty among young people (EYSA)

ENVIRONMENT

Reduce our carbon footprint
We consume resources in a rational way and measure the direct and indirect impacts of our activities. We are working hard to reduce our carbon footprint through our Change Over plan, which aims to achieve Net Zero in 2050. This plan revolves mainly around 6 areas: green IT, building management, responsible suppliers and procurement, mobility, waste reduction and biodiversity.

Operational carbon footprint: 10.751 tCO_2e

OUR STAKEHOLDERS

We are committed to constructive dialogue and cooperation with our various stakeholders. Taking everyone's opinions into account should enable us to adjust our product and service offering, improve our customer service and processes, and integrate society's needs into our corporate strategy.

1.278 stakeholders responded to our first double materiality survey

OUR EMPLOYEES

Ensuring the well-being of our employees and providing them with sustainable employment
Ethias offers its staff a wide range of exciting and varied career opportunities, far from the clichés of the insurance industry. At the same time, it aims to promote a balance between professional and private life.

- Top employer 2023
- Employee satisfaction rate : 86%
- Training courses: 48.000 hours of training
- Diversity: 51.13% women
- 235 new positions filled in 2023, including 149 through external recruitment

5. Double materiality assessment[1]

5.1. Purpose

In 2023, Ethias carried out its first double materiality assessment before the implementation of the CSRD directive. The materiality assessment must identify the company's positive and negative impacts on society. To this end, an appropriate dialogue takes place with stakeholders to gather their sustainability concerns. The purpose of this assessment is also to highlight risks and opportunities for the company, and to assess whether they have a material financial impact.

5.2. Identification of themes and stakeholders

A first set of themes has been selected, based on international reference standards, because of their link with the context of Ethias, its business sector and its current strategic projects. With the help of an independent third party and various skills within the company, a pre-selection of material environmental, social and governance issues was carried out, taking into account their actual or potential impacts.

At the same time, a selection of different types of ESG risk was made on the basis of external risk reports and ongoing information monitoring.

It turns out that there is a clear correspondence between the themes of impact materiality and financial materiality This cross-referencing allows us to understand that certain areas of Ethias' actions in its external environment could, at the same time, represent a risk or an opportunity for the company.

In order to compare these identified challenges, risks and opportunities with the opinions of stakeholders, Ethias has listed the most significant stakeholders to be contacted.

We then could put together a list of people or groups of people who can influence the company, or the opposite. Stakeholders have been classified into two categories: “internal” (e.g. employees, management staff, etc.) and “external” to the company (e.g. customers, suppliers, etc.).

Double materiality assessment involves cooperation and dialogue with the various stakeholders. This dialogue was established by means of an online questionnaire for the impact materiality section. For the financial materiality section, the stakeholders questioned (i.e. Top Management, the Executive Committee and the Board of Directors) were interviewed via a risks and opportunities survey conducted by Risk Management.

5.3. Impact materiality assessment

Respondents were presented with 17 sustainability themes previously identified for impact materiality. They were asked to select the issues that should prioritised by Ethias.

In view of the obvious disparities in numbers between the different categories of internal and external stakeholders, the results of this survey have been weighted. In order to avoid any risk of over- or under-representation, a methodology was applied based on the importance of each stakeholder group surveyed for Ethias, according to the interest they have for the company and how they can influence it.

The threshold applied to determine the most important issues for each respondent group was established by taking into account the order of priority assigned to them by each of these groups (internal and external). This allowed to highlight issues that must be prioritised by Ethias according to its clients and other external partners on the one hand, but also according to its employees, senior management and other internal stakeholders on the other.

The resulting list of issues identifies the priorities shared by at least one of the two stakeholder categories (internal and external). It includes five environmental issues, two social issues and one governance issue.

Environmental concerns top the list. Among these, company employees and individual customers attach more importance to issues close to their daily lives (such as reducing energy consumption and pollution), while the company's

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

governing bodies, subsidiaries and business customers focus on “corporate” issues such as preventing and covering climate risks, and reducing the company's carbon footprint.

Social considerations tend to be emphasised by internal stakeholders, who stress the importance of work conditions for staff and of the company's wider action for the benefit of society. These are closely followed by governance considerations, such as Ethias’ ethics.

5.4. Financial materiality assessment

The financial materiality assessment was carried out via an online survey asking stakeholders to rate 27 emerging external risks. These risks were selected based on external risk reports and ongoing information monitoring.

The identified stakeholders based on targets of the company's risk and opportunity assessment are the Board of Directors, the Executive Committee and the Top Management.

This survey’s results are used to rank these risks according to their criticality. This is the result of a combination of assessing the probability of their occurrence and their financial impact on the company. For each of these risks, stakeholders should indicate whether they also represent opportunities (new product development, investment, carbon transition, etc.) for the company as well as their priority.

Three major sustainability issues emerged from the top 10 of the 2023 survey:

- an environmental risk, including the physical climatic risk of extreme events and the failure of the climate transition,
- a governance risk, in this case the risk of a cyber attack,
- a social risk linked to human capital, reflecting the new expectations of workers and the shortage of specific skills.

5.5. Double materiality assessment

Double materiality is obtained by cross-referencing the results of the impact materiality and financial materiality surveys. Environmental, Social and Governance (ESG) issues are positioned on a double-entry (voir page de droite) matrix illustrating the importance of each issue both from the point of view of the impact Ethias can have on them and on society as a whole (y-axis) and from the point of view of the impact they can have on Ethias (x-axis). The size of the balls represents the probability of occurrence spread over a short (1 to 3 years), medium (3 to 10 years) and long-term (beyond 10 years) time horizon: the shorter the time horizon, the larger the size of the balls.

Each theme is considered to be material if it emerges from either the impact materiality assessment (blue coloured band), the financial materiality assessment (green coloured band), or both. Only those themes that do not emerge from either assessment fall outside the double materiality assessment (lower left quadrant). However, this does not mean that they are not important, but rather that they are less of a priority than the others. Ethias does not necessarily exclude them from its scope of action.

The key stages of the double materiality assessment have been validated by the Ethias Executive Committee. The strength and reliability of the methodology and the results of this first exercise highlight the following points.

Environmental issues top the list of themes on which Ethias can have an impact. However, social and governance issues also find their place in our priorities, thanks in particular to the diversity of our stakeholders, who represent the company's entire value chain.

The various stakeholder categories focus on different areas of action concerning the impact Ethias can have in society, and the methodology applied during this assessment guarantees visibility for all. Themes as varied as reducing energy consumption and pollution, as well as the global challenge of decarbonisation, emerge.

Finally, the issues unanimously recognised as having the greatest potential impact for Ethias are the risk of extreme weather events and the risk of cyber attacks. In third place, the risks highlighted revolve around the macroeconomic environment. All this demonstrates the crucial importance of climate risks, corroborated by the financial impact they are likely to have and the importance of the opportunities they can generate for the company and the sustainability of its activities.

It also confirms the relevance of Ethias' multi-year sustainability strategy and the resulting implementation plans, which already include concrete actions on each of the issues highlighted.

Double Materiality matrix

THE MOST MATERIAL ISSUES	
1	Reducing **energy consumption** - Failure of **climate action**
2	**Climate risk prevention** products and services - **Extreme weather events**
3	Reducing the **carbon footprint** - **failure of climate action**
4	**Pollution reduction** - Pollution
5	Actions concerning **employment conditions for its staff - Deterioration of mental health**
5bis	Actions to improve **employment conditions for its staff - New employee expectations and shortage of specific skills**
6	**Ethical** management of Ethias - Ethics and **governance**
7	**Actions to benefit society -** Erosion of **social cohesion** and polarisation of society
8	Products and services to **cover climate risks**
17	**Information-related** actions- **Technologies, cybercrime and generalised cyber-security**

OTHER CHALLENGES	
9	Actions for equal treatment and opportunity - Erosion of social cohesion and polarisation of society
9bis	Actions to promote fair treatment and equal opportunities - Diversity and inclusion
10	Actions in favour of employment conditions and human rights - Ethics and governance
11	Promoting circular economy - Environment, pollution
12	Affordable products and services – Erosion of social cohesion and polarisation of society
13	Water use - Environment, scarcity of resources
14	Waste reduction actions - Environment, pollution
15	Actions in favour of biodiversity - Loss of biodiversity and collapse of ecosystems
16	Transparency on the influence Ethias can have through its activities and commitments - Ethics and governance

6. Environmental impacts[1]

6.1. Managing climate risks

An insurance company must be able to cope with any kind of change in its external environment. Knowing your external environment enables you to develop an adaptation strategy and be resilient in the face of any situation. Resilience is an important factor in guaranteeing clients a long-term service that will always meet their new needs and current laws.

In terms of methodology, Ethias takes into account all external risk factors through the different risk types expressed in its **Internal Risk Management Policy**. In other words, all external risk factors can generate internal risks (insurance, financial, operational, strategic) for the company, which it must manage through its risk management process (identification, assessment and measurement, processing and monitoring, reporting) in order to guarantee its long-term survival.

Some external risk factors may be "emerging". Emerging risks differ from other risks in the uncertainties surrounding them. Assessing their impact is not easy, but could be significant. An insurer must take this into account in its risk assessment. In addition to its regulatory obligations, Ethias is committed to taking into account all external risk factors, including emerging risks, in its regular risk assessment.

For more information on our risk management methodology, please refer to chapter 13 of this report.

ESG and climate risks

External risks include, among others, "**E**nvironmental, **S**ocial and **G**overnance" risks, or in other words, risks that may affect a company's sustainability. For an insurance company, environmental risks represent a major challenge, since their emergence makes them more difficult to apprehend in terms of probability and impact on the company. It is therefore essential to first identify and understand in order to integrate them like all any other risk factor into the day-to-day risk management process, and adapt the company's strategy where necessary.

WithinEnvironmental risks ,the sub-category of climate risks deserves special attention and management, given its potential material impact and increased probability.

There are two categories of climate risks**: physical climatic risks** and **transitional climatic risks**.

Physical risks refer to direct and immediate damage caused by climatic events. This includes the effects of extreme weather events, also known as "acute" events - such as storms, floods and droughts - and long-term changes in climatic conditions, known as "chronic" events, such as permanent sea-level rise. These phenomena can have devastating consequences on infrastructures, supply chains and the health and safety of employees and clients alike, affecting companies' financial and operational performance and consequently customer service.

As part of its assessment of the financial impact of physical risks on its insurance liabilities, Ethias has carried out a valuation exercise based on appropriate models. Two perils have been identified at this stage as being directly linked to global warming: floods and hailstorms. The impacts of different global warming scenarios on these two risks are summarised in the table below:

Peril	baseline	+1.5°C	+2.0°C	+3.0°C
Floods	100%	118%	132%	149%
Hail	100%	100%	111%	128%

For example, floods are more sensitive than hail to rising temperatures: a +1.5°C rise in temperature compared to the pre-industrial era would mean an 18% increase in claims compared to a reference level of +1.1°C.

According to the scientific community, the storm peril is not directly linked to a rise in temperature, but rather to atmospheric and oceanic changes.

In terms of income, overall, 13% of Ethias' Fire premium income is dedicated to covering perils exposed to significant physical risk in the short, medium and long-term. This represents some EUR 33 million in cash acquired in fiscal 2023.

Transition risks refer to the challenges associated with the transition to a low-carbon economy. These risks include regulatory changes, such as carbon taxes and emissions restrictions, technological developments, changes in consumer preferences and market dynamics. Companies need to adapt to these changes not only to remain competitive, but also to have a positive impact on the transition, which may require significant investment in research and development, new technologies or strategic reorientation.

With regard to the financial impact of transition risks on our assets and liabilities, Ethias estimates its percentage of investments in companies active in carbon-intensive sectors at 17.15%. The percentage of premiums collected on contracts involving customers active in carbon-intensive sectors is estimated at 15.75%.

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

6.2. Managing climate opportunities

By proactively managing both physical and transitional climate risks, Ethias has taken a number of strategic opportunities.

Firstly, the anticipation of physical risks linked to climate, such as floods and storms, provided the company with tools based on climate change models to develop insurance rates and coverage that better suit the specific needs of Belgium and its regions.

Ethias has also decided to offer its B2B customers new preventive services to help them manage emerging risks, including climate change. Other opportunities could emerge such as the creation of innovative new insurance policies that cover other aspects of emerging climate risks, offering added value to its customers not only B2B but also B2B2C and B2C. In addition, a thorough understanding of environmental regulations helps Ethias to anticipate legislative changes for its clients too, and to offer advice and products tailored to their needs.that meet their concerns.

Proactive management of transition risks helped Ethias to make its infrastructures (head offices and regional offices) more sustainable, thereby offering employees a working environment that respects the environment and their well-being. Customers also benefit from a more environmentally-friendly welcome on site, thanks to the sustainable modernisation of regional offices.

Ethias has also installed 53.6 kWp of photovoltaic panels at its Alleur site. Ethias estimated that the savings generated will amortise the cost of the investment, and that the break-even point, at which net profits will be generated, will be reached in year 18, i.e. in 2040.

Moreover, on the investment front, Ethias signed in 2023 an agreement with BPI Real Estate for the acquisition of the Wood Hub. Wood Hub can be considered as one of the most ambitious buildings in the Benelux in terms of sustainability. Further information is available in the Sustainable and Responsible Investment chapter of this report.

In 2023, Ethias also intensified its market positioning in terms of sustainability by creating a new subsidiary: Ethias Lease. Ethias Lease's offer was specifically designed to meet the multiple challenges faced by Belgian companies and local authorities in their transition to an electrified car fleet, while responding to the new fiscal reality.

Ethias Lease provides a complete, integrated leasing solution – including car, home chargers, charging card, support, insurance and assistance. With its innovative approach, Ethias Lease aims to become the benchmark in green leasing by 2027, with a projected fleet of 8,000 vehicles and over 6,000 home chargers.

This new activity will not only enable Ethias to achieve its objectives for reducing its own CO_2 emissions by 2030 (since it will accelerate the electrification of its 2 vehicle fleets), but will also support Belgian companies and public institutions in their transition to greener vehicle fleets. The choice for electric vehicles is also in line with political strategies at Belgian and European level, encouraging companies to move towards fleets of this type.

Ethias is also active in partnerships with associations protecting ecosystems and which can contribute to slowing climate change if their protection and extension are maintained. For instance, the Zwarte Beek valley is one of the last peat areas in Flanders, currently under great pressure due to climate change. Natuurpunt aims to strengthen the nature reserve in the coming years by focusing on water management. This will allow water to infiltrate and be buffered, peat to replenish and biodiversity to be stimulated. Natuurpunt is able to achieve this project thanks to the funding of Ethias and subsidies from the Flemish government.

In conclusion, proactive climate risk management helps companies improve their operational and financial resilience. By reducing the financial impact of weather-related losses and adapting to market trends, the company can maintain a stable and sustainable financial position.

This proactive management paves the way for innovation, strengthens Ethias' market position and stimulates to our corporate social responsibility, while aligning our operations with our sustainability goals.

6.3. Ethias' environmental ambitions

The transition to Net Zero is central to Ethias' Sustainability strategy. Climate change is one of the world's greatest challenges. We are faced with a steady increase in man-made greenhouse gas (GHG), mainly due to the use of fossil fuels. Every company must therefore adapt its business model to actively participate in climate change mitigation efforts, and to move towards a fossil-free business model.

Despite all our mitigation efforts, we must also anticipate the various adaptations needed to cope with the risks and transformations resulting from global warming.

Ethias' Environmental strategy is not only about the climate issue. It also embraces other major environmental challenges linked to biodiversity, pollution, water and the circular economy, which require urgent action.

Our vision: a company must thrive in harmony with its environment. It is no longer possible to drain or degrade ecosystems without paying the price eventually.

Companies need to move towards a balanced form of prosperity, without fossil fuels or major environmental impact, in the interests of their customers, shareholders and employees.

That's why Ethias has adopted an ambitious Environmental strategy that focuses on **4 major areas**:

- reaching **Net Zero**;
- measuring and reducing its other impacts on **nature**;
- analysing, understanding and helping clients adapt to **climate risks**;
- evolving in **harmony with the environment**.

These ambitions are part of Ethias' transition plan and are broken down into relevant environmental action areas for the company and society as a whole.

This chapter reviews the main elements of Ethias' transition plan and explains how environmental issues are addressed. For each of them, it will also give an overview of the main goals, commitments, projects and actions undertaken, as well as the figures they relate to.

6.4. Ethias' environmental strategy

6.4.1 Climate change: achieving Net Zero

Even if Ethias' activities do not seem polluting, the company and its employees still represent an environmental impact through their travel, energy consumption, waste and CO_2 emissions, or even water and paper consumption. Ethias must reduce its harmful impact on the environment and increase its positive impact.

Ethias is well aware that ambition is not enough. To make a difference, it needs a rigorous new climate transition plan that defines the steps to reduce greenhouse gas emissions in order to achieve a maximum reduction in its own CO2 emissions (scope 1 and 2) by 2030, and Net Zero by 2050.

This new version of Ethias' transition plan is being drawn up in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), recognised practices of financial institutions, and the environmental goals set by the EU. Ethias has set targets that it wishes to align scientifically with a 1.5°C trajectory in line with the Paris Agreements for its operational activities, supply chain and investments (according to Science Based Targets initiative (SBTi)).

Ethias is not starting from scratch in this area. Ethias has measured its carbon emissions since 2012. In 2020, it drew up its transition plan - version "1.0" (Change Over), in which it set out its ambition and trajectory to achieve the maximum reduction in its own CO2 emissions (scope 1 and 2) by 2030 (using the GreenHouse Gas (GHG) Protocol Standard method).

In 2022, Ethias took a further step forward by signing the NET ZERO 2050 SBTi commitment, thereby accelerating its ambition to make its entire value chain carbon-free by 2050, at the Group level. Ethias is actively preparing its new transition plan (version 2.0) to be submitted to the SBTi scientific committees in December 2024. Ethias is broadening the scope of activities with decarbonisation targets, including its investment activity, which now accounts for the largest share of its indirect emissions.

Making Ethias asset management carbon-free will be a key element of Ethias' transition. As a financial institution, Ethias is a catalyst that helps accelerate the transition in key sectors where long-term private investment is essential (such as sustainable transport, green energy infrastructure, building renovation,...). For more information, see the Sustainable and Responsible Investment chapter of this report.

How do you actually achieve Net Zero?

Ethias aims to reduce greenhouse greenhous gas from its operations by 2030 (scope 1, 2 (Market Based) and partially scope 3 linked to certain purchases) and to reach Net Zero by 2050 for the entire scope 3, including investments. To achieve this, we need a solid, comprehensive assessment of our main sources of emissions.

ETHIAS TRANSITION PLAN TOWARDS NET ZERO

2020

Starting Point
We COMPENSATE

- Launch of **Change Over** Plan
- **100% of carbon emissions** from our operations are **compensated**

2022

-5% CO_2 emissions
Scope 1, 2

- **Emissions** cut by 30,85% since 2019
- In 22: **closing on Mondays, lowering temperature** of head offices, **reduction of lighting = 144 tCO_2 saved**
- Signature of **SBTi**

2023

-10% CO_2 emissions
Scope 1, 2

- Renovation of our Hasselt office with new geothermal heat pumps, earning us BREEAM Very Good Certification
- 4-star "Tous Vélos-actifs" label

2024

- **Submission** of our **Transition plan** to SBTi

by **2025**

-33% CO_2 emissions
Scope 1, 2 (market-based)

- **No more fossil fuel** in our head offices North & South

by **2030**

Maximum reduction of our CO_2 emissions
Scope 1, 2 (market-based)

by **2050**

NET-ZERO Company
(Operations, Procurement, Investment)

SCIENCE BASED TARGETS

6.4.1.1 Operational section

Carbon balance 2023

The first step in reducing our greenhouse gases is to carry out the most accurate and comprehensive carbon assessment possible, based on an internationally recognised scientific method.

Between 2012 and 2022, the methodology used was the Bilan Carbone method developed by ADEME. Since 2022, Ethias has been carrying out its carbon balance according to the GHG Protocol Standard.

When it comes to the scope of the carbon balance, Ethias reached a new milestone in 2023 by adding all premises occupied by Ethias staff, including leased premises for which it is very difficult to collect precise energy consumption data. The scope of the balance sheet also includes all purchases made by Ethias.

Details of the **2023 Carbon Footprint** according to the various GHG Protocol scopes and categories, including the new scope, are available below.

Scope GHG	1				2		3									Total
Category GHG	1	2	3		1		1	2	3	4	5	6	7	8		
Category name	Fixed sources - fossil fuel combustion	Fugitive emissions from processes	Mobile sources - fossil fuel combustion	Total Scope 1	Electricity purchase	Total Scope 2	Purchased goods and services	Capital goods	Other fuel and energy-related activities	Upstream transport	Waste generated by operations	Business trips	Employee commuting	Upstream leased assets	Total Scope 3	
	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG
Procurement							5927	943							6869	6869
Mobility			1474	1474	18	18			355			10	693		1058	2550
Buildings	851	0		851	19	19			245					107	352	1223
Logistics			5	5					1	50					51	57
Waste											52				52	52
Total	851	0	1479	2330	37	37	5927	943	601	50	52	10	693	107	8384	10751

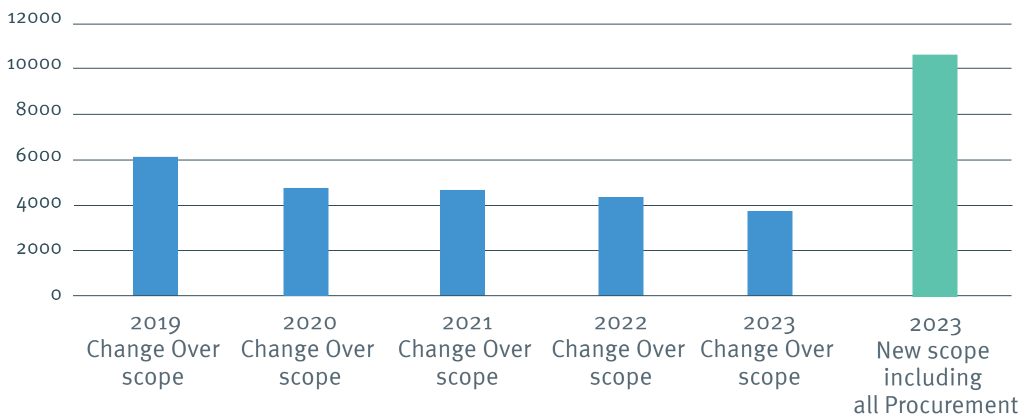
Change Over

The goal of the Change Over plan (version 1.0 of the Ethias Transition Plan) is to eliminate the use of fossil fuels (coal, oil and gas) in Ethias' operations and, as soon as possible, in its purchasing. Ethias' carbon footprint serves as a baseline and monitoring tool for the plan.

A table showing the 2023 carbon footprint based on the usual Change Over scope and the evolution since 2019 of the carbon footprint of Ethias' operational activities is presented below. The increase in 2023 (in green) is due solely to the widening of the scope, which now includes all purchases, including consultancy, and all buildings occupied by Ethias staff, including those leased. Without this change in scope, the reduction in emissions has been confirmed since 2019, thanks to controlled energy consumption in its buildings, efforts to promote soft mobility, reduced use of paper and the electrification of its vehicle fleet.

Scope GHG	1				2		3								Total	
Category GHG	1	2	3		1		1	2	3	4	5	6	7	8		
Category name	Fixed sources - fossil fuel combustion	Fugitive emissions from processes	Mobile sources - fossil fuel combustion	Total Scope 1	Electricity purchase	Total Scope 2	Purchased goods and services	Capital goods	Other fuel and energy-related activities	Upstream trans-port	Waste gene-rated by opera-tions	Business trips	Employee commuting	Upstream leased assets	Total Scope 3	
	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG	GHG
Procure-ment							189								189	189
Mobility			1474	1474	18	18			355			10	693		1058	2550
Buildings	731	0		732					210						210	942
Logistics			5	5					1	30					32	37
Waste											52				52	52
Total	731	0	1479	2211	18	18	189		567	30	52	10	693		1542	3770

EVOLUTION CARBON FOOTPRINT IN TCO2E ETHIAS OPERATIONAL (MAINLY SCOPE 1 / 2) AND NEW SCOPE INCLUDING ALL PROCUREMENT IN 2023



To achieve this, a 4-step Framework is used.

- **Reduce**. Reduce unnecessary energy consumption as much as possible, and use energy resources sparingly.
- **Improve efficiency**. Improve the efficiency of what can't be eliminated.
- **Shift technology**. Transform energy generators (motors, boilers, etc.) in orde to stop using fossil fuels.
- **Remove**. Any remaining carbon will have to be captured to reduce its presence in the atmosphere.

The two operational areas that currently rely the most on fossil fuels are mobility and buildings.

Reduce carbon footprint around mobility

Ethias encourages its employees to carpool. Ethias encourages the use of public transport. Ethias has launched a wide range of initiatives to promote cycling, which is on the increase. It promotes carpooling **(improve efficiency)**.

Ethias offered a collective bonus to all employees if they would come to work by another way of transportation than driving alone in their car. This target has been far exceeded!

Employees have been able to work from home for several years now (**reduce**).

Fleet electrification (technological shift)

The car, which a few years ago accounted for 88% of transport modes, is not going to go away. That is why we must make a technological shift, phasing out combustion-powered cars from fleets and replacing them with electric vehicles.

With this in mind, in 2023 Ethias launched Ethias Lease which only offers full electric vehicles for leasing.

Reduce carbon footprint of Buildings

Ethias has been streamlining (**reduce**) its real estate assets for many years, while maintaining excellent working conditions for its employees.

This reduction in surface area helped to steadily reduce the building-related carbon footprint.

A new milestone was reached in 2023 in Hasselt. The renovation was completed on schedule (**improve efficiency**) and employees can now enjoy brand-new office spaces. For this renovation, we received a BREEAM Very Good certification, mainly thanks to new geothermal heat pumps **(shift technologique).**

100% green electricity

Ethias signed electricity supply contracts providing electricity from 100% renewable sources (hydroelectricity, wind power, co-generation or solar energy).

6.4.1.2 Assets section

The following table shows gross GHG emissions and intensity for scopes 1, 2 and 3, as well as total GHG emissions for Ethias SA's portfolio of financial assets. The scope covers bonds and shares issued by private issuers ("CORP") and sovereign and similar issuers ("GOVIES").

Emissions are calculated according to an allocation factor linked to EVIC (Enterprise Value Including Cash) and GDP (unadjusted), while intensity is calculated according to REVENUE and GDP (unadjusted).

Activity category	total investment (M€)	amount (M€) of CORP and GOVIES investments	amount (M€) of investments covered for total scope 1+2+3 emissions	% coverage	% coverage of total investments	Scope1 emissions (tCO2eq)	Scope2 emissions (tCO2eq)	Scope3 emissions (tCO2eq)	Total scope 1+2+3 emissions (tCO2eq)
Administrative and support service activities	123	106	50	47%	40%	421	76	7,560	8,057
Financial and insurance activities	6,371	2,950	939	32%	15%	254	477	71,562	72,293
Real estate activities	1,025	1,020	427	42%	42%	586	969	9,487	11,042
Specialised, scientific and technical activities	161	156	77	49%	48%	1.278	225	6,955	8,458
Sale and repair of motor vehicles and motorcycles	58	58	47	80%	80%	936	835	45,930	47,701
Construction	75	72	19	27%	26%	586	117	12,925	13,628
Accommodation and catering	25	25	25	100%	100%	373	2,691	2,522	5,586
Manufacturing industry	739	739	439	59%	59%	16,962	8,243	238,064	263,268
Information and communication	759	754	233	31%	31%	465	1,761	19,622	21,849
Water production and distribution, sewage water treatment, waste management and pollution control	112	98	27	27%	24%	11,023	1,588	9,316	21,927
Electricity, gas, steam and air conditioning production and distribution	577	577	178	31%	31%	45,651	6,708	95,191	147,550
Human health and social work	12	12	0	0%	0%	0	0	1	2
Transportation and warehousing	364	364	29	8%	8%	1,236	166	5,500	6,902
Public administration	5,984	5,979	4,922	82%	82%	1,210,870	0	0	1,210,870
Others	1,221	1,201	0	0%	0%	0	0	0	0
TOTAL	**17,608**	**14,113**	**7.,12**	**53%**	**42%**	**1,290,642**	**23,857**	**524,634**	**1,839,133**

	Scope 1	Scope 2	Scope 3
Amount (M€) of investments covered for calculating intensity	8,456	3,535	3,535
Investment intensity	165	22	689

6.4.1.3 Business section

Ethias positions itself as a sustainable company, a responsible investor and a trustworthy insurer.

In 2023, Ethias' underwriting activity was analysed for the first time against sustainability criteria, in order to improve the portfolio's ESG knowledge and thus be able to guard against risks that could affect its performance.

The analysis focused on B2B customers in the underwriting portfolio active in sectors that might not be in line with ESG issues. Six sectors have been identified as such: armaments, thermal coal, tobacco, conventional oil and gas, non-conventional oil and gas, electricity (excluding the public sector).

These sectors were already excluded in Ethias' investment policy. To avoid any form of greenwashing, it seemed important to align the application of sustainability-related rules between the company's different activities. Sectors of activity that are excluded from the investment policy are now given special attention in the context of insurance activities: each new case involving customers with activities in the identified sectors is presented to the Acceptance Board, a body chaired by a member of the Ethias Executive Committee.

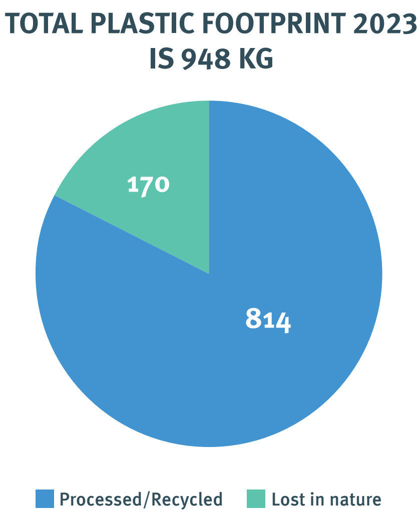
6.4.2 Beyond carbon

6.4.2.1 Pollution and waste management

Ethias aims to prevent pollution, particularly of air, water and soil, and to protect the health and well-being of people.

Ethias has launched a Zero Plastic project to measure its plastic footprint and take various actions to reduce it.

6.4.2.2 PlasticFootprint 2023



The first concrete actions to reduce the use of plastic began in 2023 with the phasing out of **plastic bottles in drinks dispensers**.

Ethias ensures that its insurance activity portfolio (new business and/or renewals) is made up of policyholders who are aware of and sensitive to pollution, but who also meet certain underwriting criteria.

In the case of incinerators, for example, the "Prevention" department has introduced enhanced monitoring and scoring systems, enabling us to impose improvements on the policyholder, or, failing that, to cancel the insurance policy.

6.4.2.3 Water

Ethias' impact on water consumption is reduced. Nonetheless, measures are taken to reduce our consumption at headquarters and in the various offices.

6.4.2.4 Circular economy

Ethias aims to move towards a regenerative growth model, by separating economic growth from resource use and environmental degradation. It also aims to accelerate the transition to a circular economy.

The Procurement team is highly aware of and trained in climate issues. Ethias has a Responsible Procurement Charter for opening the dialogue with its suppliers and asks them questions on the subject. By getting to know our suppliers better, Ethias is able to extend its actions beyond its own activities and involve its entire value chain.

Ethias is also a partner of Digital For Youth, an association that collects computer equipment for associations working primarily around young people, inequality of opportunity and education.

The lifespan expansion and reuse of IT equipment are also strategic issues.

6.4.2.5 Biodiversity and ecosystems

Ethias aims to protect, preserve and restore biodiversity. Strengthening natural capital (air, water and soil, as well as forest, marine, freshwater and wetland ecosystems) is also a concern.

The partnership with Natuurpunt since 2022 is a first step in this direction. The aim of this partnership is to purchase land around the Zwarte Beek valley to create a protected area. The goals of this project are to regenerate the soil and improve its absorption capacity in order to preserve water reserves and prevent the risk of flooding. This ecosystem is also unique in that it naturally captures CO_2.

6.4.3 Green IT, a cross-functional field of action

While IT tools support environmental transition by saving paper, they can be a source of energy consumption themselves.

Ethias and its subsidiary NRB aim to reduce the environmental impact of digital technology through responsible and sustainable use , and to optimise infrastructures and processes.

Ethias and NRB are working together in a number of areas:

- **significant use of renewable energy sources** (solar, wind) to power data centers;
- donating, via Digital For Youth, laptops to schools and non-profits in order to **extend their lifespan;**
- **digitalising** NRB's **servers** to reduce the number of physical servers and therefore the energy requirements for power and cooling;
- **raising awareness** of the environmental impact of digital technology, through an IT challenge aimed at reducing the size of e-mail inboxes.

A series of new multi-year initiatives are currently being evaluated with the aim of:

- **reducing carbon footprint of Ethias** by implementing an action plan to reduce this digital footprint
- **optimsing resources,** through, among other things, the introduction of a specific recycling program for data center waste
- **optimising energy efficiency** by using technologies to improve data center energy efficiency: cold corridor, free cooling, etc.
- **Green IT training** including a course about the environmental impact at work and a green coding training project.

6.5. EU Taxonomy

6.5.1 Non-Life underwriting activities eligible for and aligned to the European taxonomy

As of 31/12/2023, Ethias' Non-Life insurance activities eligible for the European taxonomy (Taxonomy Regulation (EU) 2020/852) are those that could contribute to the achievement of the following environmental objectives: adaptation to climate change.
Ethias' Non-Life underwriting activities that are eligible for the European taxonomy are those whose written premiums in the 2023 accounting year include a climate change coverage component as set out in article 10.1 of the Taxonomy Complementary Climate Delegated Act. To determine the amount of cash received from these activities, Ethias has selected insurance premiums from the following accounting categories (LOB Solvency II) : “Fire and other damage”, “Marine aviation and transport" and "Motor other classes". Only the shares of premiums linked to climate-related perils have been taken into account in calculating the eligibility of its Non-Life underwriting activities, in order to have a comparable basis with the amounts that will be considered in the alignment indicators. Given this new methodological approach, 2023 is considered a new baseline. As a result, Ethias no longer makes comparisons with previous years.

- The “Fire and other damages” branch includes the income of fire and all risks. The CatNat share of these premiums has been taken into account.
- The “Marine aviation and transport” branch includes the income of transport coverages. However, it cannot be considered eligible because it is not possible to identify the part of the premium linked to Climate related perils.
- The “Motor other classes” branch includes the income of non-liability motor insurance. The share of Ethias' expenses relating to climate-related perils is 1.8%. The income taken into account in this branch therefore corresponds to this percentage.

Taking into account the selection criteria mentioned above, Ethias' Non-Life underwriting activities eligible for the European taxonomy amount, at the end of 2023, to:

Insurance branches under Solvency II categories	Premium income on the basis of premiums written in 2023	Eligible income on the basis of premiums written in 2023
Fire and other damages	307,449,518,69 €	31,737,456,13 €
Marine aviation and transport	297,372,57 €	0,00 €
Motor other classes	199,263,284,61 €	3,586,739,11 €
Total	507,010,175,87 €	35,324.195,24 €
Total Income Non-Life	1,664,724,777,84 €	1.664,724,777,84 €
% to taxonomy	N/A	2.12 %

Ethias' Non-Life underwriting activities that are aligned with the European taxonomy are those that make a substantial contribution to the environmental objective of adapting to climate change. These are premiums written in the 2023 accounting year that include a hedging component linked to climate change as defined in section 10.1 of the Taxonomy Complementary Climate Delegated Act and that meet all the RTS qualitative criteria.

For fiscal 2023 (see table below), it is difficult to validate compliance with the qualitative criteria, particularly in view of the "predictive impact" requirement of Climate related perils (forward looking). Ethias is making progress in collecting the data needed to calculate the figures considered to be in line with European taxonomy for the coming financial years.

UNDERWRITING KPI FOR NON-LIFE INSURANCE AND REINSURANCE COMPANIES

					Do No Significant Harm (DNSH - Do No Significant Harm)							
Economic activities	Absolute premiums, year t	Share of premiums, years t	Share of premiums, year t-1	Climate change adaptation	Climate change mitigation	Aquatic and marine resources	Circular economy	Pollution	.Biodiversity and ecosystems	Minimum guarantees	Category (transitional activity) (T)	Category (transitional activity) (T)
	Euros	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	H	T
A.1 Taxonomy-aligned Non-Life insurance and reinsurance underwriting activities (environmentally sustainable)	0	0	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.1.1 Of which reinsured	0	0	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.1.2 Of which stemming from reinsurance activities	0	0	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.1.2.1 Of which reinsured (retrocession)	0	0	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2 Activities not included in A1	1.664.724.777,84 €	100	n/a	100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total (A.1 + A.2)	1.664.724.777,84 €	100	n/a	100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

6.5.2 Investments eligible for and aligned with the European taxonomy

The assets covered by the KPIs of the European taxonomy are all assets under management, including investments whose risk is borne by policyholders, but excluding investments in sovereign entities.

The KPIs to the end of 2023 are similar to the KPIs to the end of 2022, unlike the following items:

- the methodologies have been slightly refined to better comply with legislation;
- the share of investments other than investments held under life insurance contracts where the investment risk is borne by policyholders is now the total value of assets instead of the value of eligible assets in 2022;
- KPIs based on CapEx will be published for the first time during fiscal 2023;
- aligned positions mainly concern utilities (electricity), REITS and energy (alternative sources).

Inaccordance with legislative directives, Ethias has obtained information on the taxonomic eligibility and alignment of its investments via the official KPIs of the underlying issuers' European taxonomy. If the information is not publicly available proxies provided by its main ESG data provider, MSCI, have been used. Information is reported according to the model provided by the EU in Annex IV of the delegated act.

These KPIs reflect an in-depth analysis of companies' economic activities and the way they operate, in order to verify whether these activities are included in the EU taxonomy and therefore eligible. This eligibility is taken into account if companies have been able to prove a substantial contribution to one or more of these activities, while not undermining any of the other environmental goals and respecting the minimum social guarantees set by the EU taxonomy.

In its approach to aligning investments with the EU taxonomy, particularly in the context of climate change mitigation and adaptation goals, Ethias systematically applies a framework that avoids double counting and provides stakeholders with a clear and verifiable account of its contributions to climate change mitigation and adaptation. Each investment is evaluated according to the objective to which it contributes: either mitigation or adaptation, or both. When an investment intrinsically supports both goals, Ethias reflects both contributions in the breakdown of global alignment KPIs for sales and capital expenditure.

Standard template for disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (asset managers)			
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based:	1.93%	Turnover-based:	€ 204,880,316
Capital expenditures-based:	2.41%	Capital expenditures-based:	€ 255,894,416
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM) Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage:	60.32%	Coverage:	€ 10,627,018,573

Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.		The percentage of derivatives relative to total assets covered by the KPI.	
	-0.34%		€ -35,823,821
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	40.22%	For non-financial undertakings:	€ 4,274,538,273
For financial undertakings:	29.84%	For financial undertakings:	€ 3,171,190,155
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	7.16%	For non-financial undertakings:	€ 761,317,553

For financial undertakings:	0.00%	For financial undertakings:	€ 64,431
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	10.59%	For non-financial undertakings:	€ 1,125,428,870
For financial undertakings:	6.98%	For financial undertakings:	€ 741,642,282
The proportion of exposures to other counterparties and assets over total assets covered by the KPI:		Value of exposures to other counterparties and assets:	
	5.49%		€ 582,982,849
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with Taxonomy-aligned economic activities:	
	19.69%		€ 2,092,595,205
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:		Value of all the investments that are funding economic activities that are not Taxonomy-eligible:	
	95.04%		€ 10,099,666,496
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:	
	3.03%		€ 322,471,762

Additional, complementary disclosures: breakdown of numerator of the KPI			
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:		**For non-financial undertakings:**	
Turnover-based:	1.93%	Turnover-based:	€ 204,787,218
Capital expenditures-based:	2.41%	Capital expenditures-based:	€ 255,752,623
For financial undertakings:		**For financial undertakings:**	
Turnover-based:	0.00%	Turnover-based:	€ 0
Capital expenditures-based:	0.00%	Capital expenditures-based:	€ 0
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based:	0.03%	Turnover-based:	€ 3,007,178
Capital expenditures-based:	0.04%	Capital expenditures-based:	€ 4,002,010
The proportion of Taxonomy-aligned exposures to other counterparties and assets in over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:	
Turnover-based:	0.00%	Turnover-based:	€ 59,985
Capital expenditures-based:	0.00%	Capital expenditures-based:	€ 103,020

Breakdown of the numerator of the KPI per environmental objective

Taxonomy-aligned activities – provided ‘do-not-significant-harm’(DNSH) and social safeguards positive assessment:

(1) Climate change mitigation	Turnover:	**1.77%**	**Transitional activities:**	
			Turnover:	**0.05%**
			CapEx:	**0.04%**
	CapEx:	**2.41%**	**Enabling activities:**	
			Turnover:	**0.74%**
			CapEx:	**0.62%**
(2) Climate change adaptation	Turnover:	**0.07%**	**Transitional activities:**	
			Turnover:	**0.00%**
			CapEx:	**0.05%**
	CapEx:	**0.28%**	**Enabling activities:**	
			Turnover:	**0.03%**
			CapEx:	**0.12%**
(3) The sustainable use and protection of water and marine resources				
(4) The transition to a circular economy				
(5) Pollution prevention and control				
(6) The protection and restoration of biodiversity and ecosystems				

7. Human impacts[1]

Ethias would be nothing without the strength and commitment of its 1.946 employees! For Ethias, social cohesion and the well-being of its staff are absolute priorities directly in line with its ESG values and commitments.

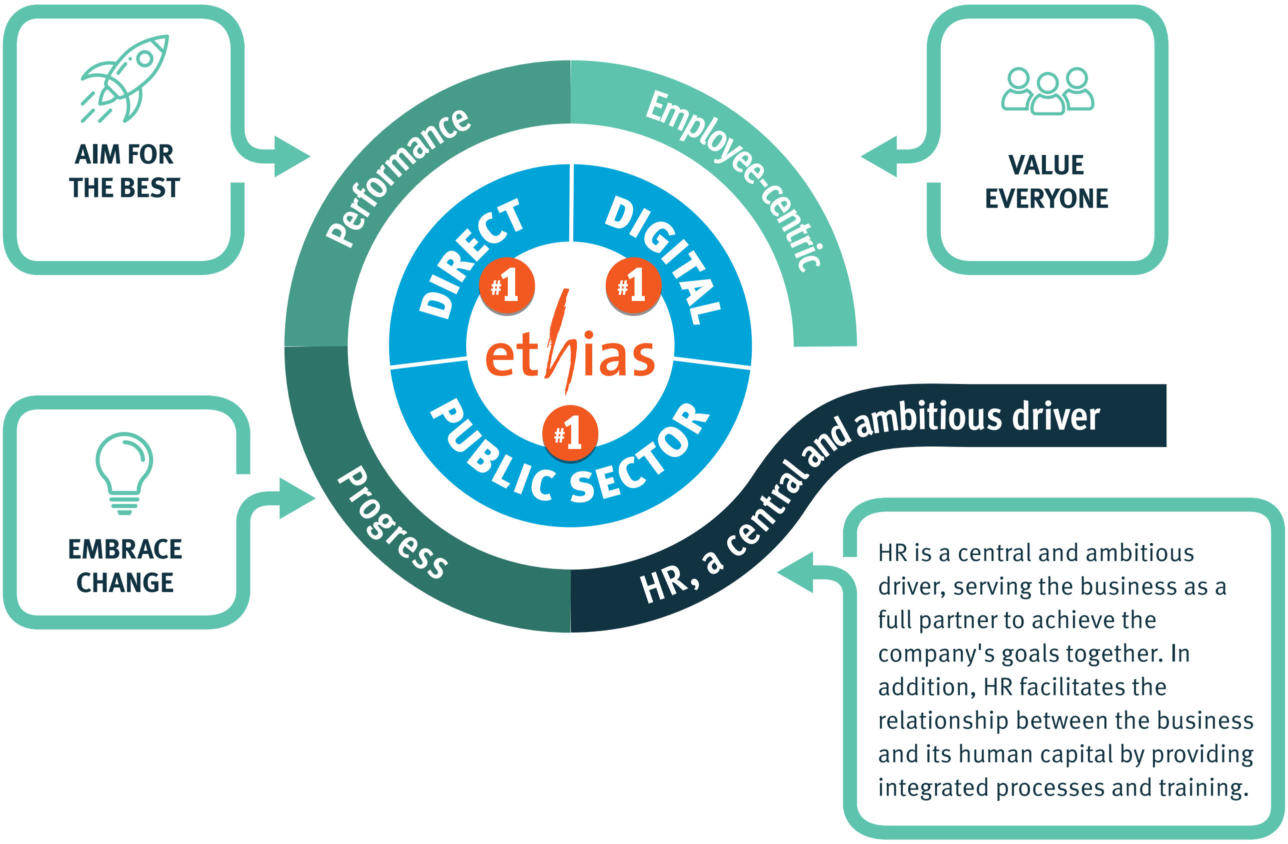
A respectful, collaborative and responsible social dialogue has always been achored in Ethias' corporate culture. The social cohesion of our the company allowed us to thrive for over a century.

7.1. HR Mission

Ethias pursues a customer-oriented, modern and integrated HR policy. It ensures quality service in the interests of the company and its employees, without losing sight of the financial resources available. Ethias truly believes that People & Business go hand in hand.

7.2. HR Vision

Ethias wants to create conditions that allow employees to give their best in order to maximise client satisfaction and the company's performance. To achieve this goal, HR works constructively with all stakeholders to create a working environment where accountability and commitment, mutual respect and trust are of the utmost importance.



[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor, except where expressly stated otherwise.

7.3. HR Strategy

"DARING TO BE HUMAN TOGETHER"

7.3.1 Employer Branding

Employee Value Proposition & Strategy

In collaboration with Communication, HR has produced a new "Employee Value Proposition" assessment for 2023, based on the Top Employer survey, the Engagement Survey and the Randstad Study. Given the tightness of the job market, we must think about what makes Ethias unique as an employer.

- Belgian roots, always close by: as one of Belgium's largest companies, Ethias offers a tailor-made salary package, job security and a friendly working atmosphere. You can work at our headquarters in the heart of Liège and Hasselt, or at one of our regional offices across the country.
- Choose to grow, work on your talents: Ethias helps its employees to build and invest in a lasting career through a range of learning opportunities.
- Give it your all, at work and at home: Ethias helps every employee find the right balance between work and private life. The employee joins a team where everyone belongs, is truly listened to and can give their best.
- Make a difference for people and society: in addition to working daily on solutions to help its policyholders and improve customer satisfaction, Ethias is more broadly committed to making society more sustainable and responsible. Each employee can have a direct, positive impact on their daily lives.

In line with its strategy, Ethias also applies a "phygital" approach with candidates. Ethias has a strong presence at events (Workrfestival, Love Tomorrow, Student Take Off, Talent Fair @Finance Avenue, Talentum, school job fairs, etc.), but also tries to reach candidates online via search enfgines, job boards, social networks... In 2024, Ethias will launch a strategic communication campaign in order to show what it really means to work for Ethias.

Employee Engagement Survey

In 2023, Ethias employees took part for the third year in a row in the Employee Engagement Survey. They were asked about their engagement and enablement. The results in 2023 show an overall satisfaction rate of 86% among employees and a pride in working for Ethias reaching 82%. Areas of improvement, listed in action plans, are opportunities for Ethias to grow and optimise its working environment for the employees, the driving force of the company.

- 83% of colleagues took the survey
- 88% see Ethias as a responsible company
- 85% believe in the company's values

Top Employer 2023 certification

Ethias responded to a comprehensive survey focusing on Employee Experience, Employee-centric Culture and Agile HR. In January 2024, Ethias received confirmation that it had been awarded the Top Employer label for the third time. Based on the global ranking methodology of the Top Employers Institute, Ethias has reached 10th place in Belgium, which is a major achievement.

7.3.2 Together @ home and office

Hybrid work

Ethias implemented a balanced hybrid work policy outside the COVID restrictions on the principle of "neither a right nor an obligation".

Ethias allows its employees to work from home voluntarily with 2 essential rules: the **Team Together Day** (i.e. the team must show up at the office at least once a week) and a maximum of 3 days of remote work per week. People come to the office as much as possible on certain days of the week strengthens relations between departments, facilitate the resolution of complex problems and **stimulate innovation.**

This way, Ethias tries to find the right balance between face-to-face and remote work. Employees can also work from home which provides flexibility, less commute time and a better work-life balance. The company wins surface area and productivity without losing its culture or social ties.

New working environment in Hasselt

On December 3, 2023, a big party was held to unveil the new offices to Ethias employees and their families. The new Hasselt building, like the future Ethias headquarters in Liège, displays new technologies adapted to today's work-related needs: working from home (reduced office capacity), shared offices, clean desks (space optimisation) and paperless policy. The building offers spaces for collaboration and conversation between colleagues, but also for focus time.

7.3.3 Re- and upskilling competencies

Ethias offers its staff many opportunities to evolve in exciting and varied positions, far from the clichés of the insurance industry. At the same time, it aims to promote a balance between professional and private life.

Onboarding

In 2023, more recruitment took place face-to-face, although remote interviews were still held. By 2023, Ethias has recruited 149 new employees.

NRB Group[1]: 304 new recruits.

Internal promotion opportunities

Ethias' employees have the necessary tools to keep on growing and changing positions within the company. In 2023, 86 employees moved to other positions.

NRB Group[2]: 101 mutations registered.

Well-being trainings

Training plays an important role in the sustainable employment of the employees. On the digital platform MyLearning, employees can, in consultation with HR and their manager, choose the training that suits their future career.

The total number of training hours in 2023 is 48,236, broken down as follows per type of training:

- online training (785)
- webinars (3,262)
- blended-learnings (504)
- coaching (11,610)
- in-house training (32,072)

The NRB Group provided a total of 44,009 hours of training.

Ethias wants to give its employees the tools they need to perform in their professional tasks, but also to promote their well-being. This is why Ethias regularly organises workshops and information sessions such as:

- Aggression prevention training
- Assertiveness training

As part of the Leadership program (see below), a new training course entitled "Putting people at the heart of management" has been launched. This training is centred on concrete approaches for managers to detect poor well-being triggers as well as effective support to their team and to promote well-being and prevent stress and burnout.

Ethias Young Talent Development Program

The Ethias Young Talent Development Programme 2022-2023, organised in collaboration with the universities of Hasselt and Liège, enabled a diverse group of young Ethias colleagues to benefit from a training programme on the skills for tomorrow.

This program contributes to "replacement management": find the right individuals with the right skills to move into key positions within the company.

Participants attended inspirational sessions related to the world of insurance, digital transformation, project management, customer experience, change & leadership and sustainability. They also had the opportunity to hone certain personal skills through, for example, French or Dutch language lessons. Finally, they worked in groups on specific innovation projects under the guidance of an internal mentor and in collaboration with the various entities of the Ethias Group.

This program was successfully completed in April 2023. Last year's program is being analysed while this year's edition is in the making.

Leadership@Ethias

In 2023, Ethias continued to train its managers and appointed an external partner to provide all new Ethias managers with a practical training, intervision and coaching program.

In this context, Ethias launched the "Keep Doing Great" program. It focuses on how managers can handle performance and skills. The first deployment of support took place in 2023 and will continue in 2024 via training courses and the management community.

Sustainability challenges: rising awareness & training

Raising awareness among Ethias employees around sustainability challenges is an integral part of the company's strategy and is considered by all to be essential for a successful integration of sustainability into the company's core business.

In 2023, this has been achieved in various ways:

- Training in sustainability issues, including regulatory aspects, for the members of the Executive Committee and the Board of Directors;
- Raising awareness of climate change issues among all employees by organising in-house "Climate Frescoes" with 22 in-house trainers ("Fresqueurs"). 150 employees have already taken part in the program, and a multi-year sustainability target has been set for 2023 ;
- Conference-debate on regenerative economy;
- Info lunches on Ethias' transition plan (decarbonisation of operations and of the investment portfolio).

Alongside these training courses, the activities organised by the in-house sustainability community - the ReGeneration Movement - have also helped to raise awareness of these issues among our colleagues.

1 NRB Group: NRB SA, Computerland, Zorgi, CEVI, CIVADIS, WIN, INK, Trigone.
2 NRB Group figures excluding WIN.

7.3.4 Sustainable Career

Mylife@Ethias

Ethias is particularly sensitive to sustainable growth and to the preservation of resources, including human resources. This is particularly important in times of uncertainty. HR's ambition is to move forward, to improve and to anticipate needs. That's why HR has embarked on a long-term project to focus on sustainable careers.

Ethias is taking the pulse of three target groups to draw up a tailor-made plan:

- **Early career**: young people up to 30
- **Mid-career:** +/- 40/45 years old, with 15 to 20 years' experience
- **End of career**: employees with 28 years of service or more

Senior Talent Program

Studies (RIZIV, Ethias) clearly show that the 55-59 age group is the most exposed to the risk of long-term absenteeism. The Senior Talent Program, designed for employees with 28 years of seniority, has 3 phases:

- Meeting with management (talking about older employees and their outlook)
- PIT STOP Career interview between senior employee and HR (voluntary) ;
- Support and feedback to management.

The goal is to allow senior employees to reflect on their professional situation and their expectations for the rest of their career.

In 2023, a proof of concept was submitted to a department. Positive feedback confirms and refines the project.

In 2024, roll-out is scheduled for employees who joined the company in 1996. In 2025, it will be for employees who started working in 1997, and so on.

The project will be carried out in close collaboration with management (upstream and downstream) in order to remain consistent with business expectations and to work in a forward-looking manner *(Gestion Prévisionnelle des Emplois et des Compétences and replacement planning)*.

7.4. Implementing Ethias' values in HR management

7.4.1 Protecting workers

HUMAN CARE

At Ethias, people are a fundamental value. It is based on the principle that by taking care of its employees, it takes care of the company and its clients.

As employer, Ethias wishes to create the conditions that will enable its employees to become involved and take responsibility. It ensures their safety, their physical and mental health, prevents dangerous situations and identifies issues as early as possible. Ethias provides the necessary support to prevent, manage and overcome these problems and tries to contain the damage and impact and to learn as much as possible from them.

Ethias is also sensitive to work experience and emotions.

Well-being charter

In 2023, the following principles were included in our Well-being charter:

1. Ethias considers each employee to be unique and valuable, capable of growing, taking on responsibilities, making mistakes, ... as its brand purpose invites them to do: “Daring to be human together”.
2. Ethias always strives to achieve a dynamic balance between individual, collective and organisational needs, in order to ensure not only the employees' well-being but also their commitment and performance.
3. Ethias believes that well-being is a responsibility shared by the company, all members of the CPPT (Committee for Prevention and Protection at Work) and the hierarchical structure, as well as by each and every employee.
4. Ethias recognises the right to disconnect (see specific charter on this subject).
5. Ethias fosters a climate of trust and (mental and physical) safety and promotes openness, tolerance, authenticity and solidarity among all employees.
6. Ethias sees mistakes as learning opportunities, illness as an opportunity to show kindness, humanity and charity, ageing as an opportunity for mentoring, diversity as an opportunity for mutual enrichment...
7. Ethias shows no tolerance to undesirable behaviour, violence, bullying, sexual harassment and all forms of discrimination.
8. Ethias has developed specific policies for preventive and proactive management of absenteeism and reintegration.
9. Ethias actively promotes health and well-being through preventive actions, information and training for all employees (addiction prevention, vitality, ergonomics and resilience). Ethias also tries to detect early signs of struggle, or even problems, and to look for creative, innovative and sustainable solutions, in consultation with all parties concerned.
10. Ethias monitors the current state of well-being and steers its actions with both qualitative and quantitative measurements which are consolidated in systematically updated dashboards discussed with all prevention stakeholders.

Pulso

Since 2023, Ethias has been working with Pulso as an employee assistance program (EAP). Both colleagues and family members can receive free help and support in a variety of areas 24/7. They can get information, advice and/or support for issues that may affect their personal well-being or their work. These services and other resources available internally are highlighted all year long, for example on Mental Health Day. This year, 69 employees used EAP's services.

Reboost

Ethias gained access to the "Re-boost" Pulso's Re-boost app. This application gives Ethias employees access to a series of modules relating to personal well-being. Based on short questionnaires, users receive indications and recommendations concerning their well-being. They can also compare their results with a reference population. Current courses are about work balance, stress, incentives at work, personal life balance and commitment.

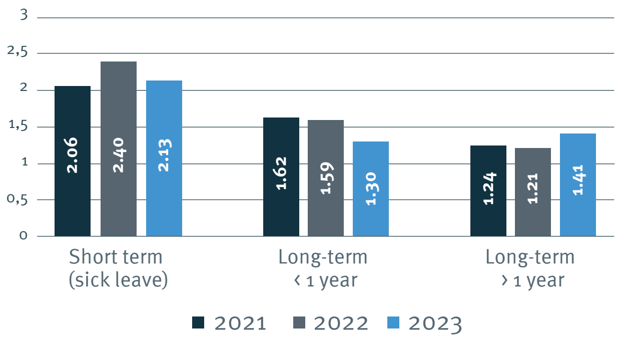
Stronger absenteeism and reintegration management policy

Absenteeism policy (Toolbox)

2023 saw the creation of the first "Toolbox" on the issue of absenteeism. All Ethias managers have access to tools that help reintegrate a colleague following a long-term leave. A second Toolbox on stress and burnout prevention is currently in preparation. There will be a new training course entitled "Putting people at the heart of management".

When it comes to reintegrating the long-term sick, both formal and informal procedures exist. The informal reintegration procedure keeps improving year after year, with the support of trade unions, human resources management and counsellors. In 2023, 6 people received support from the formal process and 100 from the informal process.

ABSENTEEISM RATE



Ethias' absenteeism rate is lower than the market average, but follows the same trends.

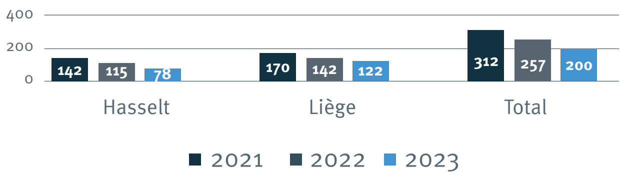
Counsellors

At Ethias, counsellors work in the Human Care department. Their mission is broad, as they help employees with all issues related to violence, mental or sexual harassment at work, but also stress, burn-out, conflicts, etc. Informal process aims at reintegrating colleagues after long-term absence. In the year 2023, trusted third parties continued to receive training on various topics relating to psychosocial risks, as well as on changes in legislation: extension of protection against the harmful consequences of discrimination.

In 2023, 200 employees called on counsellors for their services:

- 122 in Liège
- 78 in Hasselt

IN 2023, 200 PEOPLE CALLED ON COUNSELLORS FOR THEIR SERVICES



First aid team

There are 54 first aiders at Ethias: 34 in Liège and 20 in Hasselt.

Blood donation

73 employees gave blood at a blood centre Blood drives took place again on site (3 events) in 2023, for a total of 183 donations.

Flu vaccine

212 people got a free vaccine shot against influenza.

Staff Association

The Employee association was founded in 1959 and has 7.500 members (active colleagues and retired staff, their partner and children). It is better known as the Amicale or Vriendenkring.

In 2023, the activities of the Amicale were mainly oriented towards cohesion activities between staff members, their family and retired staff. The Employee association also supervised the donations for Turkey and Morocco.

7.4.2 Diversity, equity and inclusion

In 2023, the Diversity Charter was updated.

Vision: At Ethias, we believe that diversity is the foundation of a thriving society, where everyone finds their place and is valued for their differences.

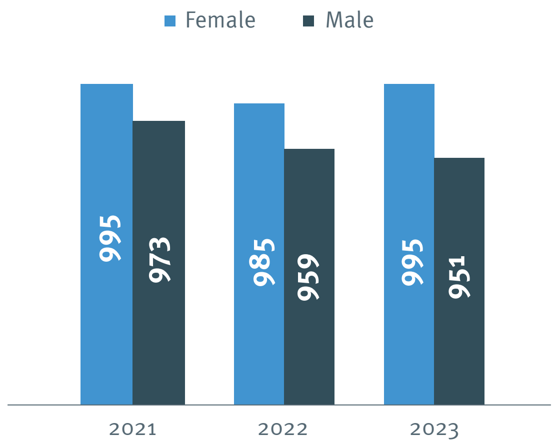
Promoting pluralism and diversity within our company is essential to our success and growth. This is why Ethias is committed to promoting an inclusive culture by shaping a working environment where all differences are valued, respected and not subject to prejudice. A work environment that promotes diversity opens up new perspectives and fosters innovation. With this Diversity Charter, we want to demonstrate our commitment to gender equality, but also to cultural, ethnic and social diversity within our company. The prohibition of all forms of discrimination and the principle of equal opportunity had already been expressly established in our Code of Social Ethics. The aim of the Charter is to reaffirm these principles, by rooting them in our culture and making them concrete.

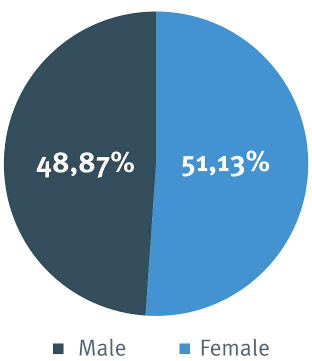
We are committed to investing in a culture of inclusive leadership and solidarity. Diversity is not a superficial concept. That is why we have deliberately chosen to focus on 4 pillars in order to take targeted action.

- **Gender**: women's empowerment and gender equality at all levels
- **Age inclusion**: stimulating cooperation between different generations
- **Disability inclusion:** giving everyone the chance to take control of their lives
- **D&I culture**: balanced representation of different origins and languages at all levels

Gender

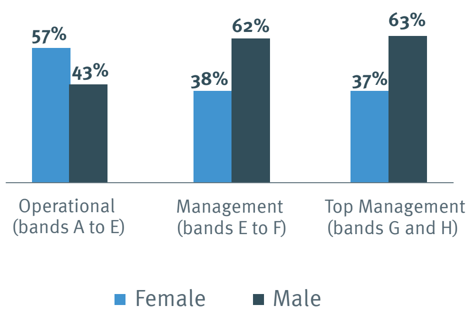
At 31 December 2023, the company had 1,946 employees (995 women and 951 men).





In order for Ethias to sustainable and strong, we need men and women working together to promote an inclusive corporate culture and to bring out the best in women. The **Women in Finance** charter is an initiative of the financial sector (Belgian Financial Forum) and various institutions founded by Women in Finance Belgium. Bringing together financial organisations helped to promote gender balance and share good practices. On June 17 2019, many Belgian financial companies signed this charter. **As a socially responsible insurance company, Ethias was among the first signatories.**

GENDER DISTRIBUTION AS OF 31 DECEMBER 2023



Group: 2725 employees, i.e. 1,899 men (69.7%) and 826 women (30.3%)

Age inclusion

Training is an important pillar for Ethias. That is why the company wants to provide student-trainees with a valuable first experience. In return, they can provide valuable support to employees.

Ethias has entered into an initial three-year partnership (2018-2019-2020) with **YouthStart**, a non-profit that aims to boost the self-confidence of young people aged 16 to 30 in search of opportunities. **This association helps young people to step into the corporate world and delivers them a well-deserved certificate at the end of the training.** In 2021, Ethias renewed this three-year partnership over 2021, 2022 and 2023.

As a reminder, YouthStart offers young people from disadvantaged backgrounds an 8-day training course, during which they can benefit from the help of a coach to develop a concrete project. At the end of the training, the participants present their projects to a jury. Ethias supports YouthStart with EUR 15.000 per year.

Disability inclusion

Of 38 regional offices, 32 are **accessible to persons with reduced mobility** (25 are specially adapted and 7 are equipped with an access ramp or elevator).

A personal welcome is the first service to be provided to disabled people:

- Attitude and general behaviour: courtesy, listening, friendliness (e.g. notebook and a pen for the hearing impaired).
- Mobility: large spaces and barrier-free pathways.
- Facilities: seating, lighting, gates, toilets, etc.

D&I Culture

Ethias works on several mentoring projects. Ethias also finances the operations of this non-profit. Several colleagues act as mentors for job seekers with a migrant background who have difficulties in accessing the labour market. For staff members who take up this challenge, Ethias offers the possibility to do mentoring work during their working hours.

Mentoring@work maximises employment opportunities and integration into the labour market for foreign job seekers in Limburg. It broadens the support base in companies and contributes to greater expertise and social inclusion in society, through collaboration with volunteer mentors.

2 people are involved in the mentoring process via Mentoring@work.

7.4.3 ReGeneration Movement: every day is an impact day!

In 2015, in the wake of COP21 which saw the birth of the Paris Climate Agreement, a group of committed colleagues launched the **Green Movement** to raise awareness within the company of the importance of reducing its carbon footprint.

In 2022, in line with the new Sustainability strategy and the concerning state of the world, this movement is rising from its ashes after it ran out of steam during the pandemic. Today, its missions and ambitions not only encompass the ecological transition but also to the broader theme of Regeneration.

Each Ethias employee is free to join the new **ReGeneration Movement** and to make a change on society and the planet. Every day and every action, no matter how small, can make a difference in creating a better future.

In 2023, the ReGeneration Movement, Ethias' in-house community dedicated to sustainability, continued to expand internally and offer sustainability-related activities. It is made up of around a hundred employees committed to sustainability and willing to take concrete action in an active way:

- Partnership with the “Coopérative Ardente” (a cooperative offering more than 800 locally produced, bio and/or fair-trade food and household products)
- Reforestation Day: « Forest in One Day »
- "Be WaPP" spring clean-up event
- Range of sustainable teambuilding activities
- Bike tours
- Corporate challenge - Green IT (cleaning up mailboxes and reducing e-mails)
- Inspiring conferences
- A jumble sale (clothes and toys)
- "Ma Petite Planète" corporate challenge for the whole Ethias Group
- Collection of warm clothing and hygiene products for the Cœur SDF association

To find out more about sustainability at Ethias, please refer to the ***"Cross-functional and participatory approach to sustainability" section.***

7.4.4 Social dialogue

Ethias’ top priority is social cohesion and the well-being of its employees, in direct connection with its values and as an extension of its sustainability commitments.

A respectful, collaborative and responsible social dialogue has always been part of Ethias’ corporate culture. The social cohesion of our the company allowed us to thrive for over a century. The quality of its social dialogue has become one of the assets for the company's stability, growth and future. Like all insurance companies, Ethias faces many challenges resulting from global changes. Its goald are therefore aligned with these changes, with the needs of our society and with those of the job market.

This is reflected in our ongoing relations with employee representatives, through meetings within the consultation bodies (Works Council, CPPT and union delegation), as well as through more informal meetings with various management representatives.

In recent years, company-wide agreements have been concluded each year. The last, dated March 9, 2023, was about securing the long-term future of our employees by putting the company in a good position to meet the challenges of the future.

In concrete terms, the latest company agreement has increased working hours, repositioned supplementary pension plans in the market and reviewed certain elements of the remuneration policy. These elements have been translated, or are about to be, into collective bargaining agreements applicable to all the company's employees.

Employee representatives have also been consulted on the launch of an end-of-career plan for employees born in 1965.

In November 2023, a collective bargaining agreement was signed for a purchasing power bonus in the form of electronic consumer vouchers.

This dialogue protects the cohesion and social peace needed to achieve HR missions in the service of the company and its employees.

7.4.5 Remuneration policy

Ethias' remuneration policy aims to encourage and stimulate its teams. It relies on a fair and challenging basis, in line with short- and medium-term corporate strategy.

It is regularly updated to take account of market trends, the Business' needs, recommendations made by supervisory bodies and social consultation. Some elements are defined in collective bargaining agreements.

The last update was carried out in November 2023, to add the company agreements signed in 2021 and 2023.

It was the opportunity to formalise Sustainability goals at the Executive Committee level, and to integrate them into the individual goals of Management Meeting functions.

8. Social impact[1]

8.1. Ethias Impact Fund

In 2022, Ethias set up the Ethias Impact Fund, a corporate fund hosted within the King Baudouin Foundation.

This fund will support Ethias' social actions with the aim to have a concrete, visible and measurable impact on society.

In addition to providing financial support for various projects, the fund's mission is to develop a vast network of partners whose actions help to create impact for society. Through Ethias Impact, Ethias wishes to provide concrete financial support to those who are carrying out projects in line with its sustainability strategy, as well as occasional support in terms of time and skills.

The Ethias Impact Fund will give priority to supporting projects or associations in line with the themes of the Sustainability strategy:

- Fighting poverty among young people
- Health and environment (including the protection of nature, biodiversity, animals...).

This support will be provided mainly through calls for projects, such as the Ethias Youth Solidarity Awards.

Ethias Youth Solidarity Awards

Building on the success of the first EYSA in 2023, Ethias decided in January 2023 to launch a second call for projects to the PSWCs. They were invited to submit a project aimed at fighting poverty among young people. Projects could address cultural participation, access to education, budget support, etc.

The budget allocated to this second edition was EUR 275,000, and was divided between the 14 winning PSWCs.

Ethias Youth Solidarity Awards in figures (first and second editions):

- EUR 725,000 donated
- 177 projects submitted
- 32 winners

Pelicano Foundation

Ethias actively supports the Pelicano Foundation, which is committed to fighting child poverty in Belgium. Ethias employees can choose to donate money via their **Flex@Ethias cafeteria plan**. The donations are used to cover the basic needs of Belgian children living in poverty: meals, clothes, school supplies, doctor's visits, but also the costs of joining a youth movement or sports club.

In 2023, the bees in the hives of the Hasselt headquarters and the regional office in Alleur produced their delicious honey. As every year, jars of Ethias-labelled honey were sold to employees, with the proceeds going to the Pelicano Foundation.

Every year, Ethias conducts surveys among its customers. Participation in these surveys is encouraged through a pledge to Pelicano.

All these initiatives enabled Ethias to raise EUR 16,747, which were directly donated to Pelicano in 2023.

Natuurpunt

Natuurpunt is a benchmark for the protection of nature and biodiversity in the Flemish region.

In 2022, Ethias entered into a three-year partnership with Natuurpunt to preserve the "Zwarte Beek" valley in Lummen. This is one of the last peat areas in Flanders, currently under great pressure due to climate change.

Thanks to the financial support of Ethias and the Flemish Government, Natuurpunt will be able to acquire the necessary hectares to create a contiguous and robust nature reserve.

For Ethias, the protection of biodiversity is directly linked to its mission as an insurer: an increase in biodiversity contributes to the prevention of natural disasters (particularly the risk of flooding) and to the correlated reduction in the risk of claims in areas deemed "at risk".

8.2. Sponsoring & Partnerships

Ethias' sporting, cultural and societal partners share its values: human, commitment, client satisfaction and enthusiasm.

Ethias sponsors via financial contributions or via advertising support through its own communication channels. As a sponsor, it is actively involved in every project supported.

Ethias excludes any sponsorship of organisations that could associate its name with doping, corruption, violence, racism, incitement to hatred, addiction, public disorder, unethical beliefs, discrimination on the basis of race, gender, age, sexual orientation or conviction (for example homophobia, anti-Semitism, Islamophobia, etc.).

8.2.1 Festivals

Live music brings people together, of all generations, in all their diversity and emotions.

Festivals: Pukkelpop, CORE-festival, Francofolies de Spa.

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

8.2.2 Sports

Sport allows you to challenge yourself, to constantly push your limits, to ease tensions, to bring people together, to improve your well-being and to take care of your health. These are some of the reasons why Ethias partners with sports events and chose two inspiring Belgian sports ambassadors. Wout van Aert and Matthias Casse.

Sports events: UCI World Cup Cyclocross, Ethias Tour de Wallonie, Grand Prix de Wallonie, Lotto Cycling Cup, Euromillions Cup finals volley, Mon Ventoux, Ethias Challenges and Count Me In.

Sports federations: tennis, volleyball, handball,...

National team: Red Wolves (handball), as well as federations (AES, LOS and AISF).

Our ambassadors

Wout van Aert, celebrated as the best pro cyclist in the world, is now a real national pride! Ethias is proud to count him among its brand ambassadors since 2022 and to share with him strong ambitions and human values such as solidarity.

Matthias Casse, Olympic bronze medallist in judo, former World and European champion, is the Ethias ambassador since 2021. His dynamism, healthy lifestyle and ambition are fully in line with Ethias' values.

8.2.3 Social partnerships and sponsoring

CharEthi Hours

We are here for you: Ethias' new tagline fits perfectly into the initiative **"CharEthi Hours"** inspired by the 2022 De Warmste Week edition.

In 2023, 532 worked during one evening for the charity events Warmste Week and Viva for Life.

All in all, the campaign raised EUR 43,454.71. The Executive Committee decided to round off this amount to the pretty sum of EUR 50,000, to be divided between the two initiatives.

Digital For Youth

Ethias donates its old ICT equipment to Digital For Youth, an organisation that recycles this equipment and makes it available to young people in difficult situations.

In 2023, Ethias donated 132 computers, 21 tablets, 9 desktops, 37 dockings, 3 monitors and 4 printers.

NRB donated 108 computers.

Red Touch Challenge

In 2023, the Red Touch Challenge call for projects, organised by Ethias and the Red Cross Youth, was a great success.

The jury (including Ethias) **short-listed 15 projects**, of which 11 were selected by the public.

The winning projects tackle poverty, intergenerational and intercultural issues and mental health among youth. These projects will be carried out over the course of 2024, thanks to the support of the Red Cross Youth and a grant of EUR 2,000 per project (for a total of EUR 22,000).

Association Sint-Vincentius Genk & Restos du Cœur Seraing

The Sint-Vincentius Association is an umbrella organisation for all people in need in Genk. Ethias gives its employees the opportunity to organise collection activities (clothes, toys, etc.) during working hours and makes its facilities available in Hasselt.

Similar actions are carried out every year with the Restos du Cœur non-profit in Seraing.

Social sponsoring

- Belgian Red Cross
- Les Territoires de la Mémoire

8.2.4 Academic partnerships

Universities and colleges are pioneers in the search for solutions to the various challenges of today and tomorrow. By partnering with them, Ethias ensures that it stays ahead in the field of innovation.

UCL

The Ethias Chair "Pensions" pursues three goals:

- reflect on the design of equitable and sustainable pension systems, in terms of their financing, architecture and governance, with a particular focus on the study of supplementary pensions.
- contribute to the maintenance of an interdisciplinary platform for research on pensions at UCLouvain.
- ensure the future of teaching on pension issues at UCLouvain and offer quality lectures on the problems and challenges of pension systems at the Belgian and European levels.

HEC Liège

Ethias provides financial support for scientific research in machine learning, via a partnership contract with HEC-ULiège for PhD students. This project uses advanced artificial intelligence tools (uncertainty theory, heterogeneous ensemble methods, modeling noise in data - including unstructured data -, causality, etc.) to better model decision-making and uncertainty.

Ethias has also renewed its innovative partnership in sustainable finance for 2023, in order to face the challenges of ESG integration in investments by combining academic theory with practical experience.

9. Products and services[1]

9.1. Relations with our policyholders

Ethias is perceived as a player with a wide range of insurance products, easily accessible, as well as quality contract and service[2].

Satisfaction measured among Individual clients[3]

- The NPS study conducted in 2023 shows an **overall satisfaction rate** with Ethias of 92%.
- After a first contact with Ethias, 2 out of 3 clients would recommend the insurer to their family and friends.

Satisfaction measured among Public Bodies clients[4]

- **The overall satisfaction rate** of Ethias' clients is particularly high (93%).
- 9 out of 10 clients see Ethias as their preferred partner in the insurance field (Non-Life).

Complaint management

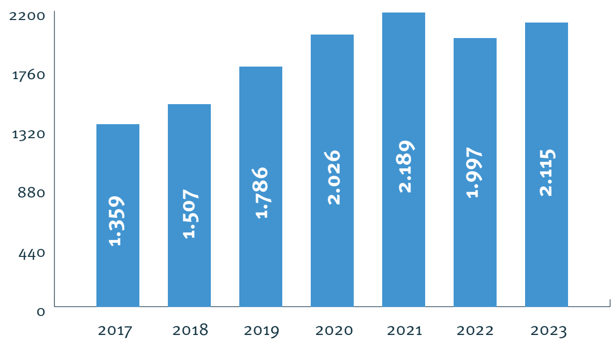
Ethias complies with the Assuralia Code of Conduct for complaint management.

Any interested party – a candidate policyholder, a policyholder, an insured, a beneficiary or an injured third party – may address his dissatisfaction concerning an insurance contract or service.

An independent Complaints Correspondent will examine the file objectively and respond to the complainant within a month of receiving the complaint. If this deadline can't be met, the complainant will receive a detailed letter.

Each year a report on the management of complaints is produced.

GRAPH OF THE EVOLUTION OF COMPLAINTS



The increase in 2023 is due to two notable trends in complaint management:

1) a sharp fall in the "fire insurance" branch. Continuous improvement action plans are working, and in 2023 the impact of natural disasters was significantly lower than in previous years.

2) a sharp increase in the "assistance" branch, which showed that accessibility and faster processing of a file are areas of permanent improvement and for which customers have increasingly high expectations. Our priority is to provide the best possible and most relieving service to help our customers in distress.

9.2. An increasingly sustainable product range

Ethias' ambition is to gradually evolve its product range towards greater sustainability, in order to cover Belgian society even better in difficult times, to have a positive impact on the environment by encouraging more responsible behaviour, and also to make certain basic insurance products more inclusive and accessible to all.

Ethias' sustainability strategy has been designed and built as an integrated strategy for the company's various activities. Ethias' ambition is for all its departments to make it their own, and for sustainability to become a reflex: in the creation of products and services, in their marketing, and in every contact with customers and partners.

Naturally, ESG integration must first and foremost be reflected in our core business: offering insurance products and services.

As a result, since 2023, sustainability has been integrated "by design" into the product creation process for both Life and Non-Life products. Each new product proposal or revision must justify whether or not it is sustainable, based on a reference framework developed in-house by the Products and Sustainability teams. This framework, largely based on the European Green Taxonomy, will be updated in line with regulatory developments and the state of the art in the field.

1 This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

2 These indicators come from the Brand Image study, which measures the positioning and image of Ethias towards individuals (customers/prospects). 2022 sample: 2.000 respondents

3 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. 2023 sample: 29.596 clients.

4 Indicators come from the *Satisfaction & Moments of Truth* survey first conducted within public bodies in 2011 et renewed once every 2-3 years. 2021 sample: 135 B2B clients.

9.2.1 For Individual clients

Mobility

Ethias offers a “under 10.000 km” insurance, a specific tariff for green vehicles, a unique "Ethias Young Drivers" offer as well as basic insurance at an accessible cost for more solidarity. Active mobility covered free of charge in the family insurance.

Electric vehicles

Ethias wants to support its customers as they embrace the energy transition. Ethias covers electric and hybrid vehicles with the terms and conditions as regular vehicles. There is no downside for electric vehicles with higher engine power.

New version of Bike & More

With its Bike & More insurance policy, Ethias aims to create an ecosystem conducive to the safety of cyclists and drivers of soft mobility devices.

Throughout 2023, several awareness-raising and promotional campaigns highlighted claims prevention and bike theft to make customer safety a priority.

In addition, a partnership with Cyclecure (a start-up offering subscriptions for the maintenance and repair of bicycles and other mobility equipment) has been concluded for the benefit of Bike & More customers.

Motor insurance

In 2023, Ethias has renewed its partnership with Liberty Rider in order to cover its 40,000 motorcycle customers free of charge.

Liberty Rider offers a fall-prevention service for motorcyclists, such as an automatic call for help if a fall or accident is detected, or an alert for dangerous bends.

As soon as a customer falls with his motorcycle, a warning signal is sent. In the event of an accident, Ethias’ partner, IMA Benelux, will try to contact the motorcyclist. If there is no response, emergency services are sent directly to the location.

Since the partnership began, Ethias has helped 31 motorcyclists, saved 2 lives and avoided 37 accidents in dangerous bends.

Health - Ethias Hospi Quality

A quality and affordable hospital insurance, ensuring comfort in difficult times in a single room (Joker system) in case of hospitalisation due to a serious illness.

Servi + guarantee for Hospi Quality+ and Hospi Next+ products

After hospitalisation due to a serious illness, it is important to be able to count on support during rehabilitation. Ethias reimburses up to EUR 500 per year for non-medical home help services in the following areas: housekeeping, baby-sitting, gardening, DIY, care and well-being, pet-sitting, private lessons in connection with your current schooling, or cosmetic products (turban, scarf, etc.). Ethias also reimburses these costs up to a maximum of EUR 500 if the insured chooses a service provider other than those offered.

Home

The Home insurance policy automatically covers green installations (solar panels, photovoltaic panels, heat pumps, etc.) without any additional premium.

Co-tenant insurance Flora by Ethias

The number of flat-shares is growing significantly and is due to the fact that access to property is becoming increasingly difficult for young people and single-parent families.

Launched in October 2021, Flora by Ethias' co-tenant insurance is a zero deductible insurance policy that provides all co-tenants with third party liability cover for damage to the rented property or neighbouring properties as well as content cover for the entire rented property. Ethias brought a unique option to the market that allows co-tenants to purchase an insurance cover for damages they would cause to each other as well as assistance in conflict management. A very useful guarantee when we know that more and more co-tenants did not know each other before moving in together.

Legal Aid Insurance.

Since December 2019, Ethias offers a Legal Aid Insurance product, in accordance with the "Geens Act". The objective of this law is to make Legal Protection insurance more accessible by extending its coverage. In addition, the premium is deductible for tax.

Partnerships

Whestia

Ethias works in partnership with the Walloon Housing Fund and with various agents who sell social loans in Wallonia via the Whestia outstanding balance insurance label.

Social housing

Ethias is a partner of more than 30 social housing companies in Flanders (including Woonhaven Antwerpen, the largest social housing company in Flanders) and offers its insurance products (Home, Family and optional Theft cover) at a rate adapted to this target group of tenants.

67,000 social houses have an adapted package for their basic insurance: important instruments to fight poverty.

The Housing Fund for large families in Wallonia

In 2021, Ethias entered into a partnership with the “Fonds du Logement des familles nombreuses de Wallonie”. Customers who take out a mortgage through this social fund can also benefit from our Home insurance policy.

Vlaams Huurdersplatform

At the end of 2022, Ethias entered into a partnership with the Vlaams Huurdersplatform. The VHP supports the functioning of the tenants' unions and the network of social tenants (VIVAS - Vereniging van Inwoners Van Sociale woningen). This association also protects the interests of tenants, particularly the most vulnerable, by virtue of the fundamental right to housing. VHP affiliates and members can purchase tenant insurance at a discounted rate.

Blue Bike

Ethias extended its collaboration with Blue Bike until 2024. Blue Bike is a shared bike system in which De Lijn and the Flemish and Walloon Regions are the main shareholders.

Ethias and Blue Bike are working closely together to achieve sustainable mobility. In addition to visibility at bike points and on bikes, we are looking for other *win-win* activities as part of our Sustainability strategy.

9.2.2 For Public Bodies

Ethias, leading insurer in the public sector, insures major public sector players committed to sustainable development and alternative energy.

Mobility

Electric vehicle insurance

Ethias has updated its general conditions to the motor vehicle insurance policy to address the specific risks associated with the use of electric vehicles and to promote their use.

As the benchmark insurer for public bodies, Ethias covers many electric vehicles, including electric buses.

Furthermore, in collaboration with Ethias Lease, Ethias aims to help its customers in the energy transition in terms of mobility by facilitating access to electric vehicles.

Mobility & More

The Mobility & More insurance is an innovative and flexible product that covers the travel of the clients' staff members regardless of the mode of travel used (and more particularly active mobility). Employers can choose between different cover options to offer their employees comprehensive mobility cover on the way to and from work.

Bike & More

The aim of the "Bike & More" group insurance is to encourage employers to promote active mobility by insuring their employees' vehicle at advantageous rates.

Recently, Ethias extended this product to the guarantee "civil liability for the use of a soft mobility device" in order to further promote soft mobility for professional use and to offer employees guarantees similar to those enjoyed by employees who own a company car.

Property

Property insurance (fire and all risks)

Ethias insures green energy sources (photovoltaic panels, solar panels, heat pumps and charging stations for electric vehicles) either in Property policies or through specific covers (all risks insurance).

Business interruption cover after a property claim

The aim is to prevent bankruptcy after a disaster by covering overhead costs before the production tools are repaired and by facilitating the restart of the company. It is a kind of life insurance for the organisation.

Cyber Protection Insurance

This insurance has been developed for local public bodies (municipalities, cities, CPAS, police and rescue zones) to cover their cyber risks and to help them to further secure their IT tools as well as their business data in the service of the people.

The goal is to make these clients aware of the importance of protecting their sensitive data and to support them in securing their IT infrastructure.

Health

Healthcare Insurance

Ethias offers companies and public bodies a range of healthcare insurance products for their employees and their families.

In addition to the Hospiflex insurance policy, which covers hospitalisation costs, Ethias also covers ambulatory medical expenses.

Ethias offers flexible formulas with various coverages, ceilings and deductibles, to better meet the needs of its policyholders and adapt to the evolution in healthcare costs. Specific services such as the Ethias Servi+ guarantee have been added to cover the cost of non-medical services (gardening, cleaning, etc.) to enhance the well-being of policyholders hospitalised due to a serious illness.

Since 2023, Ethias also provides optional "assistance" coverage, providing additional services such as second medical opinions, mental support, the coverage for the costs of child and/or pet care.

Occupational disease insurance

As a societal player, Ethias has created brand new product on the Belgian market to meet its clients' needs and concerns about the COVID pandemic. More than ever, employers and employees are aware of the need to have optimal coverage when they are exposed to an occupational health risk.

This new product provides extra-legal compensation to employees and staff in the private sector and in local and provincial governments who suffer from an occupational disease recognised by Fedris.

9.3. Beyond Insurance: Ethias' services

9.3.1 For Individuals

Because the protection of physical and mental health, prevention at home and on the road are at the heart of Ethias' business.

Mobility

Liberty Rider

App for motorcyclists calling emergency services after a crash.

Assist on Demand

Text message to Ethias for a quick breakdown service on the road through a digital flow and with a negotiated rate. This service is also available to non-clients.

Health

Care4You

Thanks to this reliable and free tool, doctors and patients can meet virtually in complete safety. This platform was created during the COVID-19 pandemic and makes healthcare more accessible.

App4You

Digital, collective; innovative, simple and supportive platform accessible to all for free. Volunteers can help other citizens in need while being covered for free by Ethias for liability and personal injury.

Home

Home Services

With Home Services you will quickly find the right contractor for your needs (heating breaks down in the middle of winter, your door doesn't close any more, you are the victim of a break-in, your electrical installation breaks down...).

9.3.2 For Public bodies and Companies

These services focus on prevention and risk management. Our support services are tailor-made.

Ethias Services offers services in three main areas:

- Protecting people
- Protecting buildings
- Protecting business

Since the end of 2023, these three areas have been integrated into the Ethias Members Academy, which provides services in the insurance sector and beyond. Registration are directly available online on the service platform: solutions.ethias.be

Latest addition to the catalog: access, from autumn 2023, to the ordering of preventive equipment at attractive prices for Ethias Services customers.

A range of sustainability services

In 2023, Ethias Services pursued its strategy of developing complementary sustainable propositions. It has now become a reflex when new services are created.

In the **energy sector, several new partnerships have been concluded**.

Ethias Services, Ethias' Beyond Insurance solutions provider, knows very well that reducing carbon footprints, energy autonomy and cost control are among its customers' top priorities, but is also acutely aware that many of them are at a loss when it comes to dealing with these issues and therefore developed an energy maturity assessment tool to guide them.

As to air quality, Ethias Services and its partner Helexia help venue managers and operators to comply with carbon standards and protect their guests by analysing, purifying and communicating indoor air quality in real time.

Mental health & personal support

In 2023, over 1.000 mental health support sessions were held. Ethias Services wants to be close to people and organised individual or group sessions during times of crisis. In addition to mental health support, we also provided household help and transport services to injured or sick people. "We're here for you" is Ethias Services' everyday reality.

Managing psychosocial risks

Degrading mental health, workers reluctant to come back to work, declining well-being index for everyone... Ethias Services has set up a whole series of training, audits and consultancy services to help companies prevent psychosocial risks and support their employees in difficult times. Services: burnout prevention, support following a traumatic event or an accident at work, stress and conflict management, psychosocial risk analysis, mental health audit, expertise in professional rehabilitation or reintegration, etc.

Skill management

Ethias Services offers its expertise to establish ethical and inclusive management with the aim of resolving conflicts, detecting and supporting workers in need, understanding the multicultural advantages and challenges at work, encouraging collaboration and intergenerational synergies.

Managing cyber-risks

Not a day goes by without a company, a public institution or a hospital being the victim of a **cyber-attack**. On this topice, Ethias Services is positioning itself as a different player, aiming not only to insure its customers against this risk, but also to prepare them against such attacks. Ethias Services offers a wide range of Cyber risk prevention solutions:

- Security audit - Security level assessment
- Business continuity plan (Cyber)
- Combating phishing

- Cybercrime awareness
- DPO as a Service
- Other cyber security related services

Finally, in addition to these preventive services, Ethias Services also provides a Cyber Assistance service, similar to Mobility.

Managing risks of fire

Fire risk prevention is one of Ethias Services' major areas of development. In addition to providing training in this field, we also help our clients support with fire audits, evacuation plans, internal emergency plans, fire department intervention files, etc.

9.4. Responsible investment products in life insurance contracts

Ethias offers a range of sustainable investment products linked to life insurance policies for individuals, companies and local authorities.

9.4.1 For our institutional clients

Through the Global 21 Ethical Fund

The **Ethias Global 21 Ethical Fund** is intended for the management of pension and group insurance reserves. It is certified **Ethibel Excellence** (confirmed in 2022). This fund has two solidarity mechanisms, for the benefit of the **Réseau Financité** and **Fairfin**. Depending on the client's choice, Ethias pays one of these partners 0.05% of the average capital invested in the fund at year-end. Affiliates who so wish may also retrocede all or part of their yield to the association of their choice.

Through **customised life insurance products**, some of which incorporate very strict ESG criteria, including a decarbonisation path for the investment portfolio under management.

Through the "Ethical" sub-fund of the Ethias Life Fund offered in our dedicated asset funds: The objective of this sub-fund is to invest in units of funds that invest in shares and/or bonds of companies that integrate ecological, social or ethical criteria into their long-term strategy and are certified Towards Sustainability by Febelfin.

9.4.2 For our retail clients

Through the Invest 23 Mundo fund: Our private clients also have the opportunity to invest in the Ethias Life Fund's "Ethical" sub-fund through our Ethias Boost Invest Mundo insurance product (Towards Sustainability label confirmed in 2022).

Ethias Invest: Branch 23 life insurance in the form of a structured note for retail investors. The first product of its kind to be based on a "Sustainable" index - MSCI Europe Climate Paris Aligned.

9.5. Prevention

Prevention at Ethias is a 360-degree service with a tailor-made approach to each client's risks and needs.

Ethias Group has set up ecosystems to offer a global, integrated approach to its clients' risk assessment and management challenges: Ethias Prevention, Ethias Services (external partnerships for all types of services related to risk management and prevention), Ethias Ventures (investment), NRB-CIVADIS-CEVI (Cyber, IT).

The various areas are approached in a structured way according to the following topics:

- Personal injury (occupational accidents)
- Property damage (Fire and Fleet)
- Emerging risks (cyber, climate risks, mobility, etc.).

In 2023, Ethias' Claims department developed an innovative "Postvention" approach. Ethias gives support to the client after a serious and/or specific claim and to help analyse and implement measures in order to avoid, in the future, the occurrence of this type of claim or, at the very least, to reduce its human and financial consequences.

Some examples of prevention services provided by Ethias to its customers:

9.5.1 Personal injury – Occupational accidents

Training and awareness programs

All employers are obliged to organise training courses related to the well-being of their staff. To be relevant, they must be adapted to the occupational hazards to which workers are exposed in their working environment.

Training is therefore an essential tool for developing well-being in the workplace.

Thanks to the expertise of its Level 1 Prevention Consultants and specialist partners, Ethias offers a wide range of training courses.

Here is an overview:

- The legal and regulatory framework for well-being at work
- The notion of occupational accident
- Analysing the causes of an occupational accident
- The role and responsibilities of management
- Workplace safety culture and behavioural factors
- Basic Prevention Advisor training: This 7-day training course for level 3 prevention consultants is recognised

by the Federal Public Service for Employment, Labor and Social Dialogue (SPF Emploi, Travail et Concertation sociale). It takes place twice a year and can be attended free of charge by a candidate member of staff

- Specific occupational hazards encountered in the company:
  - Electrical hazards
  - Dangerous materials
  - Temporary work at height
  - Manual handling
  - Safety when landscaping
  - Worksite signage
  - Driving awareness
  - Bike training

Support and coaching

Prevention advisors for Ethias clients benefit from the free support of a Level 1 Prevention Advisor within the framework of the annual number of man(s)/day determined, as well as from a number of specific services.

As part of this support, Ethias experts provide assistance on both technical issues and workplace safety.

This support includes many services:

Guide for Extranet reporting tools

In the Prevention section of Extranet, each customer can see and work on their statistics, and generate different overviews of their claims.

Support for reporting a serious accident

Ethias helps you draw up a cause tree to identify the causes of the accident and suggest appropriate preventive measures.

Legal and technical advice

Ethias provides technical and/or legal advice on employee welfare and/or workplace safety.

Support for specific awareness-raising initiatives

Ethias can provide visual material (posters, stickers, flyers, etc.) relating to a specific safety topic or risk.

Information and documentation

Prevention-related documents, articles and videos are available on the Prevention Corner of the Ethias website and blog.

“Ethias Prevention Reporter” app

This app improves the traceability of "prevention" findings and better tracks corrective actions.

Psychosocial risk services (PRS)

Psychosocial risks are one of the main causes of absenteeism. Preventing and successfully managing PRS and work-related stress is key in human resources management.

Psychological support for prevention of aggression

Thanks to a network of external partners, Ethias offers free psychological support (individual or in group) to people who suffered in their private and/or professional life.

Professional reintegration

The free professional reintegration procedure set up by Ethias (Decavi Award 2019) for victims of serious occupational accidents is unique on the Belgian market and contributes to the well-being of workers.

Stress, depression, burn-out...

With Ethias Services, Ethias provides a tailor-made response to specific prevention needs in the field of psychosocial risks, at a preferential rate.

9.5.2 Material damage – Fire

Material risks and fire

As a "partner", Ethias wishes to collaborate constructively in risk management and loss prevention or postvention. They have the resources and support they need for:

- fire prevention, detection and control
- improved security against theft
- protecting customer sites from flooding

Interventions by the Ethias Prevention Property department for insured risks are included in the insurance premium.

Loss Prevention Engineers Property answer all technical questions concerning fire, burglary and flood prevention.

They will assess all questions and requests about standards, legal provisions (e.g. regional), current safety regulations and insurance industry recommendations. They are there to help policyholders optimie their prevention policy.

The Prevention Property Department can answer policyholders’ questions about the various areas of prevention in which Ethias specialises:

Fire prevention

Building visits, process assessment, prevention monitoring and implementation of a prevention plan.

Technical and organisational recommendations and verification of legal requirements.

For risks that have not yet been finalised from a fire technical point of view, and/or where some of the required alarm and detection equipment or fire-fighting resources are missing, a prevention program may need to be drawn up in order to incorporate these risks into a tailor-made insurance policy.

The Loss Prevention Engineer is on hand to specify the various preventive actions and, if necessary, monitor their implementation. Each time the Loss Prevention Engineer receives feedback from the policyholder on the progress made in implementing the program, prevention reports are updated to ensure accurate follow-up.

Machine breakdown prevention

Visits and risk analysis of insured machines.

Theft prevention (techno prevention)

Ethias may recommend mechanical, electronic and organisational protection measures.

Flooding

Risk assessment and recommendation of preventive measures.

Assessing the value of new buildings

If required, and after consultation, Ethias will help the client evaluate of the replacement value of a simple building in order to update the amount and type of guarantees (buildings) if the type of building falls within our expertise.

More services

Free “Ethias Prevention Reporter” app

This app improves the traceability of "prevention" findings and better tracks corrective actions.

It can be used directly during a site visit (risk assessment, accident analysis, legal reference...) to create a quick visit report with predefined content fields and free text zones.

Free Ethias Fire Prevention checklist

With this checklist, clients can assess their risks and manage their transition to greener mobility (battery management, storage, charging stations, etc.).

The client can then take vital preventive parameters into account when implementing changes.

Documentation

Our prevention department also provides documents and technical notes, explaining how to implement standards, legal provisions and good practices.

These documents are available on request.

Concrete actions

Ethias Prevention Property's mission is to promote and support safety and prevention among policyholders and provide the following support:

Site visits and implementation of fire and theft prevention plans in collaboration with internal departments

If necessary, Ethias plans to visit the largest and most specific buildings/risks (depending on the capital insured for the buildings and the more technical risks).

Inspections result in a technical file with a description of the risk and a illustrated report for potential co-insurers and reinsurers, as well as advice and prevention programs enabling you to optimise the risk.

The terms and conditions of the program are defined by mutual agreement, and are also monitored by the assigned prevention engineer.

Depending on further information and discussions, specific interventions may be planned. A precise schedule of risk visits will be drawn up in consultation with the people in charge of these aspects in the field, both at the client and at Ethias.

Ethias provides, on request, support for risk assessment on the location of charging station areas for electric vehicles and premises where batteries are charged.

Visits to monitor the prevention policy in place

Ethias monitors the prevention plans implemented in collaboration with the technical and prevention departments, and is always available to support the implementation of the measures included in the prevention plans.

At your request, expert visits to assess the replacement value of one of your buildings

Should it be necessary to verify the insured capital for one or more buildings, Ethias will, with a written request, appraise said buildings if they fall within its area of expertise.

To ensure that the on-site visit runs smoothly, the information needed to carry out the assessment (plans with dimensions or metric scale, cost estimate, etc.) will be provided by the insured prior to the visit.

Technical and legal advice

Laws and standards are constantly evolving. It's not easy for policyholders to keep track of all these changes. Our expert advisor can apply the rules specific to the buildings and activities insured, and work with the insured to find the best possible solutions.

What measures are required by law? How often must electrical installations be inspected? How many fire extinguishing systems are required? Do I have to carry out a legal inspection of my automatic fire detection system?

Technical opinion on the prevention plan (if applicable)

All measures which the affiliate is contractually obliged to carry out within a specified period will be processed immediately and, if necessary, accompanied by explanations and advice by return.

9.6. Sustainable claims management

Ethias is committed to integrating sustainability into all its activities, including claims management.

In this respect, it has begun to integrate sustainability criteria into the selection processes for its car repairers, for example with regard to compliance with labour law rules or obtaining a sustainability label. These labels ensure that the garages and body shops are committed to implementing more environmentally-friendly repair processes.

By 2023, 58.6% of repairers in the Ethias network had the "Sustainable Repair" or "Long Life Repair" quality label. The "Sustainable Repair" quality label was set up at the initiative of the Réparer Durablement network, of which Ethias is a member along with other players in the sector: https://www.reparerdurablement.be/verzekeraars/

LONG LIFE REPAIR
ENTREPRENDRE DURABLEMENT

10. Sustainable and responsible investment[1]

10.1. Sustainability at the heart of our investments

Ethias makes a positive contribution to today's major societal and environmental challenges by going far beyond risk-return analysis in its investment decisions and integrating ESG criteria. Ethias is concerned about the potential impact of investments on the financing of the energy transition and the creation of a fairer society. This role as responsible investor comes with a long-term responsibility in life-insurance policies, particularly in the management of legal and supplementary pensions and in supporting the economy.

As the latest IPCC report shows, global warming caused by human activity is having serious consequences, such as rising sea levels and loss of biodiversity. Progress has been made in planning adaptation measures and mitigation policies, but they are not yet of sufficient scale or speed, and gaps remain. Immediate action to reduce greenhouse gas emissions and limit warming to 1.5°C is crucial to avoid irreversible negative effects.

Aware of the urgency to limit the impacts of climate change and to achieve a just transition by relying on strong governance, Ethias continued in 2023 its responsible investor approach launched in previous years adding with new initiatives:

- **EUR 250 million invested in sustainable projects following the issue of a green bond**
  In 2023, Ethias issued a green bond that was a great success with investors. This green bond issue enabled Ethias to raise EUR 250 million, which will be invested in projects and activities with a positive impact on the environment. Ethias is proud to be one of the few Belgian companies to issue a green bond in 2023, demonstrating its commitment to sustainable investment and environmental protection.
- **Development and publication of impact investment policy**
  In the wake of its support for the creation of the Impact Finance Belgium Institute, Ethias has developed the first version of its impact investment policy in collaboration with BE.Impact. This policy is now an important part of our sustainable and responsible investment framework. Impact investments are aimed at generating a positive social or environmental impact in addition to achieving a financial return. In this way, they go even further than the classic ESG approach, which integrates extra-financial criteria into the analysis and selection of investments to reduce long-term financial risks and contribute to a more sustainable world.
- **Transparency around the concepts behind SFRD's article 8 classification of investment products**
  In the interests of transparency, the ESG integration policy and the definition of responsible investment, in line with SFDR regulations, have been published on the Ethias.be website. The first document provides a more detailed view of the means used by Ethias to integrate ESG criteria into its asset management. The second clarifies the criteria Ethias takes into account when considering an investment as responsible under SFDR regulations.

In 2023, Ethias also continued its efforts to encourage the companies in which it invests to adopt sustainable and responsible practices. The dialogue initiated by Ethias took concrete form during the assessment phases of investment opportunities and as part of the monitoring of existing investments.

Furthermore, in 2023, Ethias worked in partnership with other investors and stakeholders to help achieve a just transition, strengthening social cohesion and reducing inequalities. Ethias has supported initiatives to promote public health and well-being and preserve biodiversity. As a result, the company has continued to invest significant amounts in sustainable investment areas through a variety of approaches. These approaches mainly include pursuing the goal towards a carbon-free economy, green, social or sustainable bonds, sustainable real estate investments, investments in infrastructure contributing to social or environmental objectives, and impact investments.

In 2024, Ethias' main sustainability challenges will materialise through three main goals:

- **Formalising and submitting the decarbonisation plan of the investment portfolio in line with the SBTi initiative**
  After joining BACA in 2021, Ethias has committed to SBTi in 2022. Ethias' ambition is to obtain an independent approval (within a maximum of 2 years) for its plan including intermediate decarbonisation targets (based on recognised scientific methods) in order to achieve Net Zero in line with the objectives of the Paris Climate Agreement. Ethias aims to submit this plan for its climate change mitigation strategy by the end of 2024.
- **Continued use of funds from the green bond issue**
  Ethias has invested almost all the funds raised in 2023, but will continue to deploy them in 2024 to finance concrete projects with a positive environmental impact. The specific areas on which Ethias will continue to focus are set out in the Green Bond **financing framework**.
- **Deploying our impact investment policy in positive-impact projects**
  In 2024, Ethias wants to pursue this impact investing policy by investing in projects that have a positive impact on society and the environment. Its ambition is to become a leading Belgian player in the field of impact investing, while taking the time to carefully validate the alignment between investment opportunities and its vision, in order to guarantee investments that have a positive and measurable impact.

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

10.2. Sustainable and responsible investment framework

Ethias has implemented a comprehensive system to incorporate environmental, social and governance (ESG) factors into its investment strategy. As a signatory to the United Nations Principles for Responsible Investment (UN PRI), Ethias incorporates ESG factors into its assessment and investment decision-making processes, and into its interactions with key stakeholders. To this end, Ethias has developed a sustainable and responsible investment policy based several pillars that guide its actions.

EXCLUSION
Ethias applies an exclusion policy aligned with the Towards Sustainability label, ensures compliance, manages related risks and communicates transparently and regularly on the criteria used.

INTEGRATION
Ethias takes ESG issues into account in the assessment and decision-making process for its investments. Ethias integrates ESG issues into its policies and practices as an active asset manager.

COMMITMENT
Ethias encourages the companies in which it invests to take on sustainable and responsible practices. Ethias promotes its values to all stakeholders.

IMPACT
Ethias seeks to create a positive impact on society and the environment through its impact investment policy.

COMMUNICATION
Ethias publishes regular reports on its activities and progress in terms of sustainability and the implementation of its responsible and sustainable investment policies.

10.2.1 Integrating ESG criteria into investment processes

A transparent integration policy

The inclusion of sustainability criteria in the investment process is aligned with Ethias' corporate strategy. It is based on robust policies and concrete commitments that enable us to assess both the financial and extra-financial impact of each investment.

In addition to special investment committees, the Ethias Sustainable and Responsible Investment Committee is in charge of developing, implementing and monitoring all the principles of the sustainable and responsible investment policy. The committee meets regularly to keep abreast of evolving ESG challenges. These include changing regulations, limited data and lack of common standards for assessing ESG criteria, climate risks, stakeholder pressures and technological challenges.

The system implemented by Ethias must adapt regularly to correctly assess the potential of companies in an ESG context, as well as to avoid the legal and financial risks associated with non-compliance with ESG regulations.

Beyond policies and governance, their practical implementation is first and foremost the responsibility of investment managers. Ethias invests mainly directly, with limited outsourcing of asset management. For direct management, Ethias integrates ESG criteria assessment into its investment processes and promotes sustainable and responsible investments in its selection process. For delegated management, Ethias also places a high priority on working with managers who are **signatories to the United Nations Principles for Responsible Investment (UN PRI).** In addition to this requirement, Ethias uses sustainable investment criteria in its management mandates.

To demonstrate the seriousness of the approach implemented by Ethias, the ESG integration policy for its direct investments is available in the **Policies, charters and codes** section of its website www.ethias.be.

Finally, in 2023, Ethias has renewed its innovative partnership in sustainable finance with HEC Liège. With this partnership, which celebrated its second anniversary in September 2023, Ethias has been able to face the challenges of ESG integration in investments by combining academic theory with practical experience. It has proven its worth in helping investors rise to the challenge of sustainability.

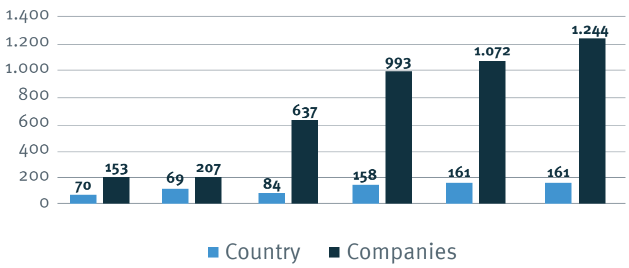
10.2.2 Exclusion Policy

A strict exclusion policy that aims to be more ambitious than the norm

Every year, Ethias updates and improves its exclusion policy. In force since 2005, it has once again been updated for 2021 for alignment with, at the least, the exclusion criteria of the **Towards Sustainability label** created by Febelfin. In some cases, Ethias' policy imposes more stringent rules than the label. As a result, a growing number of issuers are excluded from Ethias' investment universe.

In 2023, the label criteria were revised and made stricter for certain sectors. Ethias integrated these changes into its own exclusion policy.

CHANGE IN THE NUMBER OF ISSUERS EXCLUDED FROM ETHIAS' INVESTMENT SCOPE



Ethias completely excludes thermal coal and non-conventional oil and gas from its investments, as these involve complex extraction methods and have a particularly harmful impact on the environment. Ethias also applies its exclusion policy to the tobacco, arms, conventional oil and gas industries, and to power generation based on non-renewable energy sources. Ethias also applies a series of strict criteria to the countries in which it invests, so as to systematically exclude states with poor governance records. The full approach is detailed in the publicly available exclusion policy.

10.2.3 Normative approach

For many years, Ethias has been a signatory of the **United Nations Global Compact (UN GC)** and the **United Nations Principles for Responsible Investment (UN PRI).** These two initiatives are key pillars of responsible investment. They are incentives to respect fundamental human rights principles and integrate sustainability criteria into investment processes.

In its investments, Ethias is also careful to exclude companies that do not respect the minimum guarantees of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines for Multinational Enterprises and the conventions of the International Labour Organization (ILO).

10.2.4 Ethias, an active shareholder

Ethias has positioned itself as an active shareholder. This implies a dialogue with the investee companies, which is governed by the Group's engagement policy, on the one hand, and by voting rights linked to investments (described in the voting policy), on the other. In this way, Ethias intends to take responsibility not only for its investment choices, but also for the way they are monitored. As part of this approach, Ethias is actively seeking to join initiatives that bring together change players in these fields. As part of its **commitment policy**, Ethias has taken part in several collaborative engagement initiatives.

Partnership for Biodiversity Accounting Financials (PBAF)

PBAF is a partnership of 30 financial institutions working together to develop the PBAF standard, which enables financial institutions to assess and disclose the biodiversity impacts and dependencies of loans and investments. Understanding the impacts (positive and negative) of its investment portfolio on biodiversity is an important objective.

Ethias is the first Belgian player to join PBAF

www.pbafglobal.com

Belgian Alliance for Climate Action (BACA)

BACA is a Belgian initiative led by The Shift and WWF that aims to encourage the adoption of a science-based approach to reduce the environmental impact of companies.

Ethias is among the first Belgian insurers to join BACA in 2021.

www.belgianallianceforclimateaction.org

Climate Action 100+

The Climate Action 100+ initiative, consisting of 617 global investors, aims to ensure that the (165) largest emitters of greenhouse gases take the necessary action on climate change.

Ethias is among the first Belgian insurers to join Climate Action 100+.

https://www.climateaction100.org

Science Based Targets Initiative (SBTi)

After joining BACA in 2021, Ethias has committed to SBTi in 2022. Ethias' ambition is to obtain an independent approval (within a maximum of 2 years) for its plan including intermediate decarbonisation targets (based on recognised scientific methods) in order to achieve Net Zero in line with the objectives of the Paris Climate Agreement. Ethias aims to submit this plan for its climate change mitigation strategy by the end of 2024.

https://sciencebasedtargets.org

10.2.5 Impact investment approach

In 2023, Ethias continued to monitor developments in impact finance through its collaboration with Impact Finance Belgium (IFB). Ethias is a member of the IFB network, an ecosystem of Belgian players whose aim is to mobilise capital to initiate and accelerate solutions that meet the needs of people and the planet.

In 2023, Ethias developed its own impact investment policy, adopting the definition of the Global Impact Investing Network (GIIN): investments made with the deliberate intention of generating a positive and measurable social and environmental impact, alongside a financial return. The new policy is available in the **Policies, Charters and Codes** section of **www.ethias.be**.

10.2.6 Communication

Ethias publishes regular reports on its activities and progress in terms of sustainability and the implementation of its responsible and sustainable investment policies. In addition, Ethias provides its customers with transparent information on the extra-financial performance of its investment portfolios, even more so since SFDR came into force. In addition, Ethias has implemented a rigorous ESG data control process to guarantee the quality and accuracy of the information published and used to make investment decisions.

By publishing this information on a regular basis and complying with applicable regulations, Ethias strives to promote transparency and accountability in its investment activities. Ethias believes that transparency is essential to building trust with its customers and to encouraging the adoption of sustainable and responsible investment practices throughout the financial sector.

10.3. ESG data coverage

Of all the assets managed by Ethias, the vast majority are subject to ESG assessment. However, the depth of data available varies greatly depending on the type of investment. In relation to the EUR 17.6 billion of assets under management, including unit-linked contracts, Ethias has EUR 13.1 billion worth of ESG data. In 2023, ESG coverage increased by 5% over the previous year. This increase was mainly due to higher coverage of equities and real estate investments.

See below the breakdown of these assets according to the data used to analyse them.

In million Euros	31 December 2023				
	Eligible outstandings with available data			Eligible outstandings with partially available data	Non-eligible outstanding amounts
	Outstanding amounts covered by MSCI	Investment fund-related data	Data related to the place-based repositories		
Shares	0	0	0	651	0
Equities	492	1.077	0	18	0
Government bonds and similar	6.271	436	73	1.210	0
Corporate bonds	2.344	733	169	1.161	0
Investment properties	696	100	17	36	0
Mortgage loans	0	116	0	458	0
Alternative investments	63	411	87	518	0
Derivative instruments	0	0	0	0	-36
Cash and cash equivalents	0	58	0	15	435
Total	9.867	2.930	346	4066	399
Percentage	56%	17%	2%	23%	2%

In million Euros	31 December 2022				
	Eligible outstandings with available data			Eligible outstandings with partially available data	Non-eligible outstanding amounts
	Outstanding amounts covered by MSCI	Investment fund-related data	Data related to the place-based repositories		
Shares	0	0	0	420	0
Equities	341	807	0	212	0
Government bonds and similar	5.755	113	157	1.365	0
Corporate bonds	2.329	755	157	1.147	0
Investment properties	287	42	165	376	0
Mortgage loans	0	116	0	422	0
Alternative investments	58	330	90	308	0
Derivative instruments	0	0	0	0	134
Cash and cash equivalents	0	119	0	0	539
Total	8.771	2.281	569	4.250	673
Percentage	53%	14%	3%	26%	4%

The scope of outstanding amounts analysed mainly concerns sovereign and private issuers for which Ethias has sufficient data. To this end, Ethias uses the services of the extra-financial rating agency MSCI to obtain qualitative and quantitative data on the issuers invested in its portfolio. MSCI uses a rating scale that assesses these issuers on a scale ranging from 0 (worst company in its sector) to 10 (best company in its sector)[1]. More than half (56%) of the assets managed by Ethias are covered by an MSCI ESG assessment.

Other data sources are sometimes used depending on the asset class or issuer analysed. The assessment of ESG criteria on investments is gaining in maturity, but the associated data still lacks reliability and is often difficult to compare. Lacking or unreliable data is hard to measure and analyse.

Most investment funds are required to provide Ethias with a set of quantitative and qualitative ESG data for the investments made in their funds. Ethias relies primarily on this data to analyse the funds involved. Ethias also closely monitors how managers observe the SFDR regulation.

1 MSCI's overall ESG rating is calculated for each issuer as a weighted sum of its three independent scores, with a weighting depending on the issuer's industry. The calculated score is then adjusted for each issuer, qualitatively, according to the sector's peers. This rating is then weighted at the level of the Ethias portfolio according to the fair value of the outstanding amounts at the closing date.

Finally, for certain asset classes, Ethias relies on external certifications or frameworks whose goal is to demonstrate the sustainable and responsible nature of the investments concerned. These include energy performance certifications for its investment properties or green, social or sustainable bond issues.

Most of the assets under management not covered by an ESG assessment are in the "Government bonds and similar" and "Corporate bonds" categories. For the first category, these may be local authorities or supranational organisations that require an adapted ESG analysis methodology. Companies not covered by an ESG assessment include smaller companies that are not necessarily required to publish sustainability-related information. Nevertheless, the roll-out of the new European CSRD regulation should gradually facilitate access to ESG data, making it more reliable and comparable.

Concrete examples of sustainable and responsible investment

Ethias is increasingly orienting its investments towards sustainable economic development by integrating environmental and social factors into its decisions. All assets managed by Ethias are potentially eligible for ESG criteria, whether they are invested directly by the internal management team or through external mandates or funds. Its approach is progressive and pragmatic, considering that the integration of ESG criteria in its management requires time and maturity.

As part of the new European regulation on sustainability reporting in the financial services sector (SFDR), Ethias has developed an internal methodology for identifying sustainable investments in its investment portfolios. The methodology applies a "pass or fail" logic for each issuer in its portfolios.

In accordance with the SFDR regulation (2019/2088), Ethias defines a sustainable investment as an investment in an issuer whose economic activities contribute to an environmental or social goal, and which does not significantly harm another environmental or social objective (DNSH). In addition, these companies or public entities must observe good governance practices, particularly with regard to sound management structures, employee relations, staff remuneration and compliance with tax legislation. Ethias has developed a specific methodology for each asset class.

In 2023, Ethias continued to invest in companies and projects that contribute to environmental and/or societal goals. These investments are made in both equities and debt, on both listed and over-the-counter markets.

10.3.1 Sustainable infrastructure

Whether directly or through investment funds, Ethias has continued to invest significant amounts in infrastructures that contribute to social and/or environmental objectives. These are mainly investments made to develop, build, improve or manage physical assets such as transport, renewable energies, water infrastructure, telecommunications networks and other projects that have a positive impact on society or the environment.

Over the past two years, Ethias has increased its commitments to sustainable infrastructure funds and projects. These commitments take the form of investments that are deployed year after year to reach the amounts negotiated with the fund managers or project sponsors.

In 2023, Ethias therefore continued to deploy its investments in financing or equity stakes in companies or financing vehicles. Directly, Ethias continued to deploy investments in the **energy transition**, for example:

- **PCRE (Power Capital Renewable Energy) :** installation of 1.2 Gw in Ireland with leading users such as Microsoft
- **Storm Holding:** injection of capital in a holding company aiming at the development of wind energy produced on land in Belgium

Green4You

Green4You, a joint venture created by Ethias and Luminus in 2021, is an energy solution for financing sustainable energy projects such as photovoltaic panels, cogeneration and electric charging stations. Clients benefit from a third-party investment formula in which Green4You covers the cost of the solution and its installation, and takes care of all administrative formalities. Clients pay a kind of annual rent/fee and assign their right to subsidies to Green4You. Materials remain until the end of the contract, and the rental payments are tax-deductible. Clients can finance their sustainable energy projects, keep their energy costs under control and help reduce their carbon footprint.

Indirectly, Ethias continued to invest in various infrastructure funds. Ethias has indeed continually increased its investment share in funds that invest in renewable energy (wind, solar, biomass), public transport, energy efficiency, etc. In 2023, Ethias also invested in two Belgian funds, I4B ("Infrastructure for Belgium") and EPICO II.

In addition to these investments, Ethias analyses various projects throughout the year. For some of these projects, the company decided not to proceed because of the quality of the bid, while for others, it submitted a bid but was not selected. In some cases, notably for Public-Private Partnerships (PPP), Ethias is still waiting for the final decision.

Ethias still invests in infrastructure that benefit the greatest number of people and promote integration but also foster economic development. A concrete example of this commitment is fiber optics, particularly useful during the Covid-19 pandemic to maintain contacts and encourage working from home. Ethias is playing a key role in this area by investing capital and financing in GoFiber, an open fiber optic network developed in public-private partnership with Proximus and the German-speaking region. This project will connect an entire region that currently suffers from numerous "white zones" without signal, offering a major opportunity for economic development and integration.

10.3.2 Sustainable real estate (direct or indirect)

As a long-term investor, Ethias focused in 2023 on its sustainable commitment to the construction and management of its real estate portfolio. Integrating ESG principles at all levels of real estate strategy over the long-term is crucial to generating positive societal impact and value across the entire real estate portfolio at the same time.

With regard to the existing portfolio, Ethias has undertaken major renovations of various buildings:

- The "Les Tamaris" nursing home, which was built in 1990 and had not been renovated since 2011, has been completely revitalised with a new frontage and state-of-the-art window frames to considerably improve its energy efficiency;
- Ethias headquarters in Hasselt has undergone extensive investment and renovation to make it virtually carbon-neutral, demonstrating Ethias' desire to set an example in terms of both environmental sustainability and employee comfort in the workplace.

At the same time, Ethias has focused on acquiring new assets that meet the most stringent sustainability requirements.

- The **Nova One building**, developed by Ghelamco and due for delivery in the second quarter of 2024, will house Dematic's European headquarters. It will benefit from dual Well Gold and BREEAM Excellent certification.
- The **"Schutterhof" project** , for which Ethias has signed an initial partnership agreement with two renowned Limburg developers to build and manage the first residential project to meet the criteria of the Flemish housing policy (Diependaele Program) aimed at providing more affordable housing (social and subsidised). This project of over 35 units will welcome its first residents at the end of 2025.

Wood HUB building

In 2023, Ethias acquired the Wood Hub project, an office building in Brussels that is considered one of the most ambitious in the Benelux in terms of sustainability and innovative construction. Certified BREEAM Outstanding and Welle Platinum, this 7,200 m2 building has already won two awards: the Silver Award in the «Climate Future Project» category at the Belgian Construction Awards, and the title of «Project of the Year» at the Belgian PropTech Trophy.

Wood Hub uses an innovative prefabrication technology, combining a PEFC-certified wood structure with concrete, which reduces CO_2 emissions linked to building structures by almost 30%. Heated and cooled by geothermal energy and heat pumps, it features almost 400 photovoltaic solar panels, making it virtually energy self-sufficient. The prefabricated load-bearing hybrid wood and concrete structure (CREE), intelligent fossil-free energy management, BREEAM Outstanding and WELL Building Standard Platinum certifications and alignment with the European taxonomy make Wood Hub a building of collaboration, well-being, sustainability and innovation.

"We are here to invest in sustainable real estate". Discover Ethias' 24 commitments on its website

With regard to indirect investments, Ethias has also maintained its commitment to ESG through its various holdings.

In collaboration with logistics developer Weerts and fund manager Primonial, Ethias has acquired several assets with BREEAM Very Good certification. In addition, Ethias has partnered with Weerts Energy to provide the occupants of these assets with as much green energy as possible via solar panels.

As part of the Cityforward initiative, in which Ethias is one of the anchor investors alongside SFPIM and Whitewood, agreements are being signed to transform buildings in the European district to make them exemplary and compliant with the highest energy standards. Moreover, in consultation with various public players, these agreements aim to redesign the European district to make it more multifunctional, integrating office, residential, commercial and community functions, and thus making it accessible to all.

Ethias also invests in the residential real estate sector through funds. Since 2022, it has been deploying an impact-based approach, seeking in particular, for part of these investments, to provide access to housing for people who struggle to find a home. This is particularly true of the following funds:

- **Canius**'s goal is to reduce social inequalities in terms of access to property while offering new low-energy housing.
- **Vicinity** offers flexible, affordable residential units for the middle class, with equal attention to environmental, social and financial impacts.

Ethias also invests in funds designed to make a positive contribution to environmental issues. These are mainly the following funds:

- **Revive**'s goal is to revive industrial wastelands and abandoned land in city centres to make them the green urban centres of tomorrow.
- **Eiffage** is acquiring land to develop residential projects for the eco-districts of the future.

These investments demonstrate Ethias' approach to real estate investment. This goes far beyond mere regulatory compliance, and aims to create a positive long-term impact on society and the environment.

10.3.3 Company funding

Ethias also funds companies directly through private financing, which enables it to have a greater impact on these companies than investing in the bonds of listed companies. Some are therefore eligible for the capital raised by Green Bond issues.

Here are two concrete examples:

- Ethias funded the growth of Biobest, a company based in Flanders and global player in the biological crop protection and pollination market. By investing directly in Biobest, Ethias has enabled the company to pursue its growth while respecting its environmental values.
- Ethias has also financed companies active in the logistics sector, imposing environmental targets to be met in order to benefit from its financing.

Within the companies funded, Ethias values the representation of men and women in management bodies.

The covenants that Ethias adds can be expressed on the basis of KPIs to be achieved, which can vary according to the company's business model, and always with a view to encouraging them to make progress on the ESG front. To do this, the bond's coupon (and therefore the cost of financing) is adjusted downwards. This enables the companies financed to reduce their environmental impact while lowering the cost of their financing. Typically, Ethias requested a carbon footprint, investments in buildings to enable them to reduce emissions or improve safety for employees, and so on.

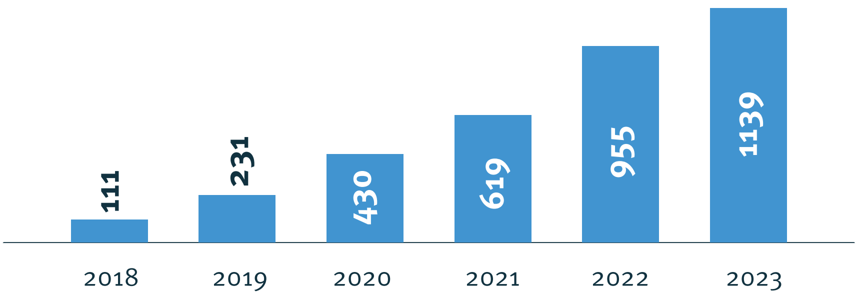
Ethias can also provide financing to its subsidiaries, with the same aim of having a greater impact. One example is Ethias Lease, which focuses on electric vehicle leasing, contributing to the ecological transition by encouraging the use of more environmentally-friendly cars and reducing greenhouse gas emissions and air pollution.

10.3.4 Green, social, sustainable or ESG performance bonds

Sustainability Bonds, Green Bonds and Social Bonds are issued by companies or public bodies to finance one or more projects with a positive social or environmental impact. With these bonds, the issuer makes a commitment regarding the use of the funds raised. For bonds linked to ESG performance, the issuer commits to improving its ESG performance. Certain bond characteristics, such as the coupon, can be linked to these performances.

Over the course of 2023, this type of bond increased by 19% in Ethias' portfolio, reaching 1,139 billion. Over the past 5 years, this investment pocket has increased tenfold.

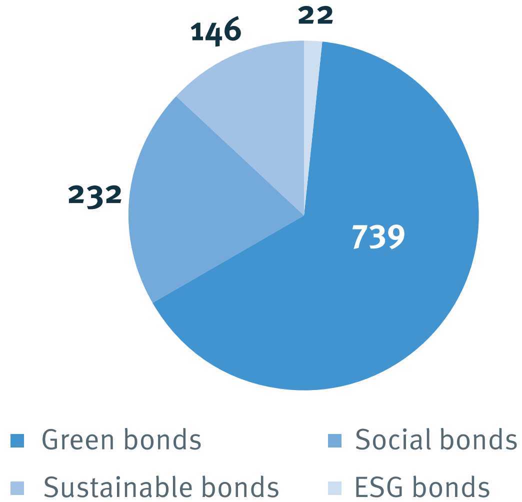
INVESTMENTS IN GREEN, SOCIAL, SUSTAINABLE OR ESG PERFORMANCE BONDS IN MILLION EUROS



In 2023, for example, Ethias invested in social bonds issued by the Fédération Wallonie-Bruxelles. By issuing this bond, the FWB commits to allocating a certain amount of its budget to social spending, targeting the themes of education, sport and culture, as well as social inclusion. Among other examples, this funding will be used for investments or expenditure linked to education programs, financial support for students, improving the school system, etc. During 2023, Ethias also invested in green or social bonds issued by several large Belgian companies active in various sectors such as retail, energy and financial services. This demonstrates Ethias' commitment to helping finance the transition to a greener economy throughout Belgium.

Among green, social, sustainable or ESG performance bonds, green bonds account for around 65% at Ethias. ESG bonds are less present in Ethias' portfolios (2%). As mentioned above, the issuer's commitment is not the same as for green, social or sustainable bonds. The issuer does not have to inform the investor how the financing will be used. Instead, the focus is on improving certain key performance indicators.

ALLOCATION OF EUR 1.139 MILLION IN GREEN, SOCIAL, SUSTAINABLE OR ESG PERFORMANCE BONDS (2023)



10.3.5 Impact investments

Ethias greatly values investments that aim to create a measurable, positive impact on society and the environment. Its approach to impact investing is driven by its commitment to delivering tangible, quantifiable social and environmental benefits while making financial returns.

As part of the deployment of its 2023 impact investment policy, Ethias' goal is to contribute to the creation of a more resilient and inclusive economy by promoting projects focused on the transition to a decarbonised, sustainable and climate-resilient economy and on strengthening social cohesion, reducing inequalities, promoting health prevention and improving the well-being of the population.

Ethias has always supported organisations in support of solidarity, such as social loan companies, housing societies, microfinance institutions, social economy funds, and support for various associations and alternative finance organisations.

Ethias also supports the healthcare sector by financing hospitals and nursing homes, as well as scientific research.

Some examples of investments already in the portfolio:

- In 2022, we supported the I Keep It Cool project, which aims to develop a refrigerated vaccine transport solution. This need emerged during COVID, but is also very present in Africa.
- Ethias invested in the SDG Frontier Fund, which was created at the initiative of BIO, the Belgian investment company for developing countries. The fund aims to support sustainable economic growth in emerging markets in Africa and Asia.
- Ethias is a minority shareholder in Triodos Bank, a European bank whose mission is to finance sustainable and socially responsible projects.

10.4. Investment funds

Sustainability criteria are an integral part of the selection process for funds invested or produced by Ethias. These investment funds account for 18% of outstanding amounts.

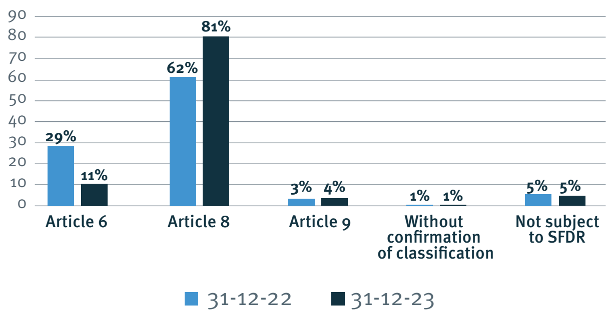
Our selection process for external managers and their investment funds includes an analysis of the consistency of their ESG policy, the quality of their teams, the quality of their reporting, their track record on these strategies, as well as their local initiatives or commitments. On this point, for example, being a signatory of the UN PRI is a prerequisite.

For internal investment funds, ESG assessment is carried out through transparency, which makes it possible to reconstitute each fund line held and to analyse the issuer.

Moreover, the entry into force of the European SFDR (*Sustainable Finance Disclosure* Regulation) has accelerated the exchange of information between external fund managers and Ethias. Managers must communicate transparently on the inclusion of ESG criteria in their investment process. In this context, most of them have explained the classification of their fund in article 6, 8 or 9 according to the degree of consideration of sustainability factors.

The breakdown of funds invested by Ethias – 18% of assets under management –; according to the SFDR classification is as follows

ISSUERS EXCLUDED FROM ETHIAS' INVESTMENT UNIVERSE



In thousand euros, in market value	Investment funds	
	31 December 2023	31 December 2022
Article 6	327	699
Article 8	2.492	1.498
Article 9	111	84
Without confirmation of classification	19	16
Not subject to SFDR	146	132
TOTAL	**3.094**	**2.430**

Non-listed asset funds such as private debt or private equity also allow Ethias to deploy investments with an ESG angle even more directly. Two strategies recently deployed via non-listed funds are worth mentioning:

- The private debt strategy with ESG ratchets such as Eiffel Impact Debt which grants loans to companies whose level of remuneration is dependent on ESG indicators that generate a penalty or a bonus.
- The infrastructure strategy in both debt and equity finances projects related to soft mobility, green energy assets, assets with a social angle such as access to fiber optics or personal care services.

Ethias is constantly increasing the proportion of its investments in these economically relevant strategies, with a focus that is strongly linked to its ESG goals. The same is true of our selection of listed funds. Ethias invests in a wide range of sustainable funds, most of which publish information that complies at least with article 8 of the SFDR.

10.5. Physical and transition risks associated with investments

The transition and climate risks of an investment portfolio are very important to take into account in Ethias' risk management. Climate change is creating financial risks for companies, particularly in terms of the transition to a low-carbon economy, and these risks can have an impact on the value of investments.

Ethias has assessed the potential impact of climate change on its investments in 2023. Companies exposed to these risks require a more in-depth analysis. This is why Ethias seeks to invest in companies that are better prepared to face these risks, such as those with a clear strategy for reducing their carbon footprint and adapting to climate change.

In addition, preventing and mitigating climate change risks can also create financial risks for investors. Ethias integrates transition and climate risks into its investment process and takes steps to minimise these risks.

10.6. Investment indicators

The main ESG indicators related to Ethias SA's financial assets are presented below. These indicators are the result of aggregating MSCI coverage data.

	2023	
Private issuers	**Indicator**	**Percentage of coverage**
Average extra-financial rating (MSCI scale)	AA (7.5)	45%
Breakdown of ratings within the MSCI universe		
- Leader (AAA and AA)	65,2%	
- Average (A, BBB and BB)	34,1%	
- Laggard (B and CCC)	0,7%	
Greenhouse gas (GHG) emissions financed		
- Net emissions for scope 1 and 2 (tonnes eq. CO2)	103.629	32%
- Net emissions for scope 1, 2 and 3 (tonnes eq. CO2)	628.263	32%
- Footprint for scope 1 and 2 (tonnes eq. CO2 / M€ invested)	42	32%
- Footprint for scope 1, 2 and 3 (tonnes eq. CO2 / M€ invested)	252	32%
- Footprint for scope 1 and 2 (tonnes eq. CO2 / M€ turnover)	74	45%
- Footprint for scope 1, 2 and 3 (tonnes eq. CO2 / M€ turnover)	763	45%
Other indicators		
- Representation of women on Boards of Directors (average in %)	40%	39%
- Independent directors (average in %)	81%	38%
Sovereign and similar issuers		
Average extra-financial rating (MSCI scale)	A (5,9)	89%
Breakdown of ratings within the MSCI universe		
- Leader (AAA and AA)	4,6%	
- Average (A, BBB and BB)	95,4%	
- Laggard (B and CCC)	0,0%	
Greenhouse gas (GHG) emissions financed		
- Net emissions for scope 1 (tonnes eq. CO2)	1.210.870	78%
- Intensity for scope 1 (tonnes eq. CO2/ GDP unadjusted)	246	78%
Investment funds		
Average extra-financial rating (MSCI scale of 1 to 10 for funds)	8,3	40%

End 2023, the average rating of these corporate issuers covered by MSCI is 7.5/10, (+0.2% compared to 2022) equivalent to an extra-financial rating of AA. This good performance can be explained by the fact that Ethias, thanks to its policy excluding activities linked to fossil fuels, invests to a limited extent in sectors where environmental risk is more heavily weighted than social or governance criteria. In 2023, investments were made in companies, when covered by MSCI, only classified in the "Leader" or "Average" categories.

End of 2023, the average rating of sovereign issuers is 5.9/10, equivalent to an extra-financial rating of A. Within this scope, the percentage of assets under management for which MSCI data is available is 89%. The average rating of Ethias' sovereign issuers is aligned with that of Belgium, i.e. A. As a direct consequence of our strict exclusion policy, Ethias invests only in countries, when covered by MSCI, classified in the "Leader" or "Average" categories.

10.7. Green bond issue

Ethias successfully closed its first Green Bond issue for a total of EUR 250 million in April 2023. This issue, which is part of Ethias' sustainable and responsible investment strategy, will enable the company to continue investing in the Belgian economy while strengthening its alignment with its ESG strategy. This bond issue also enables Ethias to diversify its Tier 2 loan maturities, which is a win-win situation for the company, investors and the environment.

Ethias has already invested almost all the funds raised by 12/31/2023, demonstrating its commitment to financing concrete projects with a positive environmental impact, such as sustainable real estate and renewable energies.

Lastly, Ethias will publish a detailed report on the use of funds from the green bond issued in April 2023. This report will track the use of these funds in line with the ICMA (International Capital Market Association) principles for green bonds.

10.8. Investments in the Belgian economy

As a Belgian institutional investor with close ties to local, regional and federal governments and as the leading insurer of local public entities, Ethias allocates a significant part of its investments to the economic support of all public actors in the country. Ethias is now recognised in the market as a player that can meet the financing needs of infrastructure, real estate and private-public partnerships projects in Belgium.

The investments are diversified across local, regional and federal actors, as well as across asset classes. Investing in the Belgian economy and enabling economic players grow in a sustainable manner is clearly part of Ethias' strategy of investment and local and responsible development.

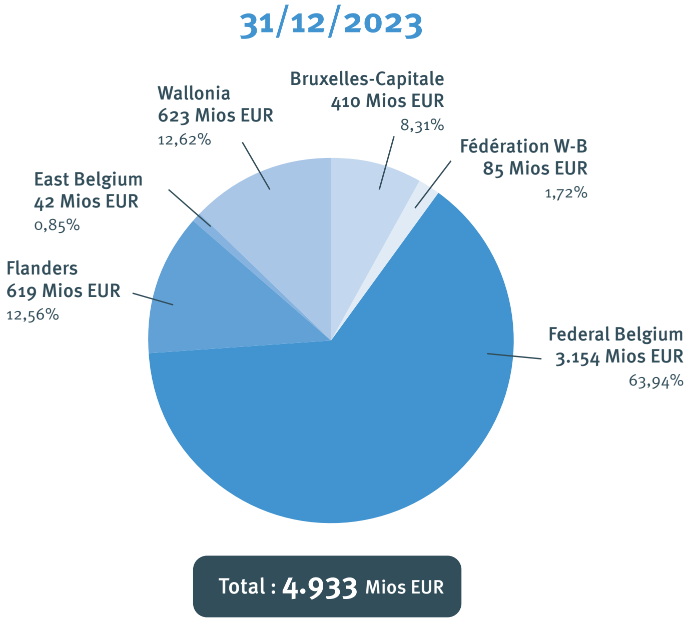
Ethias invests EUR 4,933 million (out of EUR 14.8 billion of assets under management, excluding unit-linked contracts) in the Belgian economy, including 60 % in the public sector.

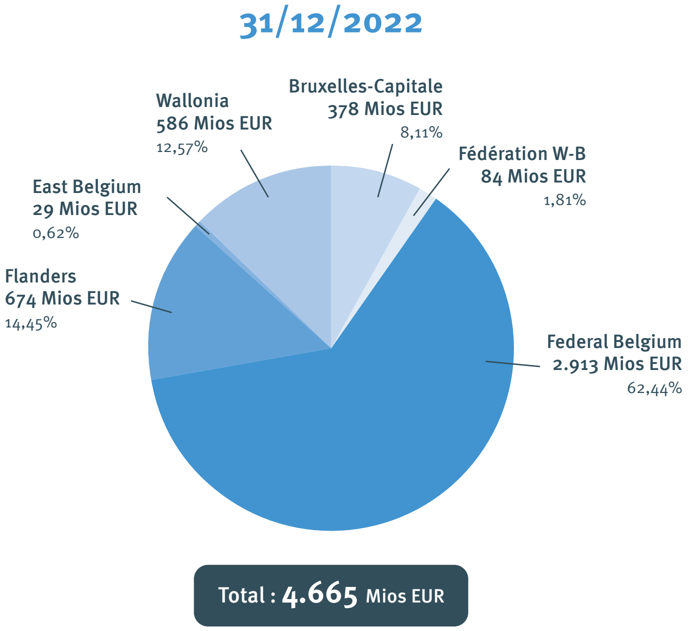
In EUR million	Fair value of investments in the Belgian economic fabric as at 31/12/2023	Fair value of investments in the Belgian economic fabric as at 31/12/2022
Shares	650	418
Equities	226	314
Government bonds	2.043	2.176
Corporate bonds	381	313
Investment properties	725	738
Mortgage loans	302	263
Alternative investments	603	403
Cash and cash equivalents	5	40
Total	**4.933**	**4.665**

In 2023, Ethias kept investing in the Belgian private equity market, both in real estate and in alternative investments. The share of investments in the Belgian economy has increased mainly through alternative investments and mortgage loans. Among alternative investments, Ethias continued to provide financial support to several federal and regional investment bodies. With this in mind, the company has invested in the Fluxys Group, a major emerging player in green hydrogen transport. The decrease in government and corporate bonds is mainly due to the effect of rising interest rates on the market value of these bonds and reimbursements.

It should be noted that the methodology for determining the scope of assets invested in the Belgian economy was reviewed in 2023. Figures at 12/31/2022 have been reassessed accordingly.

ETHIAS CONTRIBUTES TO ECONOMIC DEVELOPMENT THROUGHOUT BELGIUM





Ethias, the insurer that believes and invest in the Belgian economy with a multiplier effect!

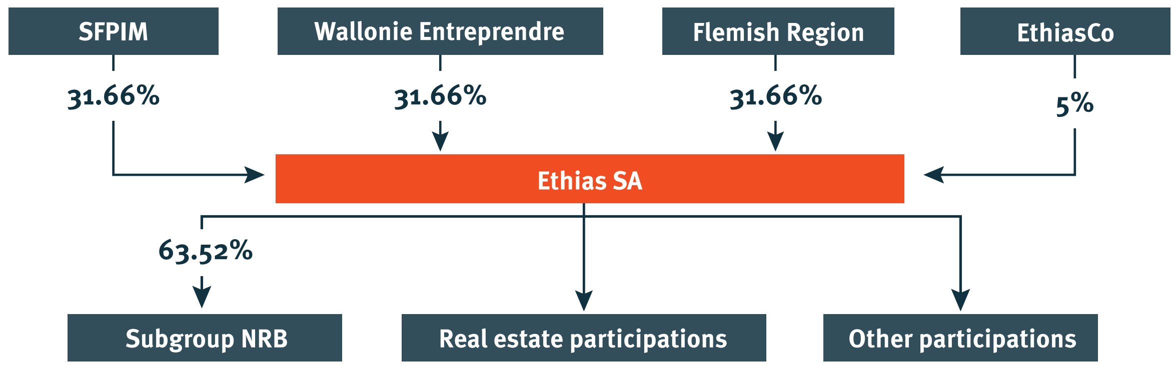
With the support of its public shareholders, Ethias plays the role of economic player at the service of Belgian economic development. Through its activities, the company leverages the public investment for the benefit of the economy, with a multiplier effect:

- By using the premiums income, a large proportion of which is invested in Belgium every year. As of today, Ethias invests EUR 5 billion in the Belgian economy (1st multiplier effect).
- By allocating capital to support structures such as Fluxys, VEH, GoFiber or CityForward, Ethias attracts other investors (2nd multiplier effect).
- Finally, at the end of the insurance and investment cycle, Ethias pays its shareholders a dividend that can be reinvested it in public policies. (3rd multiplier effect)

There is more to Ethias' DNA than simply providing insurance services. That is why Ethias must be seen as an economic player that contributes to the country's long-term economic growth, which can sometimes supplement other federal and regional investment tools.

11. Governance

11.1. Legal structure



Ethias SA is held by the SFPIM, by Wallonie Entreprendre, by the Flemish Region and by EthiasCo (historical shareholder).

EthiasCo's main purpose is to hold and manage shareholdings, including Ethias SA, Ethias Services, Socofe, Vlaamse Energie Holding, Green4You and Fluxys (the last four being active in the energy sector).

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

It is also the shareholder of several companies in the group, including Ethias Services (a service company specializing in pension insurance in particular), Ethias Ventures (investment in innovative insurance-related start-ups), Ethias Lease (electric leasing company); NRB (IT company), IMA Benelux (service company specializing in assistance), Green4You (installation and maintenance of renewable energy production equipment), Glasfaser Ostbelgien (development of the fibre optic network in the German-speaking Community) and various real estate subsidiaries.

11.2. Governance structure and composition of governing bodies[1]

11.2.1 Composition of the bodies

11.2.1.1 The Executive Committee

Name	Function
Philippe Lallemand	Chairman - Chief Executive Officer
Wilfried Neven	Vice-President- Chief Customer Experience Officer
Nicolas Dumazy	Member - Chief Strategy & Data Officer
Maryline Serafin	Member - Chief Financial Officer
Benoît-Laurent Yerna	Member - Chief Risk Officer
Luc Kranzen	Member - Chief Claims & Delight Officer
Joris Laenen	Member - Chief Investment & Life Officer
Izabella Molnar	Member - Chief Digital & Transformation Officer

11.2.1.2 The Board of Directors

Name	Function
Myriam Van Varenbergh	Chair
Jacques Braggaar	Director
Marc Descheemaecker	Director
Kathleen Desmedt	Director
Olivier Henin	Director
Ingrid Loos	(Independent) Director
Claude Melen	(Independent) Director
Marc Meurant	Director
Philip Neyt	Director

1 Situation as of 31/12/2023

Name	Function
Anne-Marie Seeuws	(Independent) Director until May 17, 2023
Karl Van Borm	Director
Dewi Van de Vyver	(Independent) Director from May 17, 2023
Bruno van Lierde	(Independent) Director
Philippe Lallemand	Director
Wilfried Neven	Director
Maryline Serafin	Director
Benoît-Laurent Yerna	Director

11.2.1.3 The Audit and Risk Committee

Name	Function
Bruno van Lierde	Chairman
Marc Descheemaecker	Member
Ingrid Loos	(Independent) Member
Claude Melen	(Independent) Member
Marc Meurant	Member
Dewi Van De Vyver	(Independent) Member from May 17, 2023

11.2.1.4 The Appointments and Remuneration Committee

Name	Function
Myriam Van Varenbergh	Chair
Jacques Braggaar	Member
Olivier Henin	Member
Anne-Marie Seeuws	(Independent) Member until May 17, 2023
Dewi Van De Vyver	(Independent) Member from May 17, 2023

11.2.1.5 The Statutory Auditor

PwC – Réviseurs d'entreprises SRL
Culliganlaan 5 – B-1831 Diegem
Represented by T. Meuleman, Accredited Auditor A01894 - Appointed for fiscal years 2023, 2024 and 2025.

11.2.2 Justification for the independence and competence of the members of the Audit and Risk Committee of Ethias SA

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

The Audit and Risk Committee is chaired by Bruno van Lierde and is also composed of Marc Descheemaecker, Ingrid Loos, Claude Melen, Marc Meurant et Dewi Van De Vyver (since June 1 2023).

Mr. van Lierde is a graduate in law and economics (UC Louvain), and has completed the Stanford Executive Programme. He has extensive experience in financial services, having advised, as Senior Partner and Managing Director of the Boston Consulting Group, the general management of banks and insurance companies on strategy, mergers and acquisitions, organisation, major change and performance improvement programmes. He was Professor of Strategy at the Solvay Brussels School of Economics and Management. He is Chairman of the Boards of Lloyd's Insurance Company, Sopartec, Tempora and Cliniques de l'Europe. He is also a member of the Boards of The Ring Ring Company, Vives Inter University Fund and the non-profit organisation H. Uni, and Managing Director of SMA. He is also a member of the Audit and Risks Committee and a director of NRB. M. Van Lierde also meets the independence criteria set out in article 15 §1 of the law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings.

Mr. Descheemaecker has a degree in applied economics and a post-graduate degree in European Economic Studies. He was executive vice-president of the ISS Group, managing director of ISS Belgium, Director of Vitrufin (liquidated on 25/10/2019), chairman of the board of directors of Brussels Airport Company, managing director, director and chairman of the SNCB/NMBS Audit Committee and director of the EIB and the EIF. He is currently chairman of the Board of Directors of Lijncom and Lantis, vice chairman of the Board of Directors of De Lijn, and director of GIMV, Ecorys and Tunnel Liefkenshoek. He is also a member of the Audit and Risk Committee and a director of NRB.

Ms. Loos holds a degree in applied economics, a master in economics and a master in change management (Sioo - University of Utrecht-Amsterdam). She has made a career in the financial sector by holding senior positions in credit granting, financial engineering, risk management and internal audit. She was Secretary-General of the Fortis Group. She was also a director at PwC Belgium Advisory, where she was involved in corporate governance issues. Ms. Loos is also an independent member of the Audit Committee of the "Groep Stad Antwerpen" (City of Antwerp) and a director of the University of Antwerp. She also meets the independence criteria set out in article 15, 94° of the law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings.

Ms. Melen holds a master in financial management and a specialisation analysis, controlling and audit. She is currently director and chairman of the Audit Committee of Brussels South Charleroi Airport, as well as director and member of the Audit Committee of Crelan, AXA Bank, CrelanCo and Luminus SA. Originally from the Belgian Court of Audit, she is currently Strategic Project Manager at UNMS. She also meets the independence criteria set out in article 15, 94° of the law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings.

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

Ms. Van De Vyver holds a Master's degree in Communications from the University of Antwerp and a European Master's degree in Law & Economics from Ghent University. She also holds several certificates in ICT management, digital transformation and sustainability. She began her career as an ICT project manager before becoming co-founder and CEO of Flow Pilots, an IT services company. In 2020, she founded her own consultancy firm delivering strategy services for start-ups and scale-ups, go-to-market strategy and digital transformation. After selling Flow Pilots in 2022, she takes on a new challenge as co-founder and CEO of EFFEX, a KU Leuven spin-off that helps innovative companies improve their products. She is also a director of Thomas More Hogeschool, Proviron Holding, Voka and a member of the STEM Advisory Board. Ms. Van De Vyver also meets the independence criteria set out in article 15 §1 of the law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings.

11.2.3 Justification for the competence of the members of the Appointments and Remuneration Committee of Ethias SA

The Appointments and Remuneration Committee is composed of four non-executive directors. It is chaired by Myriam Van Varenbergh, Chairman of the Board of Directors, and also includes Anne-Marie Seeuws (until May 17, 2023), Jacques Braggaar, Olivier Henin and Dewi Van De Vyver (from June 1, 2023, replacing Anne-Marie Seeuws).

Ms. Van Varenbergh holds a law degree, a specialisation in tax law and an additional degree in corporate law, as well as a degree in forensic medicine. She also briefly followed studies in the United States. Ms. Van Varenbergh has been a Board member of NRB NV and the LUCA School of Arts for several years. She was a member of the Superior Council of Justice, of the Notary Nomination Commission and of the Flemish Council for Electoral Disputes. She was chair of the Council for Equal Opportunities between Men and Women, a board member of the Flemish Regulator for the Media, of Fluidda NV, of Vandenbussche NV, etc. She was also a board member / member of the executive committee of Vitrufin (liquidated on 25/10/2019).

Ms. Seeuws has a degree in applied economics. She has acquired solid experience in the insurance world, having been a director-member of the Executive Committee of Baloise Insurance, a director of Euromex Insurance, a director-member and then chair of the Executive Committee of Nateus Life Insurance, Nateus Insurance, Audi Insurance and a director of Nateus Netherlands and Korfina Insurance. She also meets the independence criteria set out in article 15, 94° of the law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings. Her term of office as a director of Ethias SA expired at the Annual General Meeting on May 17, 2023.

Mr. Braggaar holds a bachelor's degree in law and master's degree in criminology from ULiège. He held the position of Head of HR-Budget in various ministerial offices. He was Deputy General Secretary and member of the Executive Committee of the Union Nationale des Mutualités Socialistes. At the Direction Générale, he coordinated human resources management and was director of several ASBLs linked to the mutualist network. He was also a director and member of the Société Wallonne des Aéroports' Nomination and Remuneration Committee. He was a government auditor for Wallimage SA and Wallimage Entreprises. After serving as General Secretary of the Socialist Party, he is currently Political Secretary of the Socialist Party in the French Senate. He is also a member of the General Assembly of Solidaris Wallonie. Mr. Braggaar has a thorough knowledge of Ethias, having been a director of SMAP, then of Ethias Droit Commun (now EthiasCo) and of Vitrufin (liquidated on 25/10/2019).

Mr. Henin is licensed in law and holds a DEA in economic law. He was Cabinet Director of various Ministers, director of the European Investment Bank, representative of the Minister of Finance on the NBB's Council of Regency, government commissioner on the Board of Directors of the Deposit and Financial Instrument Protection Fund, CFO of the SNCB/NMBS, director of Thi Factory, Eurogare, Lineas and Brussels Airport Company. He is currently vice-chairman of the Board of Directors and member of the Strategic Committee of the SFPI, director and CFO of Sabena Aerospace Engineering and of Orizio, director of SABCA and OfficeHub and independent director of Dôme Invest and of Stemme Belgium. Mr. Henin is also a director of EthiasCo.

Ms. Van De Vyver holds a Master's degree in Communications from the University of Antwerp and a European Master's degree in Law & Economics from Ghent University. She also holds several certificates in ICT management, digital transformation and sustainability. She began her career as an ICT project manager before becoming co-founder and CEO of Flow Pilots, an IT services company. In 2020, she founded her own consultancy firm delivering strategy services for start-ups and scale-ups, go-to-market strategy and digital transformation. After selling Flow Pilots in 2022, she takes on a new challenge as co-founder and CEO of EFFEX, a KU Leuven spin-off that helps innovative companies improve their products. She is also a director of Thomas More Hogeschool, Proviron Holding, Voka and a member of the STEM Advisory Board. Ms. Van De Vyver also meets the independence criteria set out in article 15 §1 of the law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings.

11.2.4 External offices exercised by the leaders of the Group

In accordance with Article 83 of the Law of March 13, 2016 on the status and supervision of insurance or reinsurance undertakings ("Solvency II Law"), the NBB Regulation of November 9, 2021 and the Communication NBB_2022_19 on the exercise of external functions by managers and persons responsible for independent control functions of regulated companies, Ethias SA publishes in its annual management report the list of the external functions exercised by its non-executive directors, its members of the Executive Committee and its members of the Management Meeting of band H.

11.2.4.1 Directors of Ethias SA

Name	Company	Registered office	Field of activity	Office exercised
Descheemaecker Marc	GIMV	Karel Oomsstraat 37, 2018 Antwerpen	Investment company	Director and member of the Audit & Risk Committee
	De Lijn	Motstraat 20, 2800 Mechelen	Public transport	Vice-Chairman of the Board of Directors, member of the Audit & Risk Committee and member of the Appointments & Remuneration Committee
	Lijncom	Heusdenbaan 46 bus 2 - 9090 Melle	Tramway and bus advertisement	Chairman of the Board of Directors
	Lantis	Sint-Pietersvliet 7 – 2000 Antwerpen	Mobility	Chairman of the Board of Directors, member of the Appointments & Remuneration Committee
	Ecorys	Watermanweg 44 - 3067 GG Rotterdam	Counsel (public sector, security, justice, etc.)	Director, member of the Audit & Risk Committee
	Tunnel Liefkenshoek	Sint-Annalaan 1 - 9130 Kallo	Liefkenshoek tunnel management	Director
	NRB	Zoning industriel des Hauts-Sarts 2ème av.65, 4040 Herstal	Auxiliary services company	Director, member of the Audit & Risk Committee
Henin Olivier	Fedimmo	Cantersteen 47, 1000 Bruxelles	Property management	Chairman of the Board of Directors
	SFPIM	Avenue Louise 54/1, 1050 Bruxelles	Investment company	Vice-Chairman of the Board of Directors, member of the Strategy Committee
	OfficeHub	Cantersteen 77, 1000 Bruxelles	Real estate company	Director
	Sabena Engineering	Avenue E. Mounier 2, 1200 Bruxelles	Aeronautical and space maintenance	Director and CFO
	EthiasCo	Rue des Croisiers 24, 4000 Liège	Investment company	Director
	And One Management	Place Sainte-Begge 5, 5300 Andenne	Management company	Managing director
	Orizio	Avenue E. Mounier 2, 1200 Bruxelles	Investment company	Director and CFO
	SABCA	Chaussée de Haecht 1470, 1130 Bruxelles	Aeronautics	Director
	Dôme Invest	Rue des Olympiades 2, 6000 Charleroi	Investment company	Independent director
	Stemme Belgium	Rue Capt. Aviateur Jacquet 44, 5020 Namur	Aeronautics	Independent director
Loos Ingrid	Universiteit Antwerpen	Prinsstraat 13, 2000 Antwerpen	Education	Director
Melen Claude	Brussels South Charleroi Airport	Rue des Frères Wright 8, 6041 Charleroi	Air transport	Director, chairman of the Audit & Risk Committee
	Crelan (Crelan SA & Axa banque)	Boulevard Sylvain Depuis 251, 1070 Bruxelles	Credit institution	Director and member of the Audit & Risk Committee
	CrelanCo	Boulevard Sylvain Depuis 251, 1070 Bruxelles	Credit institution	Director
	Luminus	Boulevard du Roi Albert II, 7 - 1210 Bruxelles	Production and supply of gas and electricity	Non-executive Director and member of the Audit & Risk Committee
Meurant Marc	Smart Plan	Rue de Linthout 120, 1040 Bruxelles	Company whose activity is an extension of the insurance business	Chairman of the Board of Directors
	M.M.H.	Boulevard A. de Fontaine 15, 6000 Charleroi	Insurance company	Executive director and risk manager
	Bessonnat	Rue Jean Piret 1B, L-2350 Luxembourg	Investment company	Chairman of the Board of Directors
	Scottish Widows Europe	Avenue du Bois 1, L-1251 Luxembourg	Insurance company	Non-executive Director, chairman of the Audit & Risk Committee
	Amifor	Boulevard Bischoffsheim 1-8, Boîte 3, 1000 Bruxelles	Insurance company	Chairman of the Board of Directors
	CPH Life	Rue Perdue 7, 7500 Tournai	Insurance company	Non-executive Director
	The Ring Ring Company	Culliganlaan 2/F - B9, 1831 Diegem	Communication	Non-executive Director
	Koramic Finance	Kapel ter Bede 84, 8500 Kortrijk	Investment company	Non-executive Director

Name	Company	Registered office	Field of activity	Office exercised
Neyt Philipp	BNP Paribas B Invest	Rue Montagne du Parc 3, 1000 Bruxelles	Undertaking for investment in receivables	Independent director
	BNP Paribas B Strategy	Rue Montagne du Parc 3, 1000 Bruxelles	Undertaking for investment in receivables	Independent director
	Curalia	Rue des Deux Eglises 33, 1000 Bruxelles	Insurance company	Director
	Vladubel	Avenue du Port 2, 1080 Bruxelles	Undertaking for investment in receivables	Director
	PensioenInvest	Esplanade Heysel 1, PB 94, 1020 Bruxelles	Management company	Manager
	Ghelamco Invest	Zwaanhofweg 10, 8900 Ieper	Real estate investment company	Director
Van Borm Karl	EthiasCo	Rue des Croisiers 24, 4000 Liège	Investment company	Director, member of the Audit & Risk Committee
Van De Vyver Dewi	The Dewi Corp.	Stenenmolenlaan 21, 2890 Puurs-Sint-Amands	Management company	Director (full-time employee job)
	Proviron Holding	Georges Gilliotstraat 60, 2620 Hemiksem	Holding company	Non-executive Director
	EFFEX	Tessenstraat 5 bus 27, 3000 Leuven	Statistical IT platform	Director and CEO
Van Lierde Bruno	SMA	Avenue Hamoir 24B, 1180 Bruxelles	Management company	Managing director
	Sopartec	Place de l'université 1, 1348 Louvain-la-Neuve	Investment company	Chairman of the Board of Directors, chairman of the Appointments & Remuneration Committee
	Tempora	Rue des Anciens Etangs 44-46, 1190 Bruxelles	Design and management of exhibitions and cultural sites	Chairman of the Board of Directors
	Buy Way	Boulevard Baudouin 29 bte 2, 1000 Bruxelles	Credit institution	Chairman of the Board of Directors, chairman of the Appointments & Remuneration Committee
	Inventures II SDG Growth	Avenue des Arts 56, 1000 Bruxelles	Undertaking for investment in receivables	Chairman of the Board of Directors, member of the invest-ment committee
	NRB	Zoning industriel des Hauts-Sarts 2ème av. 65, 4040 Herstal	Auxiliary services company	Director, member of the Audit & Risk Committee
	Vives Inter University Fund	Place de l'université 16 bte 27, 1348 Louvain-la-Neuve	Investment company	Director
	Lloyd's Insurance Company	Bastion Tower, Etages 13&14, Place du Champ de Mars 5, 1050 Bruxelles	Insurance company	Chairman of the Board of Directors, member of the Audit & Risk Committee and chairman of the Appointments & Remuneration Committee
	The Ring Ring Company	Culliganlaan 2/F - B9, 1831 Diegem	Communication	Director
Van Varenbergh Myriam	NRB	Zoning industriel des Hauts-Sarts 2ème av. 65, 4040 Herstal	Auxiliary services company	Director, member of the Appointments & Remuneration Committee

11.2.4.2 Effective leaders of Ethias SA

Name	Company	Registered office	Field of activity	Office exercised
Lallemand Philippe (CEO)	Safran Aero Boosters	Route de Liers 121, 4041 Herstal	Aircraft and space construction	Director
	Ethias Pension Fund	Rue des Croisiers 24, 4000 Liège	Investment company	Chairman of the Board of Directors
	NRB	Zoning industriel des Hauts-Sarts 2ème av. 65, 4040 Herstal	Auxiliary services company	Chairman of the Board of Directors, chairman of the Appointments & Remuneration Committee
	Assuralia	Square de Meeûs 29, 1000 Bruxelles	Insurance	Member of the Executive Committee and Director
	Socofe	Avenue Maurice Destenay 13 bte 2, 4000 Liège	Investment company	Director
	NEB Participations	Rue Louvrex 95, 4000 Liège	Holding company	Director
	NEB Foncière	Rue Louvrex 95, 4000 Liège	Real estate company	Director
	IMA Benelux	Square des Conduites d'Eau 11-12, 4031 Liège	Company whose activity is an extension of the insurance business	Director
Neven Wilfried (Vice CEO, CXO)	Xior Student Housing	Mechelsesteenweg 34, 2018 Antwerpen	Real estate company	Chairman of the Board of Directors, member of the Audit & Risk Committee and member of the Appointments & Remuneration Committee
	Ethias Services	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director
	Ethias Ventures	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director
	Ethias Lease Corporation	Boulevard Bischoffsheim 15, 1000 Bruxelles	Investment company	Director
Dumazy Nicolas (CSDO)	Noshaq	Rue Lambert Lombard 3, 4000 Liège	Investment company	Director and member of the Audit & Risk Committee
	IMA Benelux	Square des Conduites d'Eau 11-12, 4031 Liège	Company whose activity is an extension of the insurance business	Director, chairman of the Audit & Risk Committee
	Ethias Services	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director
	Ethias Ventures	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Chairman of the Board of Directors
Kranzen Luc (CCDO)	Ethias Services	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Chairman of the Board of Directors
	IMA Benelux	Square des Conduites d'Eau 11-12, 4031 Liège	Company whose activity is an extension of the insurance business	Director
Laenen Joris (CILO)	GIMV Health & Care Partners	Karel Oomsstraat 37, 2018 Antwerpen	Investment company	Director
	DG Infra Yield	Karel Oomsstraat 37, 2018 Antwerpen	Investment company	Director
	Ethias Pension Fund	Rue des Croisiers 24, 4000 Liège	Investment company	Director
	Ethias Ventures	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director
	Ethias Lease Corporation	Boulevard Bischoffsheim 15, 1000 Bruxelles	Investment company	Director
	Smartfin Capital II	Priester Cuypersstraat 3 1040 Etterbeek	Investment company	Member of the shareholders advisory board
Molnar Izabella (CDTO)	Ethias Ventures	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director and member of the Technical Committee

Name	Company	Registered office	Field of activity	Office exercised
Serafin Maryline (CFO)	NRB	Zoning industriel des Hauts-Sarts $2^{\text{ème}}$ av.65, 4040 Herstal	Auxiliary services company	Director
	Ethias Services	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director
	Glasfaser Ostbelgien (GO Fiber)	Klötzerbahn 24, 4700 Eupen	Fiber-optic network	Director
Yerna Benoît-Laurent (CRO)	Ethias Pension Fund	Rue des Croisiers 24, 4000 Liège	Investment company	Director
	Liège Airport	Aéroport de Liège, Bât 44, 4460 Grâce-Hollogne	Air transport	Director and member of the Audit & Risk Committee
	NEB Participations	Rue Louvrex 95, 4000 Liège	Holding company	Director
	NEB Foncière	Rue Louvrex 95, 4000 Liège	Real estate company	Director
	Ethias Ventures	Rue des Croisiers 24, 4000 Liège	Auxiliary services company	Director and member of the Investment Committee
	NRB	Zoning industriel des Hauts-Sarts $2^{\text{ème}}$ av.65, 4040 Herstal	Auxiliary services company	Director
	Ethias Lease Corporation	Boulevard Bischoffsheim 15, 1000 Bruxelles	Investment company	Director

11.2.4.3 Members of Ethias SA's Management

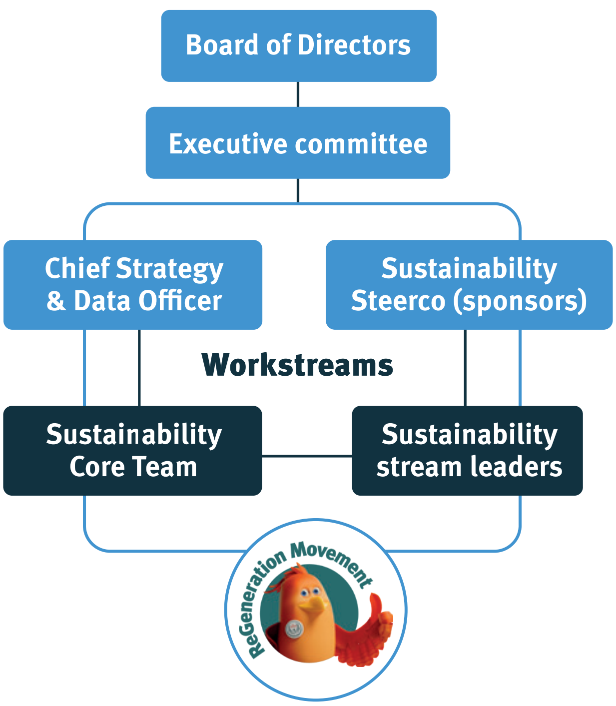
Name	Company	Registered office	Field of activity	Office exercised
Balisteri Julien (Chief People & Organization Officer)	Ethias Lease Corporation	Boulevard Bischoffsheim 15, 1000 Bruxelles	Investment company	Chairman of the Board of Directors
	Ethias Lease	Prins-Bisschopssingel 73, 3500 Hasselt	Other	Chairman of the Board of Directors
Bernier Bertrand (Head of Asset Management)	Ethias Sustainable Investment Fund	Rue des Croisiers 24, 4000 Liège	Investment company	Director
	Boosting.brussels by finance&invest.Brussels	Rue aux Laines 70, 1000 Bruxelles	Investment company	Director
	Finance&Invest.Brussels (SRIB SA)	Rue aux Laines 70, 1000 Bruxelles	Investment company	Director
	Veran Real Estate CY	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	UP 38	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Sagitta	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Real Goed Invest	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Lothian Developments IV	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Koala	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Jan Dockx	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Immo Vivegnis	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Immo Hofveld	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Het Gehucht	Rue des Croisiers 24, 4000 Liège	Investment company	Chairman of the Board of Directors
	Foncière du Berlaymont	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Ethias Patrimoine	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Bora	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors

Name	Company	Registered office	Field of activity	Office exercised
Bernier Bertrand (Head of Asset Management)	Ariane Real Estate	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Archeion	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Ankaret Invest	Rue des Croisiers 24, 4000 Liège	Asset management company	Chairman of the Board of Directors
	Weerts Logistic Parks Holding	Heersterveldweg 11, 3700 Tongres	Asset management company	Director
	Ariane Building	Place Saint-Jacques 11 bte 104, 4000 Liège	Asset management company	Director
	Zabrixx I	Antoon Catriestraat, 8A, Gand (9031)	Investment fund	Director
	UKOT Liège	Rue des Anglais 6A, 4430 Ans	Asset management company	Director
Renard Régis (Head of Actuary & Data)	R4C	Avenue des Evaux 3, 1341 Ottignies-Louvain-la-Neuve	Management company	Manager
Xhonneux Dominique (Head of Risk Management)	Amerigo	Avenue Maurice Destenay 13, 4000 Liège	Investment company	Director

11.3. Cross-company and participatory approach to sustainability[1]

To build, manage and drive its Sustainability strategy, Ethias relies on cross-functional, participative governance.

The central Sustainability team steers the strategy and ensures its integration into all the company's activities and at group level.



Based on the sustainability impacts identified in the various departments, internal **workstreams** have been set up. These workstreams work with the central Sustainability team to draw up action plans for the strategy in line with their business or department, and are responsible for its implementation. These workstreams meet once every six weeks in **Stream Lead Meetings** to discuss progress on the roadmaps and current issues relating to the Sustainability strategy.

In addition, **ad hoc working groups** are set up if needed in order to deal with cross-functional issues, for better coordinating the company's ongoing Sustainability Strategy projects.

Finally, good governance requires both top-down and bottom-up involvement. For the strategy to spread throughout the company, it needs the support of both Top and Senior Management, as well as employees. Sustainability strategy, action plans and progress are regularly discussed at various levels within the company:

- The **Board of Directors** validates the company's strategy, with sustainability at its core, and regularly reviews its progress; In this respect, it is specified that the members of the Board of Directors must collectively be in a position to understand the activities of Ethias SA, including the principal risks to which it is exposed. They must have a collective knowledge and experience of environmental and climatic risks in particular. The collective expertise criteria are detailed in the competency matrices created and updated by the Appointments and Remuneration Committee. There are 16 directors, including 4 executive directors, 4 inde-

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

pendent directors and 6 women (pursuant to Article 7:86 of the Belgian Code on Companies and Associations). The composition of the Board of Directors also respects linguistic parity.

- The Sustainability strategy is also discussed on a quarterly and ad hoc basis at **Executive Committee** meetings. In addition, each member of the Executive Committee also receives an individual Sustainability target, on which a percentage of his or her variable compensation depends. Since December 2021, the Management Committee has comprised 8 individuals (6 men - 2 women), four of whom are directors. The composition of the Management Committee also respects linguistic parity.
- A **Sustainability Steering Committee** meets quarterly with management to review the various workstreams and redirect them where necessary. It meets under the supervision of the Chief Strategy & Data Officer.
- An **Ethics Committee** was set up in 2003, as an offshoot of the Works Council. It deals with corporate ethics and social responsibility issues, and operates on the basis of shared responsibility between unions and management. The council assesses the progress of the sustainability strategy and can also give opinions or recommendations related to sustainability;
- **Employees** meet within the ReGeneration Movement, an internal community of people committed to and passionate about sustainability. They take on a wide range of initiatives and provide input for internal workgroups.

This structure enables Ethias to make ambitious commitments, develop relevant policies, and implement impactful actions and projects.

Sustainability goes hand in hand with robust governance to enable:

(1) relationships of trust with all our stakeholders through authentic communication and transparent reporting;

(2) an active role as a responsible insurer in communities of experts and initiatives to advance sustainability;

(3) ESG integration at all levels of corporate governance.

Main policies, charters and codes naturally include those relating to ethics and responsible business conduct. Together, these documents guarantee compliance with sustainability principles.

- Ethias Group Code of Ethics;
- Social-Ethical Code;
- Responsible Procurement Policy;
- Responsible Procurement Charter;
- Anti-corruption policy;
- Integrity Policy;
- Whistleblowing Policy;
- Conflict of interest Policy;
- Policy on the prevention of money laundering and terrorist financing;
- Code of ethics.

All commitments and principles described here are formalised in our policies, charters and codes on our website: https://www.ethias.be/corporate/fr/Sustainability/Vision_Strategie/Sustainability.html

Ethias' ambitions, policies and commitments in terms of governance are concretely reflected in the following projects:

- the members of the Executive Committee of Ethias SA have received a collective bonus target, linked to the reduction of the company's CO2 emissions;
- all members of the Executive Committee have one or more individual ESG-related goals, on which a percentage of their variable compensation depends;
- the inclusion of sustainability criteria in remuneration policies for executives and members of the Executive Committee;
- promoting sustainability throughout the company via the ReGeneration Movement, a community of committed and passionate employees who raise awareness and implement a multitude of projects and activities (corporate sustainability challenges);
- a company-wide awareness-raising and training program for all employees and members of the Executive Committee or Board of Directors (Climate Fresco and creation of a network of in-house facilitators, various sustainabilitytraining courses, etc.);
- the selection of responsible and committed partners, in the choice of suppliers and subcontractors with whom Ethias works, in particular thanks to a charter and a selection policy integrating sustainability criteria;
- the gradual establishment of a network of sustainable repairers and the screening of different partners according to sustainability criteria.

11.4. Due diligence[1]

As part of its sustainability report, Ethias takes into account the results of its due diligence procedures when assessing the impacts, risks and opportunities that are material to its insurance business.

The assessment of these impacts, risks and opportunities takes into account both the company's own activities and any impacts that may occur in the value chain (upstream or downstream).

Below is a summary of how due diligence is integrated into Ethias' action and sustainability reporting.

Essential elements of due diligence	Comments	References, chapters and sections of this report
Integrating due diligence into governance, strategy and business model	Due diligence is an integral part of Ethias' procedures and, in particular, of Ethias' approach described in its Sustainability Framework	Chapters 4 to 11
Collaborate with relevant stakeholders at all stages of due diligence	Involvement with stakeholders as part of the double materiality exercise	Chapter 5
Identifying and assessing negative impacts	The impacts identified are: Direct (own environmental and social impacts) Indirect: • Impacts across the investment portfolio, notably through the definition of principle adverse impacts, • Impacts through products offered to customers • Impacts through suppliers	Chapters 6 to 8 Chapter 10 Chapter 9 Chapter 11.7
Taking steps to solve these negative impacts	Procedures are in place to reinforce positive impacts and reduce negative ones, for example: For investments • Ethical Investment Code • Sustainable and responsible investment policy • Exclusion Policy For suppliers • Responsible Procurement Policy For employees • Diversity Charter • Wellbeing Charter	Chapter 10 Chapters 6.4 and 11.7 Chapter 6
Monitoring and communicating the effectiveness of these efforts	The effectiveness of sustainability procedures and efforts, and the due diligence process, are monitored by the company's governance bodies and communicated through this report	Chapters 6 to 11

11.5. Conducting business[1]

Corporate culture and business conduct policies

Human and ethical values are at the heart of Ethias' identity, as defined in its brand purpose and corporate vision. More broadly, Ethias' corporate culture is implemented by several charters and codes:

- Ethias' commitment to the social economy that recalls Ethias' mission and how it positions itself in relation to its various stakeholders.
- The Code of Social Ethics, which affirms Ethias' commitment to the values of the social economy, defines its fundamental principles in relations with its employees and sets up an Ethics Committee, whose operation is defined in the Code.
- The Group's Ethics Charter defines the fundamental principles of the Ethias Group, sets out the various measures taken to ensure integrity at all levels, both internally and externally, establishes principles in terms of social, societal and environmental responsibility, and organises professional whistle-blowing procedures.
- The Code of Ethics, which sets out the ethical principles to be applied internally and in customer relations.
- The sustainability framework, which describes how sustainability is embedded in Ethias' strategy and governance, reference frameworks, environmental, social and governance policies and actions, as well as in investments, the development of sustainable products and services, and the performance indicators monitored.
- The Well-Being Charter sees as the human being is central to Ethias' values, general principles and concrete procedures are in place to ensure the well-being of employees at work, in line with the sustainable development objectives supported by Ethias. A set of performance indicators has also been defined to measure the concrete impact of this charter.

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

- Diversity Charter: Promoting diversity, equity and inclusion is central to a thriving society. This charter therefore describes the general principles and their link with sustainable development objectives and the concrete actions implemented. Like for well-being, performance indicators have been defined to measure the concrete impact of this charter.

Furthermore, as an insurer operating in a highly regulated sector, it is essential to guarantee high standards of business conduct.

Ethias is committed to conducting their business with the utmost integrity, and expect all employees to behave in an irreproachable professional manner, in compliance with the law, as well as with company values and rules of conduct.

The company's integrity policy provides a frame of reference to guide the actions of each employee, inspire his or her choices and bring the company's values to life on a daily basis.

It is supplemented by various specific policies and charters which are regularly revised to take account of changes in the regulatory context and the company's internal requirements.

Ethias has adopted policies and charters covering its business activities (anti-money laundering, financial sanctions, anti-corruption, tax compliance, free competition, integrity in asset management, respect for the environment), customer relations (duty of care, data protection and privacy, prevention and management of conflicts of interest, respect for partners) or relations within the company (diversity, equal opportunities, respect, duty of discretion, preservation of Ethias' image, use of resources, professional exclusivity). They also cover the rules applicable to the company's governance bodies (notably in terms of composition, Fit & Proper requirements, remuneration, risk management, exercise of external functions, independent control functions, business continuity).

The Board of Directors must promote integrity in the conduct of activities. It approves the integrity policy and ensures that it is appropriate to the company's activities.

The integrity policy is defined by the Management Committee, which ensures that all company employees are aware of it and adhere to it rigorously. To do this, it relies on management, who are responsible for demonstrating by example their adherence to the rules of integrity, helping to understand them and actively promoting their implementation. It is updated every three years (unless major changes need to be incorporated), with an annual review by its editor.

Finally, it is everyone's responsibility to assimilate the principles of this policy and to ensure that their behaviour is consistent with them, to seek advice in case of doubt and to report any non-compliant behaviour. Failure to comply with the obligations set out in this policy constitutes misconduct and may result in sanctions up to and including dismissal for serious misconduct.

Training is a cornerstone of the integrity policy, and essential to its successful implementation.

It aims to make employees aware of the risks associated with non-compliance with the rules of integrity and conduct, to help them adopt appropriate behaviour and to develop a shared culture of integrity.

A program has been set up to give everyone a better understanding of the issues, the risks and the rules to be observed to control them.

The following information is available to the public:

- The Group's ethics charter, which describes all measures relating to integrity and whistle-blowing.
- The Integrity Policy lists rules of conduct applicable within the company.
- The Anti-Corruption Policy defines an anti-corruption program. It sets out management's commitment, risk mapping, risk management and control measures. It complies with the United Nations Convention Against Corruption.
- The Whistleblowing Policy defines what internal and external whistleblowing is, sets out the procedure to be followed and the people to be contacted, and provides for the protection of whistle-blowers.

How to report misconduct?

All employees are required to report any inappropriate, unethical or illegal behaviour they observe.

To do so, they are encouraged to use the usual channels and to contact their direct manager or a higher management.

They can also make use of the internal whistleblowing system set up within the company (which is also available to third parties), by contacting the Compliance Officer in accordance with the procedures defined in the whistleblowing procedure.

Head of Compliance has been appointed by Ethias as "Whistle-blower Manager". This is an independent, impartial person, competent to receive reports in complete discretion, centralise information and process it thoroughly and with due diligence.

Ethias carries out internal investigations into business-related incidents, including cases of corruption and bribery.

When a detailed investigation needs to be launched, the reporting manager (Head of Compliance - independent control function) defines the most appropriate approach and determines who within the entity needs to be informed in a timely manner about the allegations, before any duty to investigate is implemented. In this context, he may require the help of any company employee to achieve the objectives set out above, and will rely on "authorised persons". These are the people specifically responsible for investigating a report or taking the necessary measures to check the reported facts. They will be selected on a case-by-case basis, according to the strict requirements of the investigation. They may be employees of the Compliance or Internal Audit departments, or technical or legal experts specialising in certain areas. These people ensure that the information they receive is treated confidentially, and comply with the appropriate security measures.

Both internally and externally, the use of the IT platform is preferred, as it enables anonymous reporting and as well as exchanges with the reporting party, notably for the follow-up of the file concerned.

In addition, all employees are regularly made aware of this issue. The last action took place in September 2023 in order to remind employees: who can make a report, what offences are concerned, to whom and how to introduce an internal report, can the report be anonymous, to whom do protection measures apply, does the report have negative consequences?

In addition, Ethias shall ensure that person reporting any misconduct in good faith will not be subject to any discrimination or retaliatory measures.

Any form of reprisal against whistle-blowers and those who have helped them is prohibited, including threats of reprisal and attempted reprisals such as suspension, dismissal, demotion or refusal of promotion, harassment, etc.

If necessary, any protected person can submit a substantiated complaint to the federal coordinator, who will initiate an out-of-court protection procedure.

If the whistle-blower believes that he or she has been the victim of retaliation, it is Ethias' responsibility to establish that no retaliatory measures were taken against the whistle-blower as a result of the report.

Training and awareness-raising on corporate culture and rules of business conduct

In terms of business-related training, the Compliance Charter states that, in collaboration with the operating lines and support functions, Compliance is responsible for raising employee awareness of how to detect and manage compliance risks, particularly in the context of monitoring assignments.

It also assists in the design and organisation of awareness-raising actions and training activities for employees in fields within its sphere of activity.

An awareness compliance program is available for the company. This program provides for different levels of awareness for each compliance topic, depending on the employees concerned. A complete program is delivered over a three-year period, but some subjects are highlighted every year.

Implementation of the program began in 2023 with the support of Human Resources, with the main aim of providing compliance awareness training for all new recruits. Various awareness-raising and training initiatives have also been implemented, notably on the following topics: conflicts of interest, prevention of money laundering, IDD, whistleblowing and practical subcontracting.

Preventing and detecting corruption and bribery

Ethias believes that the functions most at risk for the company are the following: Real Estate, Asset Management, Procurement, Anti-Fraud & External Networks, Strategic partnerships, sponsoring. However, we must note that Ethias regularly assesses corruption risks, and has a range of mitigating measures, which are all the more present in the most exposed functions.

As mentioned above, Ethias has an integrity policy and an anti-corruption policy, under the responsibility of the Compliance department. The procedure lists a number of situations that can be a source of corruption, and how to deal with them. It also provides for employee training and awareness-raising.

In the event of detection of a situation that could involve corruption, reporting is to be carried out in accordance with the whistleblowing policy.

During the entire reporting process, as well as during the investigation, the Head Compliance regularly reviews the situation with the CEO, or the Chairman of the Board of Directors if the report concerns the CEO.

In addition, the recommendations of the Head Compliance are submitted to Management for decision.

The Head of Compliance keeps a register of all internal reports received.

This register mentions: the date the report was received, the channel used, the initial recipient, the category of internal report, the anonymous description of the case (no names need be provided in this section - only the name of the department), a summary of what was done and the main factual findings, the status of the case, the date of completion of the investigation, an indication of the next steps (corrective measures, disciplinary sanctions, legal proceedings) and the action taken or the reason why no action was deemed necessary (eg. the reason why the report was deemed unfounded).

The annual compliance report, which is submitted to the Executive Committee, the Board of Directors and the supervisory authorities, includes the number of reports filed and the resulting risks.

Similarly, the Responsible Procurement charter requires suppliers to combat all forms of corruption.

All the above procedures are available on the Ethias website.

No cases of corruption were identified within the company in fiscal 2023.

Ethias has not been convicted of any offence under anti-bribery and anti-corruption legislation. No internal reports via whistleblowing measures or any other potential channel have been received. No additional measures to the mitigation measures identified in the anti-corruption policy have therefore been implemented in 2023.

11.6. Variable remuneration policy, targets and achievements

In accordance with the remuneration policy applicable to members of the Executive Committee, their variable remuneration is linked to the achievement of both collective and individual goals, which include, as far as possible, goals related to sustainability risk management.

For 2023, a collective target was set for 2% of total variable remuneration. Each member of the Executive Committee has also been assigned an individual target in line with the company's ESG policy, and this target can be used to determine between 2% and 15% of additional variable compensation.

The Board of Directors is responsible for setting the goals of the members of the Executive Committee, and for assessing the extent to which they have been achieved.

They can also be included in the objectives of the Direct Reports of the members of the Executive Committee.

11.7. Procurement practices[1]

As part of its responsible procurement policy, the Ethias Procurement Department is looking for the best guarantees at the best conditions for the supply of goods and services.

Ethias' responsible procurement policy was reviewed in 2022 to incorporate more sustainability criteria. These are set out in a charter that translates the principles in terms respect for human and environmental rights and to which each new supplier is asked to comply with.

In a transparent way, both the general conditions for suppliers and the Responsible Procurement Policy and Charter are available on the Ethias website and are referenced in the documents sent to suppliers sourced in the context of a call for tenders.

Ethias ensures that tenders for products and services include an ESG component. This takes the form of an ESG questionnaire sent to the suppliers contacted. Their answers influence the weighting for the tenders leading to the selection of the supplier. Ethias also ensures that the general conditions of all order forms include an article in which the supplier undertakes to **respect the basic principles of the International Labour Organization (ILO)** and to ensure that any subcontractor respects them. In the context of invitations to tender, signature of the ILO Convention is mandatory in order to be eligible to bid (exclusion criterion).

In 2023, Ethias began a tender process to select a platform for evaluating suppliers beyond the self-assessment questionnaire.

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

12. Remuneration of the directors

Name of the director (non-executive and executive)	Function in Ethias SA	Remuneration Ethias SA (attendance fees)	Remuneration Ethias SA (fixed compensation)	Number of meetings Ethias SA (Board of Directors - Audit & Risk Committee - Appointments & Remuneration Committee)
Myriam Van Varenbergh	Chair	13,000.00	27,500.00	13
Jacques Braggaar	Non-executive director	21,046.80	9,500.00	13
Marc Descheemaecker	Non-executive director	15,000.00	12,500.00	17
Kathleen Desmedt	Non-executive director	15,208.44	7,500.00	8
Olivier Henin	Non-executive director	18,812.60	9,500.00	13
Ingrid Loos	Non-executive director	15,817.52	12,500.00	12
Claude Melen	Non-executive director	23,674.11	12,500.00	17
Marc Meurant	Non-executive director	19,042.52	12,500.00	17
Philip Neyt	Non-executive director	8,000.00	7,500.00	8
Anne-Marie Seeuws	Non-executive director	6,867.00	3,601.65	5
Karl Van Borm (*)	Non-executive director	9,000.00	7,500.00	9
Dewi Van De Vyver	Non-executive director	7,000.00	8,714.29	8
Bruno van Lierde	Non-executive director	15,000.00	22,500.00	17
Philippe Lallemand (**)	CEO	0.00	0.00	20
Wilfried Neven (**)	CXO	0.00	0.00	12
Maryline Serafin (**)	CFO	0.00	0.00	15
Benoit-Laurent Yerna (**)	CRO	0.00	0.00	17

(*) paid to the City of Antwerp

(**) the directors' terms of office are exercised free of charge

Name of the director	Function	Remuneration company within the scope of consolidation NRB (***) - (attendance fees)	Remuneration company within the scope of consolidation NRB (***) - (fixed compensation)	Number of meetings NRB (Board of Directors - Audit Committee - Appointments & Remuneration Committee)
Philippe Lallemand	Chairman	11,000.00	13,435.00	23
Maryline Serafin	Non-executive director	4,500.00	5,680.00	9

(***) paid to Ethias SA

Name of the director	Function	Remuneration company within the scope of consolidation NRB (attendance fees)	Remuneration company within the scope of consolidation NRB (fixed compensation)	Number of meetings NRB (Board of Directors - Audit Committee - Appointments & Remuneration Committee)
Bruno van Lierde	Non-executive director	6,500.00	6,845.00	13
Benoît-Laurent Yerna	Non-executive director	3,500.00	4,136.67	7
Myriam Van Varenbergh	Non-executive director	5,500.00	6,050.00	11

Name of the member of the executive commitee	Function	Gross remuneration (*)	Gross variable remuneration (*)
Philippe Lallemand	CEO	505,785.72	77,380.45
Joris Laenen	CILO	338,653.92	50,986.00
Maryline Serafin	CFO	338,653.92	51,587.25
Luc Kranzen	CCDO	338,653.92	42,087.50
Wilfried Neven	CXO	422,219.76	52,458.89
Benoit-Laurent Yerna	CRO	338,653.92	51,587.25
Izabella Molnar	CDTO	338,653.92	37,758.50
Nicolas Dumazy	CSDO	338,653.92	51,166.38

(*) does not include other benefits

13. Risk management[1]

13.1. Introduction

Besides its business activity of managing the risks underwritten by its clients, an insurance company, like any company, is itself confronted with various categories of risks. In such circumstances, it is a matter of managing the uncertainty as satisfactorily as possible, by identifying, assessing and effectively dealing with the risks the company is confronted with, in order to control them.

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

The purpose is to strike the best possible balance between the objectives and the associated risks, with an excessive risk aversion itself posing a risk, and keeping in mind that, alongside each threat, opportunities do exist. Risk management in general is not an end in itself but rather a means; a tool for managing and controlling risks. Risk controlling actions must be in line with their contribution to the achievement of the company's objectives and culture. In other words, the measures taken must bring real added value and proscribe unnecessary and superfluous supervision.

13.2. Governance with regard to risk management

Good governance of an insurance company requires the setting-up of the following functions: Internal Audit, Compliance, Risk Management, Internal Control and Actuarial Function. These are not only independent control functions but also governance functions. Their conclusions and advice are translated into measures to reinforce the management structure, the organisation and the internal control system. These functions, together with the functions of the operational lines and support functions, are structured in such a way as that three lines of defence are in place.

First defence line - Daily risk supervision

The first defence line is provided by operational lines and support functions (Accounting, Asset Management, IT, Human Resources, etc.). It is their responsibility to identify the risks posed by each operation and to respect the procedures and limits set.

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

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

Second defence line - Risk supervision

The second defence line includes the control functions of the Risk Management function, the Internal Control function, the Actuarial Function and the Compliance function, which are responsible for ensuring that the risks have been identified and managed by the first line, according to the rules and procedures envisaged.

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

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

Under the direction of the CRO function, a process of self-assessment of the adequacy of the processes put in place in order to meet the governance principles laid down in the umbrella circular is organised and coordinated with the business divisions and monitoring functions.

This exercise is based on thematic evaluation grids that the management and the heads of independent monitoring functions have completed according to their respective skills.

The 7 main themes are as follows: (i) Management structure, remuneration and shareholding; (ii) Fit & proper, external functions and transactions with leaders; (iii) Risk management system, ORSA process and Risk Management function; (iv) Organizational structure, internal control system, Compliance Function, integrity and IT infrastructure; (v) Internal Audit function; (vi) Actuarial Function and (vii) outsourcing.

The evaluation grids used are based on the umbrella circular, and reproduce line by line the requirements laid down therein. These grids are completed by the business line responsible for the activity in question, and reviewed by a second line to ensure the most objective assessment possible.

1 The Solvency and Financial Condition Report (https://www.ethias.be/corporate) provides further explanations on risk management.

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

Finally, in order to reinforce risk governance, Ethias' Executive Committee relies on committees dedicated to risk management: These committees are advisory and their recommendations are validated by the Executive Committee.

The mission of the **Model Coordination Committee (MCC)** is to monitor and contribute to the compliance, within the risk framework defined by the Board of Directors, of all internal and regulatory standards for the development and use of internal quantitative models used by Ethias for, in particular, the management of its technical and financial risks and its asset / liability management.

The mission of the **Insurance-Reinsurance Committee (IRC)** - in terms of insurance techniques, insurance contract management and reinsurance coverage - is to ensure that the business lines comply with the technical and commercial objectives and with the risk framework defined by Ethias' Executive Committee and Board of Directors. Hence, the IRC monitors the technical risks (profitability, reservation, risks) of the existing products, analyses the mitigation actions of the technical risks, analyses the modifications to existing products or the proposals for new ones and supervises the reinsurance programme. Efficient collaboration between the 1st and 2nd lines is to be highlighted, especially on files regarding underwriting (review of underwriting guides, Non-Life commercial strategy, monitoring of UFRs/CFRs, commercial dispensations, review of underwriting policies, provisioning and pricing, S/P balance, POG, risk appetite, etc.).

The **Assets and Liabilities Committee (ALCO)** has the task of contributing to the protection of Ethias SA in its liquidity, profitability and solvency aspects, through the alignment of the company's assets and liabilities.

The **Risk Management Forum (RMF**) is responsible for discussing risks, which are presented to the Audit and Risk Committee (and beforehand to the Executive Committee) in detail, so as to have a specific view of all the risks borne by the company. It is the forum for analysis of specific risks highlighted in the context of projects or activities in order to identify priorities, relevant mitigation measures and action plans as well as their target risk and to monitor their evolution in accordance with the Risk Appetite policy. It ensures:

- an efficient and transparent reporting of risks;
- the selection of the most important risks;
- the identification of action plans;
- the monitoring of already identified risks, especially in case of modification (deterioration) of these risks;
- to propose to the management bodies practical and pragmatic business guidelines in accordance with the risk appetite;
- to recommend to the Executive Committee the validation of the company's risk profile.

This body does not replace the Local Risk Forums, which are organised at the operational level and which enable action plans to be drawn up at team level.

Each committee is chaired by a member of the Executive Committee. The CRO is present in each committee dedicated to risk management. It was the willingness of the Executive Committee and of the Board of Directors to create "strong committees", so as to set up an effective risk governance within the company. It is also with this aim in view that the responsibilities of each committee have been clearly established by means of internal regulations. To ensure even more systematic risk monitoring, in early 2024 we created a Risk Dashboard, which will provide a record of observed risks and will be sent to the entire Executive Committee on a quarterly basis.

Third defence line - Independent assessment

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

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

13.3. Typology of risks

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

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

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

INSURANCE RISKS			
Life underwriting risk	**Non-Life underwriting risk**	**SLT Health**	**Non-SLT Health**
Mortality risk	Premium and reserve risk	Catastrophe risk	
Longevity risk	Catastrophe risk	Mortality risk	Premium and reserve risk
Disability/morbidity risk	Expense risk	Longevity risk	Termination risk (redemption)
Expense risk		Disability/morbidity risk	
Revision risk		Expense risk	
Termination risk		Revision risk	
Catastrophe risk		Termination risk (redemption)	

FINANCIAL RISKS			NON-FINANCIAL RISKS	
Market risk	**Counterparty risk**	**Liquidity risk**	**Operational risks**	**Other non-financial risks**
Interest rate risk	Downgrade risk	Market liquidity risk	Customers/Third Parties, Products and Business Practices	Model risk
Stock (price) risk	Default risk	Risk of funding liquidity	Process Execution, Delivery and Management	Concentration risk
Real estate assets risk			Malfunctions in business and systems	Strategic risk
Spread risk			Employment and Safety Practices in the Workplace	Reputational risk
Foreign currency exchange risk			Damage to tangible assets	
Concentration risk			Internal fraud (incl. information security)	
Inflation risk			External fraud (incl. information security)	
			Legislative, regulatory and tax risk	
			Project Risk	

Ethias takes into account what is commonly referred to as "climate risk" through the various risk modules of its typology, considering that this is not a separate risk but rather a set of factors that will be reflected in the various risks already listed. For example, increased frequency and/or intensity in CatNat risk.

This approach is in line with the logic presented by EIOPA in appendices 3 and 4 of its opinion on the supervision of the use of climate change risk scenarios in ORSA (EIOPA-BoS-21-127).

This approach is stratified, in the sense that higher-level risk modules capture the impact of adverse factors or phenomena.

The same applies to certain "risks" that have recently come under the spotlight, including:

- cyber "risk" captured through operational risk in its security-related aspects;
- sustainability or "ESG" "risks", of which climate risk is a part, covering environmental, social and governance issues, taken into account in particular through the operational, reputational and strategic risk modules.

13.4. Risk management policy

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

13.4.1 Risk appetite

Risk Appetite is the overall level of risk that the company agrees to take to meet its value creation objective. The Risk Appetite is a key strategic indicator of the risk management system. It must enable the company to achieve its strategic objectives while controlling the resulting risks. The company's Risk Appetite and its strategic objectives have to be consistent with each other.

The Risk Appetite the responsibility of the Board of Directors. In practice, it is proposed by the CRO, validated by the Executive Committee and approved by the Board of Directors. The risk policies are the direct translation of the Board of Directors' view in terms of risk appetite. Similar to the strategic objectives that are translated into operational objectives, the Risk Appetite, as it has been approved by the Board of Directors, must also be translated into operational terms by means of policies.

At its meetings in December 2023, the Board of Directors reviewed and approved Ethias SA's risk appetite.

13.4.2 Stress testing and capital planning process

Within the framework of the planning exercise, the company regularly carries out an evaluation of its solvency (i.e. the adequacy of its internal equity to face its global risk profile). The exercise takes the specific risk profile into account: it integrates the main risks and their interactions during the carrying out of stress tests.

Stress tests are in themselves tools for measuring specific risks. Ad hoc stress tests are performed on the SCR coverage ratio, in addition to a range of stress tests that are performed annually. These stress tests are either standardized sensitivity tests or impact tests adapted to the specific risk profile of the company (see following section). The consideration of non-financial risks such as reputational risks, strategic risks, macroeconomic risks, climatic risks, continuity risks and cyberattack risks is also integrated into these analyses.

13.5. Insurance risks

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

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

13.5.1 Non-Life

13.5.1.1 Nature and extent of the risks

Non-Life underwriting risk

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

Premium and reserve risk

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

Catastrophe risk

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

Special health underwriting risk

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

SLT Health (Similar to Life Techniques) underwriting risk

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

Mortality risk

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

Longevity risk

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

Disability/morbidity risk

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

Expense risk

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

Revision risk

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

Termination risk

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

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

Premium and reserve risk

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

Termination risk

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

Catastrophe risk

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

13.5.1.2 Risk management

The company's risk management is governed by a general risk management policy approved by the Executive Committee and by the Board of Directors.

The general risk management policy is supplemented by a series of specific risk management policies approved by the Executive Committee and by the Board of Directors, including the underwriting and reserving risk management policy and the reinsurance policy.

Underwriting risk

The Non-Life underwriting risk arises from the volatility linked to Non-Life insurance commitments. It includes:

- premium and reserve risk
- catastrophe risk

The health underwriting risk reflects the risk arising from the underwriting of health insurance obligations, both when it is exercised on a technical basis similar to that of Life insurance as well as Non-Life insurance.

Concentration risk

The concentration risk is described under section ***13.5.3 Concentration risk***..

Reinsurance

Reinsurance is described under section ***13.5.4 Reinsurance***.

13.5.1.3 Trends in risk exposure and management

There have been no changes in risk management goals, policies and processes, or in the methods used to measure risk, compared with the previous period.

13.5.1.4 Exposure to underwriting risk

Exposure to underwriting risk is assessed on the basis of the best estimate of insurance contract liabilities, by portfolio, presented in the table below:

In thousands of euros	31 December 2023	31 December 2022 restated
Healthcare	56,907	45,013
Occupational accident	1,729,376	1,618,937
Other Non-Life portfolios	2,156,108	2,148,453
Total	**3,942,392**	**3,812,403**

13.5.1.5 Sensitivity analysis

The table below shows the gross impact, excluding reinsurance, of a 10% increase in expenses on the income statement.

	31 December 2023		31 December 2022 restated	
In thousands of euros; solely Ethias SA	Profit and loss	Equity	Profit and loss	Equity
Increase in expenses costs by 10%	(32,034)	(29,791)	(35,258)	(31,875)

Methods and assumptions

The analysis is based on a change of assumption while holding all other assumptions constant. In practice, this is unlikely to happen, and changes in certain assumptions may be correlated.

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions used to prepare the above analysis.

13.5.1.6 Claims evolution

The table below illustrates changes in estimates of ultimate expenses, gross of reinsurance, for the non-life segment over time. The table shows the evolution over time of total claims estimates for each accident year, and compares them with payments actually observed at the reporting date.

In thousands of euros	Claims occurrence years										Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Estimated gross final expense excluding discouting											
At the end of the first year								1,126,686	1,039,328	1,073,171	
1 year later							814,287	1,117,526	1,043,264		
2 years later						1,066,817	851,279	1,112,039			
3 years later					919,600	1,088,988	847,290				
4 years later				767,857	941,149	1,087,929					
5 years later			772,817	778,443	935,618						
6 years later		708,024	780,961	781,943							
7 years later	680,374	709,358	776,603								
8 years later	684,268	698,485									
9 years later	678,076										
Gross cumulated losses paid	**608,522**	**609,393**	**659,319**	**651,042**	**701,767**	**846,846**	**632,820**	**791,003**	**686,447**	**454,863**	**6,642,022**
Liabilities - Year of occurrence of claims from 2014 to 2023	**69,554**	**89,092**	**117,284**	**130,901**	**233,851**	**241,083**	**214,469**	**321,036**	**356,817**	**618,308**	**2,392,396**
Liabilities - Year of occurrence of claims before 2014											**805,003**
Discounting effect											**-655,901**
RA (risk adjustment) effect											**70,175**
LIC (Liability for Incurred Claims)											**2,611,673**

Information on the evolution of the ultimate charge is provided for the current reporting period as well as for the three previous years (i.e. end 2021, which corresponds to the transition date). Please note that the table above shows data excluding non-modelled and fees.

13.5.1.7 Regulatory framework and impact on recognition and measurement approaches

The Group takes account of contractual, legal and regulatory constraints when assessing recognition and measurement approaches.

13.5.2 Life

13.5.2.1 Nature and extent of the risks

Life underwriting risk

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

Mortality risk

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

Longevity risk

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

Disability/morbidity risk

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

Expense risk

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

Revision risk

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

Termination risk

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

Catastrophe risk

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

13.5.2.2 Risk management

The company's risk management is governed by a general risk management policy approved by the Executive Committee and by the Board of Directors.

The general risk management policy is supplemented by a series of specific risk management policies approved by the Executive Committee and by the Board of Directors, including the underwriting and reserving risk management policy and the reinsurance policy.

13.5.2.3 Trends in risk exposure and management

There have been no changes in risk management goals, policies and processes, or in the methods used to measure risk, compared with the previous period.

13.5.2.4 Exposure to underwriting risk

Exposure to underwriting risk is assessed on the basis of the best estimate of insurance contract liabilities presented in the table below:

In thousands of euros	31 December 2023	31 December 2022 restated
Life insurance contracts	4,613,171	4,457,747

13.5.2.5 Sensitivity analysis

The following table details the impact of changes in assumptions for insurance contract liabilities on the Group's income statement and shareholders' equity:

	31 December 2023		31 December 2022 restated	
In thousands of euros	Profit and loss	Equity	Profit and loss	Equity
Mortality risk				
Increase by 5,5 % in mortality	(5,172)	(4,465)	(3,932)	(4,036)
Longevity risk				
Increase by 9 % in longevity	8,944	7,679	6,871	7,018
Expense risk				
Increase in internal claims handling costs by 4 %	782	933	209	1,168
Increase by 0,4 % in inflation	4,409	4,689	1,261	3,010

Methods and assumptions

The analysis is based on a change of assumption while holding all other assumptions constant. In practice, this is unlikely to happen, and changes in certain assumptions may be correlated.

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions used to prepare the above analysis.

13.5.2.6 Regulatory framework and impact on recognition and measurement approaches

The Group takes account of contractual, legal and regulatory constraints when assessing recognition and measurement approaches. Contracts that would fall into different groups only because regulations force the group to use unisex tables for pricing, are included in the same group.

13.5.3 Concentration risk

13.5.3.1 Nature and extent of the risks

The insurance activities of the Group are concentrated in Belgium.

We can note a concentration of underwriting on Workers' Compensation products, resulting from the Group's strategy ("1st insurer of the public sector").

13.5.3.2 Risk management

Creating a new product or modifying an existing product

The penetration of a new market, the launch of a new product, the extension of services and guarantees offered to customers are subject to a complete and formal review of all potential risks associated with the launching of such initiatives and with procedures for risk acceptance that follow the hierarchical lines.

Before launching a new product or adapting an existing one, the product is studied in all its aspects: product characteristics, market and competition, adequacy test, pricing, legal, tax, profitability, ALM constraints, compliance, ESG, distribution, business case ... in accordance with the product governance and monitoring policy and associated procedures, supplemented by new aspects (IFRS, Sustainable Finance ...).

The analysis is submitted to the Insurance/Reinsurance Committee (IRC) and to the decision-making bodies for approval (Executive Committee).

Underwriting limits

Underwriting guidelines set the limits to be respected with regard to underwriting (limits of a sectoral nature, contractual limits of insured capital, contractual limits of compensation, etc.) in accordance with our risk appetite.

In the public sector, policyholders do respect the guidelines that determine the limits with regard to subscription. These limits concern both the general and specific conditions of the contracts, the price setting and the degree of risk (including the business sector). They also determine the level of power that is granted according to the hierarchic level and the procedures to be followed, an "acceptance bureau" deciding at the operational level in the last instance. The second line is associated with the overrun and a statement is drawn up in the IRC (Insurance-Reinsurance Committee). In the event of disagreements, the latter can escalate matters to the IRC.

For private individuals, the policyholders are subject to risk acceptance procedures that follow the hierarchical lines and to certain limits that are implemented in the IT systems. Underwriting guidelines also set the limits on underwriting.

13.5.3.3 Trends in risk exposure and management

There have been no changes in risk management goals, policies and processes, or in the methods used to measure risk, compared with the previous period.

13.5.4 Reinsurance

Reinsurance lies within the control process of the insurance risks.

It also contributes to the improvement of the solvency ratio.

Ethias SA's main insurance risks concern non-life insurances, liability insurances (miscellaneous and motor vehicle), life/health insurances and (natural or human-caused) catastrophe risks on people and/or goods.

The Reinsurance department works in close collaboration with Underwriting, the product managers and Risk Management, who express their (new or adapted) needs for the reinsurance programme. Risk Management, in collaboration with the Reinsurance department, formalises the objectives set by the Executive Committee, which are to be pursued through the reinsurance programme.

Reinsurance is taken out on the basis of reinsurance treaties that apply to a portfolio on the whole or on the basis of optional reinsurance conventions relating to risks that are outside the frame of these treaties. The majority of these contracts are concluded on a non-proportional basis.

The reinsurance programmes are divided into three major parts: non-life insurances, liability insurances (miscellaneous & motor vehicle) and accidents, life/health insurances (death/disability insurances, catastrophe accidents). They are reviewed annually.

The Insurance-Reinsurance Committee (IRC) supervises the reinsurance programme.

Between 2022 and 2023, reinsurance covers have been adjusted to take account of inflation (increase in capacities) and a tougher market.

Non-Life management

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

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

Life management

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

Non-Life and Life management

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

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

13.6. Financial risks

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

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

13.6.1 Counterparty risk

13.6.1.1 Nature and extent of the risks

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

The counterparty risk can be subdivided into:

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

13.6.1.2 Maximum exposure and mitigation of credit risk

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

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

In thousands of euros, in market value, at the Group's level	31 Decembre 2023					
	Maximum exposure to credit risk	Cash	Securities	Real estate properties	Total amount of received guarantees	Unsecured exposure
At fair value through other items of comprehensive income	650,342	-	-	-	-	650,342
At fair value through profit or loss	500,853	-	-	-	-	500,853
Participating interests, shares and investment funds	**1,151,195**	**-**	**-**	**-**	**-**	**1,151,195**
At amortised cost	2,158,813	-	-	-	-	2,158,813
At fair value through other items of comprehensive income	8,801,339	-	73,983	-	73,983	8,727,356
At fair value through profit or loss	722,417	-	-	-	-	722,417
Bonds	**11,682,569**	**-**	**73,983**	**-**	**73,983**	**11,608,586**
At amortised cost	1,248,200	-	-	177,196	177,196	1,071,004
At fair value through profit or loss	45,128	-	-	-	-	45,128
Loans and deposits	**1,293,327**	**-**	**-**	**177,196**	**177,196**	**1,116,131**
At fair value through profit or loss	119	-	-	-	-	119
Held for hedging purposes	(35,939)	50,410	-	-	50,410	(86,349)
Derivative financial instruments	**(35,821)**	**50,410**	**-**	**-**	**50,410**	**(86,231)**
Receivables linked to investment contracts and other receivables linked to insurance operations	**48,545**	**-**	**3,900**	**-**	**3,900**	**44,645**
Received deposits and current accounts of reinsurers	**296,775**	**-**	**258,024**	**-**	**258,024**	**38,752**
Other receivables	**243,945**	**-**	**2,245**	**-**	**2,245**	**241,700**
Cash and cash equivalents	**516,099**	**-**	**-**	**-**	**-**	**516,099**
Total amount of exposure to credit risk	**15,196,635**	**50,410**	**338,152**	**177,196**	**565,758**	**14,630,877**

In thousands of euros, in market value, at the Group's level	31 Decembre 2022 restated					
	Maximum exposure to credit risk	Cash	Securities	Real estate properties	Total amount of received guarantees	Unsecured exposure
At fair value through other items of comprehensive income	567,428	-	-	-	-	567,428
At fair value through profit or loss	419,384	-	-	-	-	419,384
Participating interests, shares and investment funds	**986,812**	**-**	**-**	**-**	**-**	**986,812**
At amortised cost	2,323,100	-	-	-	-	2,323,100
At fair value through other items of comprehensive income	8,404,213	-	129,356	-	129,356	8,274,858
At fair value through profit or loss	830,745	-	-	-	-	830,745
Bonds	**11,558,058**	**-**	**129,356**	**-**	**129,356**	**11,428,702**
At amortised cost	1,129,059	-	-	202,918	202,918	926,140
At fair value through profit or loss	39,059	-	-	-	-	39,059
Loans and deposits	**1,168,117**	**-**	**-**	**202,918**	**202,918**	**965,199**
At fair value through profit or loss	4,693	-	-	-	-	4,693
Held for hedging purposes	129,364	125,930	-	-	125,930	3,434
Derivative financial instruments	**134,057**	**125,930**	**-**	**-**	**125,930**	**8,127**
Receivables linked to investment contracts and other receivables linked to insurance operations	**47,885**	**-**	**15,800**	**-**	**15,800**	**32,085**
Received deposits and current accounts of reinsurers	**146,425**	**-**	**110,779**	**-**	**110,779**	**35,646**
Other receivables	**218,862**	**-**	**2,222**	**-**	**2,222**	**216,640**
Cash and cash equivalents	**677,736**	**-**	**-**	**-**	**-**	**677,736**
Total amount of exposure to credit risk	**14,937,952**	**125,930**	**258,156**	**202,918**	**587,005**	**14,350,948**

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

Participating interests, shares and investment funds

The breakdown of the Group's exposure towards price risk on shares can be found in item 13.6.5.4.

Bonds

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

Covered bonds are debt securities issued by a credit institution and whereof the payment is guaranteed by specifically dedicated (or "hedging assets") assets. The holders of covered bonds have, in the event of insolvency of the issuer, a "dual recourse" on the issuer's general assets on the one hand, and on the specifically dedicated assets, on the other hand. They represent 74 million euros on 31/12/2023 and 129.4 million euros on 31/12/2022.

Loans and deposits

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

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

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

Derivative financial assets

In 2023, the amount of collateral posted on derivative products amounts to EUR 50 million. Derivative financial instruments at end-2023 amounted to -EUR 36 million.

Receivables

The breakdown of guarantees relating to the account receivables can be found in section ***20. Notes relating to items not included in the balance sheet***, point 4.1.

The credit quality of receivables is set out in section ***18. Notes to the consolidated balance sheet***, point 10.3.

13.6.2 Credit risk on insurance and reinsurance contracts

13.6.2.1 Nature and extent of the risks

The credit risk (i.e. counterparty default risk) reflects the losses that could result from the unexpected default, or deterioration in the credit quality, of the insurance company's counterparties and debtors. The definition covers risk-mitigating contracts, such as reinsurance arrangements, securitisations and derivatives, and receivables from intermediaries, as well as any other credit risk that is not subject to the "spread risk" according to the standard formula.

13.6.2.2 Risk management

With regard to reinsurance, the treaties are reinsured by a large panel of reinsurers with at least an "A" rating (allowing for exceptions) and taking a participation that is generally limited to 20%. The credit risk of reinsurers is constantly monitored by the reinsurance brokers we work with, who inform us if a reinsurer's rating is downgraded. We also have an online access to main financial information for each reinsurer, and we subscribed to daily updates from the world of reinsurance.

13.6.2.3 Trends in risk exposure and management

There have been no changes in risk management goals, policies and processes, or in the methods used to measure risk, compared with the previous period.

13.6.2.4 Exposure to credit risk

At December 31, 2023, the maximum exposure to credit risk relating to insurance contracts is EUR 196.5 million (compared with EUR 176.8 million at December 31, 2022), which mainly concerns premiums receivable for services already provided by the Group, and the maximum exposure to credit risk relating to reinsurance contracts is EUR 25.3 million (compared with EUR 23.5 million at December 31, 2022).

The table below shows the "treaty" reinsurers at December 31, 2023 and their known ratings at the time the treaties were placed:

Reinsurance treaty			
Legal name	**Country of the risk holder**	**Country of premium payment**	**Rating**
Allianz SE	Germany	Switzerland	AA
Allied World Assurance Company, AG	Switzerland	Switzerland	A
American Agricultural Insurance Company	United states	United states	A
Arch Reinsurance Europe Underwriting Designated Activity Company	United Kingdom	Switzerland	A
Arch Re Bermuda (Quantedge)	Bermuda	Bermuda	A
AXIS Re SE	Ireland	Switzerland	A
CCR RE	France	France	A
Chaucer Insurance Company DAC	Ireland	Ireland	A
China P&C Re	China	China	A
Convex Re Ltd	Bermuda	Bermuda	A
Covea Cooperations	France	France	AA
DB Insurance	South Korea	South Korea	A
Deutsche Rueckversicherung Schweiz AG	Switzerland	Switzerland	A
Hannover Rueck SE	Germany	Germany	A
Hannover Re Bermuda	Bermuda	Bermuda	AA
Hannover Re Bermuda (Quantedge)	Bermuda	Bermuda	AA
Helvetia Swiss Insurance Cy Ltd	Switzerland	Switzerland	A
Hiscox Bermuda (AUI)	Bermuda	Bermuda	A
International General (Bermuda)	Bermuda	Bermuda	A
Korean Reinsurance Company	Korea	Korea	A
Lansforsakringar AB (publ)	Sweden	Sweden	A
Liberty Mutual Insurance Europe SE	Luxembourg	Luxembourg	A
Lloyd's Insurance Company S.A., 2987	Belgium	Belgium	A
Lloyd's Insurance Company S.A., 5318	Belgium	Belgium	A
Lloyd's Insurance Company S.A. Underwriter Syndicate No. 5319 AMA	Belgium	Belgium	A
Lloyd's Insurance Company S.A., 5341	Belgium	Belgium	A
Lloyd's Brussels 5391 (Re 1947) GIC	Belgium	Belgium	A
MAPFRE RE, Compania de Reaseguros, S.A.	Spain	Belgium	A
MS Amlin AG	Switzerland	Switzerland	A
Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft	Germany	Germany	AA
Nacional de Reaseguros, S.A.	Spain	Spain	A
Odyssey Re Europe SA	France	France	A
Pallas Reinsurance company	Bermuda	Bermuda	NR
Pozavarovalnica Triglav Re, d.d.	Slovenia	Slovenia	A
Pozavarovalnica Sava, d.d.	Slovenia	Slovenia	BBB
QBE Europe SA/NV	Belgium	Belgium	A
R+V Versicherung AG	Germany	Germany	A
RGA International Reinsurance Company Designated Activity Company	Ireland	France (Non-Life) / Belgium (Life/Guaranteed Income)	AA
SCOR SE	France	France (Non-Life) / Belgium (Life/Guaranteed Income)	A
Shelter Reinsurance Company	United states	United states	A
Swiss Re Europe S.A.	Luxembourg	France	AA
Taiping Reinsurance Company Limited	Hong Kong	Hong Kong	A
The Toa 21st Century Reinsurance Company Ltd	Switzerland	Switzerland	A
Tokio Marine Europe S.A.	Luxembourg	Luxembourg	A
VIG Re zajistovna, a.s.	Czech Republic	Czech Republic	A

13.6.3 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.

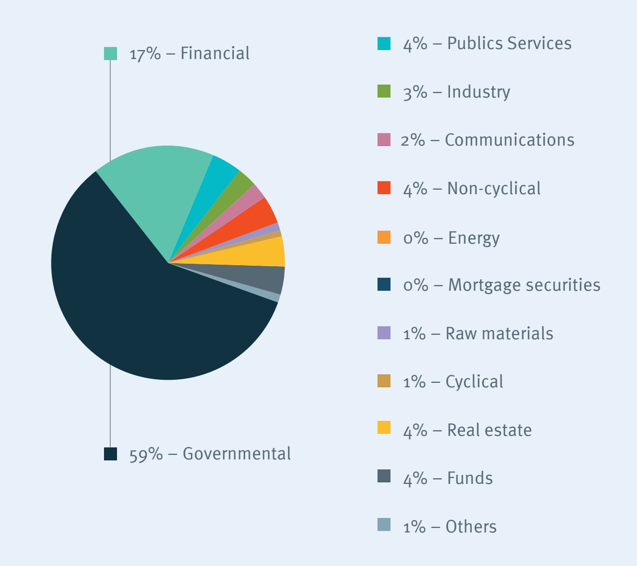
13.6.3.1 Sectoral distribution

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.

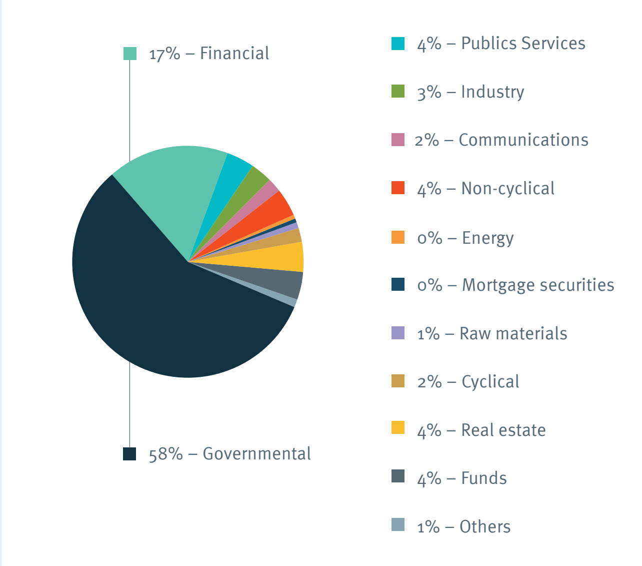
In 2022 and 2023, the sectoral distribution of the shares and investment funds as well as of the bonds and similar securities invested appears as follows:

Bonds and similar securities:

31 december 2023
Breakdown by market value

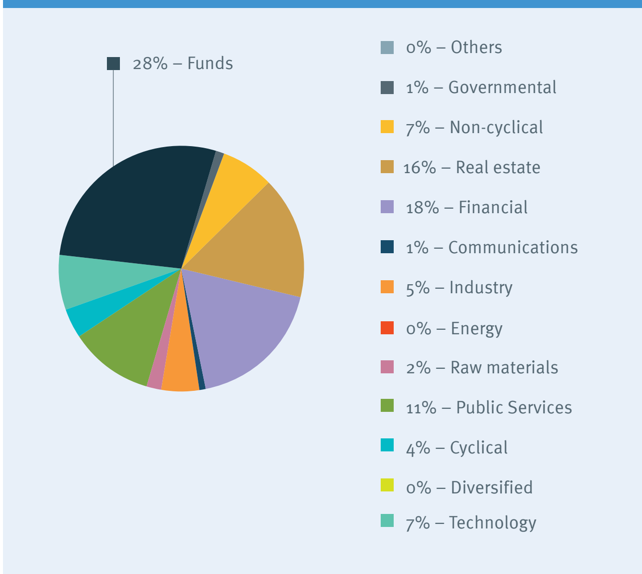


31 december 2022
Breakdown by market value

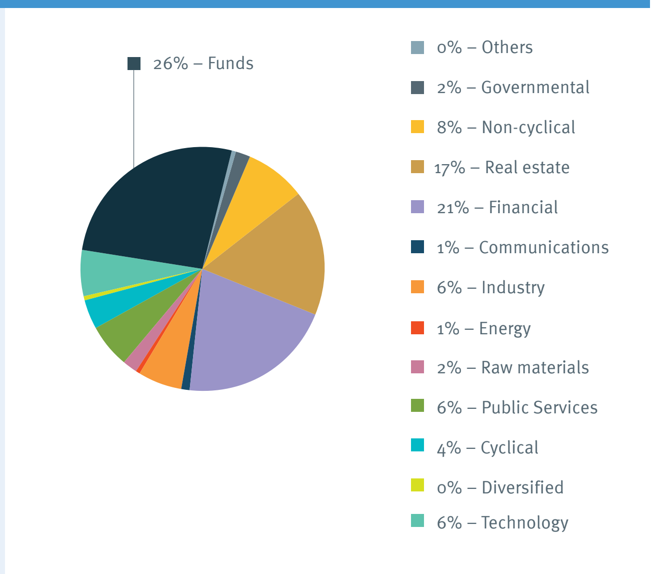


Shares, participations and investment funds:

31 december 2023
Breakdown by market value



31 december 2022
Breakdown by market value



13.6.3.2 Exposure to sovereign risk

At end-December 2023, the part invested in sovereign or supranational debt amounts to 63% of the total amount of the fair value of all the bonds (i.e. EUR 7.284,9 million on a total of EUR 11.499,5 million). End-2021, this part amounted to 62% (i.e. EUR 7.001,5 million on a total of EUR 11.251,7 million).

The table hereafter shows the exposure relating to debts issued or guaranteed by governments, in fair value, per geographical zone and regardless of their classification.

In thousands of euros, in market value	31 December 2023	31 December 2022
Germany	533,268	561,974
Austria	241,671	162,449
Belgium	1,861,859	1,985,150
Canada	3,108	2,826
Croatia	2,922	0
Spain	731,084	596,735
Central and Eastern Europe	355,253	354,048
France	913,872	996,709
Ireland	354,855	359,769
Italy	553,031	525,322
The Netherlands	65,130	12,631
Scandinavia	72,820	73,244
Portugal	692,871	582,293
Supranational securities	681,129	589,514
Others	222,005	198,787
Total	**7,284,878**	**7,001,451**

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, EUR 7.284,9 million per December 31, 2023 (against EUR 7.001,5 million per December 31, 2022), is higher than the amount mentioned under the sector "Governmental", i.e. EUR 6.749,9 million (against EUR 6.473,1 million per December 31, 2022).

13.6.4Liquidity risk

13.6.4.1Nature and extent of the risks

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

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

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

This risk is analysed and monitored on a half-yearly basis through comparisons between the contractual maturities of assets and liabilities, making it possible to measure the impact of a change in repayment profiles mainly in liabilities.

13.6.4.2 ALM risks

Process and mission

ALM risk management is ensured by a set of coherent processes, providing a steering tool for both management and supervisory bodies and operating entities.

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

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

ALM risk identification

ALM risks are identified using key indicators (duration gap, liquidity ratio, etc.) and specific analyses. Risk identification also covers off-balance sheet items.

ALM risk identification

A priori, ALM risks are mitigated by

- compliance with ALM indicator limits set by Risk Management. These limits ensure a sufficient level of liquidity to cope with normal or deteriorated market or business conditions;
- making ALM recommendations in ALM reports, with validation by ALCO: hedging against interest-rate risk, measures to be taken to ensure liquidity, investment guidelines, etc.
- The annual presentation of internal liquidity stress tests designed to compare the liquidity risks of Life and Non-Life activities, as well as market liquidity, with the contingency plan for dealing with these various shocks. The latter includes various levers that Ethias is in a position to use in the short and medium term (financing liquidity, repo line, sale of liquid assets, etc.)

A posteriori, in the event of any deviation from the goals and limits set, ALM defines corrective measures, requiring validation by ALCO, and ensures their proper implementation with the other departments concerned. Risk Management provides an independent opinion (second-line control). Risk Management may request additional stress tests.

Limits systems

Generally speaking, limits are quantified within the framework of the investment risk management policy and in line with the Risk Appetite. The indicators subject to limits are interest-rate risk sensitivity (EIOPA), duration gap and liquidity indicators. These limits are reviewed annually if necessary, or when there is a material change in the structure of ALM portfolios or in the risk profile of liabilities.

13.6.4.3 Trends in risk exposure and management

There have been no changes in risk management goals, policies and processes, or in the methods used to measure risk, compared with the previous period.

13.6.4.4 Analysis of contractual maturities

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

	31 December 2023							
		Expected cash flows (undiscounted)						
In thousands of euros, only Ethias SA	**Book value**	**Total amount of undiscounted flows**	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years and undetermined maturity**
Assets								
Bonds and similar securities	11,672,208	14,796,753	1,648,062	1,056,034	1,083,385	856,231	1,027,197	9,125,844
Participating interests, shares, investment funds and investment property	2,184,547	3,150,251	254,865	143,957	127,578	120,641	106,619	2,396,590
Loans and deposits	1,443,330	1,705,379	175,972	80,385	250,512	171,773	83,389	943,348
Cash and cash equivalents	423,334	449,956	449,956	-	-	-	-	-
Investments belonging to unit-linked insurance contracts	2,161,659	2,157,763	2,157,763	-	-	-	-	-
Derivatives	259,875	259,875	106,211	152,987	677	-	-	-
Insurance contract assets	17,318	17,318	17,318	-	-	-	-	-
Reinsurance contract assets	253,446	293,705	80,956	47,557	30,149	23,537	19,167	92,341
Total assets	**18,415,718**	**22,831,002**	**4,891,104**	**1,480,921**	**1,492,300**	**1,172,183**	**1,236,372**	**12,558,123**
Liabilities								
Insurance contract liabilities	9,341,222	11,990,955	993,651	451,583	479,366	458,076	442,636	9,165,643
Reinsurance contract liabilities	277	277	277	-	-	-	-	-
Investment contract liabilities	5,348,376	5,738,131	2,981,747	478,985	333,258	308,849	220,603	1,414,689
Subordinated debts	558,230	787,277	62,094	31,047	309,247	17,137	17,137	350,615
Other financial debts	383,453	343,310	343,310	-	-	-	-	-
Derivatives	295,699	295,699	145,748	149,951	-	-	-	-
Total liabilities	**15,927,257**	**19,155,649**	**4,526,827**	**1,111,566**	**1,121,871**	**784,062**	**680,376**	**10,930,947**

In thousands of euros, only Ethias SA	31 December 2022 restated							
		Expected cash flows (undiscounted)						
	Book value	Total amount of undiscounted flows	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years and undetermined maturity
Assets								
Bonds and similar securities	11,547,470	15,121,123	1,769,137	1,013,046	1,016,552	1,063,838	772,866	9,485,686
Participating interests, shares, investment funds and investment property	1,843,455	2,943,786	223,500	162,710	117,434	162,888	159,043	2,118,212
Loans and deposits	1,309,049	1,541,471	83,694	73,206	49,257	162,222	162,825	1,010,268
Cash and cash equivalents	601,476	673,168	673,168	-	-	-	-	-
Investments belonging to unit-linked insurance contracts	1,609,303	1,715,263	1,715,263	-	-	-	-	-
Derivatives	372,595	372,317	123,573	74,360	174,384	-	-	-
Insurance contract assets	29,267	29,267	29,267	-	-	-	-	-
Reinsurance contract assets	160,864	194,761	93,812	15,919	8,990	6,568	6,442	63,030
Total assets	**17,473,477**	**22,591,155**	**4,711,412**	**1,339,241**	**1,366,617**	**1,395,515**	**1,101,175**	**12,677,195**
Liabilities								
Insurance contract liabilities	9,067,804	(12,225,357)	(1,018,124)	(580,082)	(371,154)	(421,557)	(403,419)	(9,431,021)
Reinsurance contract liabilities	-	-	-	-	-	-	-	-
Investment contract liabilities	5,145,957	(5,258,863)	(2,442,007)	(493,172)	(323,445)	(266,637)	(225,741)	(1,507,862)
Subordinated debts	498,775	(600,960)	(120,567)	(20,397)	(20,397)	(423,097)	(262)	(16,240)
Other financial debts	575,925	(545,285)	(545,285)	-	-	-	-	-
Derivatives	238,821	(238,543)	(21,960)	(52,342)	(164,241)	-	-	-
Total liabilities	**15,527,282**	**(18,869,008)**	**(4,147,942)**	**(1,145,993)**	**(879,237)**	**(1,111,290)**	**(629,422)**	**(10,955,123)**

The projection of cash flows is based on several assumptions.

Assets

The portfolios are projected by asset class in order to reproduce more realistically the liquidity flows actually expected. Term assets such as bonds and loans have their cash flows calculated according to their maturities and coupon rates. Cash and Branch 23 are considered as flows below one year.

In addition, for the majority of assets in the following classes: equities - participating interests - investment properties, cash flows have been projected assuming that these asset classes would follow an extinction profile similar to that of insurance and investment contracts. Hence, a decreasing profile is applied to these assets similar to the profile of the liabilities to which they are backed. By internal convention, these assets are not liquid until the second projection year. In addition, a recurring income rate is incorporated into their extinction profile over an investment horizon equal to the average of the different maturity classes.

We also note that actual maturities may differ from contractual maturities because certain assets are accompanied by early redemption clauses, with or without penalties, or maturity extension clauses. In addition, insurance contract assets are assumed to mature in less than one year, given their profile.

Liabilities

Liabilities include insurance liabilities and financial liabilities. Insurance liabilities include expected cash flows relating to "Liability for remaining coverage" (LRC) and "Liability for incurred claims" (LIC). However, insurance liabilities relating to the remaining coverage, measured using the Premium Allocation Approach (PAA), have been excluded from this analysis. In addition, insurance contract liabilities are assumed to mature in less than one year, given their profile.

Liabilities relating to investment contracts mainly comprise liabilities relating to Branch 23 provisions, as well as first and second pillar investment contracts.

Repos

The repo margin strategy was put in place to anticipate investments and the reimbursement plan depends mainly on bond maturities.

Derivative instruments

Only hedges giving rise to an exchange of cash at maturity have been taken into account in our analyses.

13.6.4.5 Amounts payable on request

The amounts of insurance liabilities payable on demand are shown below alongside their book value. The sum of the liability amounts presented below does not correspond to the value presented in the consolidated statement of financial position. This is due to the fact that this analysis only includes portfolios with a surrender option for which there is an amount payable on demand. In particular, annuity portfolios are excluded.

In thousands of euros	31 December 2023		31 December 2022 restated	
	Amount due on demand	Book value	Amount due on demand	Book value
Life insurance contracts	4,579,839	4,282,102	4,491,698	4,113,273

13.6.5 Market risk

13.6.5.1 Nature and extent of the risks

Interest rate risk

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

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

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.

Inflation risk

Inflation risk refers to the possibility of unexpected inflation significantly reducing the real value of an investment's returns.

Stock price risk

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

The price risk relates to the overall position in the market value of the share in participating interests, shares and investment funds.

Price risk on investment properties

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

The real estate portfolio is managed on a long-term basis to maintain an appropriate level of diversification across the dimensions of (i) type, (ii) geographic region, (iii) investment life cycle, (iv) base year, (v) tenant and (vi) lease term.

Foreign currency exchange risk

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

13.6.5.2 Risk management

Market risk management consists of implementing mitigation measures and indicators to monitor changes in these risks.

Investments in accordance with the Prudent Person Principle

All investments held by Ethias are managed in accordance with the prudent person principle. Indeed, compliance with the various criteria set out in Article 132 of the SII Directive is verified for each major asset class and monitored through the various investment policies and corresponding governance bodies.

Financial limits

Limits for interest rate sensitivity are applied to the ALM segments in order to meet Risk Appetite tolerance limits.

Interest rate risk

Several asset-liability duration gap management programs have been implemented in recent years.

Interest rate sensitivity is regularly monitored, and appropriate measures are taken in the event of any deviation from the target to maintain the required risk profile.

Credit spread risk

The spread risk is also constantly assessed: the sovereign risk is partially hedged by successive forward sales of State bonds, while the corporate risk is not financially hedged, but is diversified.

As to other spread risks, the 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.

Inflation risk

The inflation risk is also partially hedged through investments in derivatives and in inflation-linked bonds.

Stock price risk

Equity price risk is mitigated by portfolio diversification. This has been complemented by the implementation of an overlay strategy which, through the purchase and sale of options for a limited period and with an appropriate risk profile, reduces the impact of a downturn in the equity markets on our portfolio.

Price risk on investment properties

Real estate price risk is managed through portfolio diversification. Our exposure is spread across different types of property (commercial, residential, projects, etc.).

Foreign currency exchange risk

The foreign currency exchange risk is limited for the Group.

13.6.5.3 Trends in risk exposure and management

There have been no changes in risk management goals, policies and processes, or in the methods used to measure risk, compared with the previous period.

13.6.5.4 Exposure to market risk

Interest rate risk

The following table shows exposure to interest-rate risk by asset type. We note that exposures to interest rate risk are not additive because they include assets and liabilities.

In thousands of euros	31 December 2023	31 December 2022 restated
Assets		
Bonds	9,523,756	9,234,959
Loans	45,128	39,059
Derivatives	259,878	372,878
Cash equivalents	14,872	39,947
Liabilities		
Insurance contract liabilities	8,537,094	8,249,566
Derivatives	295,699	238,821

Credit spread risk

The financial assets to which the spread risk relates are broken down below per credit rating.

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	31 December 2023						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds	726,838	3,472,923	2,316,141	2,201,737	135,857	670,260	9,523,756
Loans	-	-	-	-	-	45,128	45,128
Cash equivalents	-	-	14,872	-	-	-	14,872
Total	**726,838**	**3,472,923**	**2,331,013**	**2,201,737**	**135,857**	**715,388**	**9,583,755**

In thousands of euros	31 December 2022 restated						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds	708,372	3,477,353	1,537,111	2,748,571	146,007	617,544	9,234,959
Loans	-	-	-	-	-	39,059	39,059
Cash equivalents	-	-	9,987	29,960	-	-	39,947
Total	**708,372**	**3,477,353**	**1,547,098**	**2,778,531**	**146,007**	**656,602**	**9,313,964**

For bonds, very few changes in rating are observed in 2023. The evolutions are due to reinvestments (for example in AAA govies) and to the variation of the market values of investments.

Stock price risk

The overall position of the Ethias Group is shown in the below table.

In thousands of euros, in market value	31 December 2023		31 December 2022 restated	
	Fair value	% of the value in the balance	Fair value	% of the value in the balance
Participating interests	34,812	0.18%	42,292	0.23%
Equities	622,909	3.22%	530,400	2.90%
Investment funds	493,474	2.55%	414,120	2.26%
Total	**1,151,195**	**5.95%**	**986,812**	**5.39%**

Price risk on investment properties

In thousands of euros, in market value	31 December 2023		31 December 2022 restated	
	Fair value	% of the value in the balance	Fair value	% of the value in the balance
Investment properties	658,385	3.40%	635,248	3.47%

13.6.5.5 Analysis of sensitivity to financial risks

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

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

In thousands of euros; only Ethias SA (and plus Ethias S.I.F. in the case of shares)	31 December 2023	
	Estimated impact on the income statement	Estimated impact on other comprehensive income items
Interest rate risk		
Financial investments (excluding investments belonging to unit-linked insurance contracts and derivatives)		
Increase in the yield curve by 50 basis points	(14,616)	(422,864)
Decrease in the yield curve by 50 basis points	14,616	422,864
Insurance and reinsurance contracts		
Increase in the yield curve by 50 basis points	-	334,585
Decrease in the yield curve by 50 basis points	-	(383,361)
Credit spread risk		
Financial investments (excluding investments belonging to unit-linked insurance contracts)		
Increase in the credit spread by 50 basis points	(14,405)	(412,464)
Insurance and reinsurance contracts		
Increase in the credit spread by 50 basis points	-	170,162
Stock price risk		
Financial investments (excluding investments belonging to unit-linked insurance contracts)		
Stock price decrease by 30 %	(159,255)	(156,421)
Insurance and reinsurance contracts		
Stock price decrease by 30 %	-	11,416

In thousands of euros; only Ethias SA (and plus Ethias S.I.F. in the case of shares)	31 December 2022 restated	
	Estimated impact on the income statement	Estimated impact on other comprehensive income items
Interest rate risk		
Financial investments (excluding investments belonging to unit-linked insurance contracts and derivatives)		
Increase in the yield curve by 50 basis points	(14,955)	(396,843)
Decrease in the yield curve by 50 basis points	14,955	396,843
Insurance and reinsurance contracts		
Increase in the yield curve by 50 basis points	-	341,442
Decrease in the yield curve by 50 basis points	-	(363,466)
Credit spread risk		
Financial investments (excluding investments belonging to unit-linked insurance contracts)		
Increase in the credit spread by 50 basis points	(14,613)	(383,714)
Insurance and reinsurance contracts		
Increase in the credit spread by 50 basis points	-	168,891
Stock price risk		
Financial investments (excluding investments belonging to unit-linked insurance contracts)		
Stock price decrease by 30 %	(134,240)	(131,010)
Insurance and reinsurance contracts		
Stock price decrease by 30 %	-	7,551

Sensitivities to interest rates and credit spreads are slightly higher than at end-2022 because the market values of the assets to which they apply have increased following the significant decrease in interest rates over 2023. In terms of equity risk: we are seeing, in the event of a decline in equity levels, an increase in sensitivities between other items of comprehensive income (OCI) and P&L as equity exposure has increased in 2023.

Derivative hedging strategies are used in order to mitigate Ethias' exposure to the risk of widening credit spreads on Belgian government bonds (bond futures contracts) and the interest rate risk. The estimated impact of these hedging derivatives at 31/12/2023 on the sensitivity of other items of comprehensive income is presented below.

Spread impact related to bond futures contracts:

- Increase in the credit spread by 100 basis points: +307 million euros
- Decrease in the credit spread by 100 basis points: -368 million euros

The different impact levels have significantly increased compared to 2022 following the new protections purchased in 2023.

Interest rate impact related to bond futures contracts:

- Increase in interest rates with 100 basis points: +67 million euros
- Decrease in interest rates with 100 basis points: -79 million euros

The different impact levels have decreased compared to 2022 following the decrease of protections in 2023.

Methods and assumptions

The analysis is based on a change of assumption while holding all other assumptions constant. In practice, this is unlikely to happen, and changes in certain assumptions may be correlated.

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions used for the preparation of the analysis above.

13.7. Non-financial risks

13.7.1 Operational risk

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

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

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

The Executive Committee directly monitors the operational risk. It analyses and proposes guidelines for the corresponding mitigation/management measures in accordance with Ethias' risk management policy.

13.7.2 Other non-financial risks

Reputational risk

Reputational risk is the risk that negative (true or false) information (publicity or otherwise) will cause a loss of confidence in the integrity of the company.

In order to protect itself from a reputation risk, Ethias takes various measures to guarantee the integrity of its image.

To this end, a communication culture using two complementary and coordinated axes has been developed.

Hence, the reputational risk is first of all dealt with through an external communication culture aimed at informing the public, the investors and the shareholders in a professional and transparent manner about the strategic and financial positioning, the operational developments and the company's commercial evolution.

Ethias also attaches particular importance to a good internal communication within the company because it contributes to the confidence of the personnel in the integrity of the company. Hence, there is a constant concern in the company to ensure a rapid, continuous and relevant information of the personnel.

Several internal departments have established operating charters (Privacy, Risk Management, Actuarial Function, Compliance, etc.) in order to make their staff aware of the ethical behaviour that should be adopted in the performance of their activities.

In terms of Sustainability, Ethias makes its sustainability strategy concrete and actionable through all its policies, charters and codes. These documents define the sustainability principles that the company sets for itself. By publishing them, Ethias undertakes to be transparent about its sustainability strategy, its objectives and progress.

The Ethias Sustainability Framework was published in 2023. It is a document that summarizes the guiding principles of the company's sustainability strategy and its implementation in all its activities.

Ethias’ Sustainable and Responsible Investment Policy protects against taking stakes in activities whose reputation may be doubtful.

Ethias regularly conducts opinion surveys to gather the opinion of its policyholders on the quality of its services. The results of these surveys carried out by independent research firms regularly demonstrate the quality of the Ethias brand name.

Climatic risks

Ethias is naturally attentive to ESG risks, including physical climate and transition risks. Their nature can affect both the profitability of its products and the very continuity of its activities.

Every year, as part of its ORSA (Own Risk Self Assessment) process, Ethias assesses the potential impact of an extreme weather scenario on its physical risks and the impact of climate change on its investments. The stress tests carried out on this occasion thus make it possible to challenge the company's reinsurance policy, its investment policy ...

In its ORSA exercise, Ethias pays particular attention to floods, earthquakes and drought. Then, the risks related to greenhouse gas emissions are studied in a new climate change scenario. The overall objective is to identify material exposures to physical and transitional risks and to assess these risks in both the short and long-term. An initial approach is proposed based on market trends and the first consultations carried out by the European supervisory authorities prior to the publication of directives in this area.

A large majority of our Non-Life contracts have a one-year maturity. This allows us to adapt the pricing of insurances fairly quickly to changes in climate risks. Our reinsurance treaties take into account the evolution of climate risks as well as concentration risks. From discussions with our reinsurers, we gather information on the further development of climate risks. This is of course incorporated into the pricing of reinsurance treaties, which provides market information on the evolution of the risks.

In addition, the Sustainable and Responsible Investment Policy excludes investments in environmentally harmful industrial activities.

As part of the development of its continuity plan, Ethias regularly conducts business continuity tests to determine its resilience capacity to risks of a catastrophic nature. In the same vein, black-out tests are carried out periodically in order to test our resilience based on our energy self-sufficiency.

13.8. Emerging risks

The combination of external risk factors and internal risk factors leads independently or in an aggravated way to potential consequences for the company. This quarterly assessment provides a list of Ethias' most significant risks. We can then define worst-case scenarios for which stress tests are carried out. This exercise is called ORSA (Own Risk Self Assessment), and is a regulatory annual exercise imposed by the NBB (National Bank of Belgium), which takes into account the guidelines issued by EIOPA on risk management by European insurance companies.

ORSA is integrated into the management of the company, and more particularly into strategic decisions and processes, both operational and management. Ethias takes into account the results of ORSA in the context of:

- its strategy and business plan: adequacy with the Risk Appetite and the dividend distribution policy.
- the management of its own funds: quantity, quality, raising additional own funds;
- the development and design of its products: appropriate level of pricing and margin setting.

The results of the ORSA are formalised in a report to the decision-making bodies and the NBB. The ORSA process, leading to the preparation of the report, is formalized. ORSA's results and conclusions are also communicated internally to staff members for whom it is relevant, so that they can take any necessary follow-up action.

The 2024 ORSA report was presented to the Board of Directors on March 27-28, 2024 and sent to the regulator after validation.

For more detailed information on Ethias’ risk management governance, the public SFCR report can be consulted on the Ethias Corporate website.

14. Assessment of Internal Control

The preparation of the report on the assessment of the internal control system is in conformity with the BNB circular 2015_21 on internal control as well as with the COSO 2013 and 2017 standards.

In terms of control environment, Ethias:

- pays attention to the respect of the integrity and the ethical values it enshrines;
- aims at reaching its objectives through a clear definition of its organisational structure and of the appropriate competences and responsibilities;
- shows its commitment to attract, train and hold competent co-workers in accordance with the objectives of its multi-year plan;
- reinforces for each of its employees the duty to give account of hi; internal control responsibilities;
- establishes a risk appetite which is monitored by the Board of Directors, assisted by the Audit and Risk Committee.

In terms of risk assessment, Ethias:

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

In terms of controlling activities, Ethias:

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

In terms of information and communication, Ethias:

- Ethias communicates internally the information which is required for proper functioning of the other internal control components, more specifically by obtaining relevant and qualitative information. Coordination exists between the independent monitoring functions, as well as between the internal audit function, the statutory auditor and the regulators;
- communicates with third parties on the points that may affect the functioning of other components of the internal control (shareholders, analysts, regulators, clients, suppliers, associations, etc.).

In terms of steering, Ethias:

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

The internal control department located in the second line of control is continuing its deployment as planned in the internal control policy put in place in 2021.

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

15.1. Regulatory developments - Solvency II

On December 14, 2023, the Council and Parliament reached a provisional agreement on amendments to the Solvency II Directive, the EU's main piece of insurance legislation, and on new rules for the recovery and resolution of insurance and reinsurance undertakings.

The new Solvency II rules will strengthen the role of the insurance and reinsurance sector in providing private sources of long-term investment for European companies. At the same time, they will make the sector more resilient and better prepared for future challenges, so as to better protect policyholders.

The provisional agreement requires insurance and reinsurance companies and groups to draw up and submit preventive recovery plans to national supervisory authorities.

Ethias has already taken steps to define the main action plans to be implemented as part of a preventive recovery plan.

15.2. Regulatory developments in sustainability

The EU-Corporate Sustainability Reporting Directive (CSRD) was adopted in November 2022 and introduces the need for more regular and detailed information on the environmental, social and human rights impact of companies, based on common and therefore comparable criteria. These rules aim to fill the gaps in the existing non-financial reporting directive (NFRD), which is currently considered largely insufficient and unreliable. The European Commission validated the European Sustainability Reporting Standard (ESRS) on July 30, 2023. They were approved by the European Parliament on October 18, 2023 and published in the Official Journal on December 22, 2023. These standards are intended to implement the concrete content of the sustainability report as set out in the CSRD, and to standardise corporate reporting. These standards came into force on 1 January 2024. The 12 ESRS standards are "sector-agnostic", i.e. applicable across all sectors. The European Financial Reporting Advisory Group (EFRAG) is also preparing sector-specific standards which will be added to the first 12 ESRS standards. However, in a decision taken on February 14, 2024, the Council and the European Parliament agreed to postpone the adoption of sector-specific standards until 2026.

Financial and sustainability information will be included in a single report, providing investors with comparable information. To ensure the reliability of the information provided by companies, they will be subject to an independent audit (limited assurance), the details of which will be set out in the transposition of the CSRD directive into Belgian law.

The new EU sustainability reporting requirements will be applied to all large companies, both listed and unlisted, as well as to listed SMEs. Thus, for nearly 50,000 companies in the European Union, the collection and publication of information on their own sustainability will become the norm, whereas today only 11,700 companies are covered by the scope of the European law.

For Ethias, the publication of the first report in compliance with the new rules is expected for 2025 concerning the 2024 data. In order to anticipate these changes, every team at Ethias are on deck and Ethias has already integrated the sustainability information it wishes to communicate in its 2023 financial report.

In view of the potential future adoption of the CSDD (Corporate Sustainability Due Diligence Directive) and its links with the ESRS, Ethias is also preparing for this. The CSDDD vote was scheduled for February 9, 2024, but has been postponed indefinitely.

16. Consolidated financial statements

16.1. Consolidated balance sheet

In thousands of euros	Note	31 December 2023	31 December 2022 restated	1st January 2022 restated
Goodwill	**18.1**	**96,762**	**76,651**	**74,079**
Other intangible assets	**18.2**	**108,494**	**122,044**	**111,764**
Operational buildings and other tangible fixed assets	**18.3**	**62,966**	**40,115**	**43,403**
Right-of-use of assets	**18.4**	**128,834**	**51,837**	**62,341**
Investments in associated companies	**18.5**	**223,561**	**198,464**	**57,494**
Investment properties	**18.3**	**448,251**	**426,296**	**459,477**
Financial assets at fair value through other comprehensive income		9,451,681	8,971,641	12,477,605
Debt instruments		8,779,188	8,374,820	11,538,426
Equity instruments		672,494	596,822	939,180
Financial assets at fair value through profit or loss		1,268,398	1,289,188	1,395,847
Financial assets recognised at amortized cost		3,407,013	3,452,158	3,268,652
Derivative financial instruments	**18.7**	259,878	372,878	25,852
Investments belonging to unit-linked insurance contracts designated at fair value through profit or loss		2,161,659	1,609,303	1,778,054
Financial investments	**18.6**	16,548,629	15,695,168	18,946,010
Insurance contract assets	**18.15**	17,318	29,267	81,557
Reinsurance contract assets	**18.8**	253,446	160,864	206,424
Deferred tax assets	**18.9**	295,213	357,409	207,062
Receivables	**18.10**	589,266	413,172	385,111
Any other assets	**18.11**	51,460	40,328	48,366
Cash and cash equivalents	**18.12**	516,099	677,736	455,277
Assets available for sale including assets from discontinued operations	**18.13**	-	13,909	-
Total assets		**19,340,299**	**18,303,260**	**21,138,364**
Share capital		1,000,000	1,000,000	1,000,000
Reserves and retained earnings		1,303,250	1,443,355	1,513,075
Net profit (loss) of the period		346,262	4,432	-
Other items of comprehensive income		(474,666)	(616,944)	(171,305)
Equity of the Group		**2,174,845**	**1,830,843**	**2,341,770**
Non-controlling interests		**83,563**	**72,041**	**73,950**
Total equity	**18.14**	**2,258,408**	**1,902,884**	**2,415,720**
Insurance contract liabilities	**18.15**	**9,341,222**	**9,067,804**	**11,061,348**
Reinsurance contract liabilities	**18.8**	**277**	**(0)**	**(0)**
Investment contract liabilities	**18.16**	**5,348,376**	**5,145,957**	**5,434,876**
Subordinated debts	**18.17**	**554,560**	**495,106**	**491,107**
Lease obligations	**18.17**	**73,251**	**50,513**	**61,512**
Other financial debts	**18.17**	**445,456**	**583,304**	**771,530**
Employee benefits	**18.18**	**178,128**	**189,647**	**243,268**
Provisions	**18.19**	**15,445**	**12,308**	**24,401**
Derivative financial instruments	**18.7**	**295,699**	**238,821**	**123,259**
Tax liabilities payable	**18.20**	**84,273**	**79,243**	**56,051**
Deferred tax liabilities	**18.9**	**19,897**	**20,622**	**21,958**
Other payables	**18.20**	**725,308**	**516,747**	**433,335**
Liabilities related to assets available for sale and discontinued operations	**18.13**	**-**	**304**	**-**
Total other liabilities		**17,081,891**	**16,400,376**	**18,722,644**
Total liabilities		**19,340,299**	**18,303,260**	**21,138,364**

The statements and notes of sections 16 to 20 form an integral part of the consolidated financial IFRS statements as at 31 December 2023.

16.2. Consolidated income statement

In thousands of euros	Notes	31 December 2023	31 December 2022 restated
Insurance revenue		1,965,140	1,794,156
Insurance service expenses		(1,473,246)	(1,676,274)
Net expenses from reinsurance		(73,009)	(35,617)
Insurance service result	**19.1**	**418,885**	**82,265**
Revenue from financial assets not measured at fair value through profit or loss		349,057	385,440
Net revenue from the sale of assets measured at amortised cost		(10,073)	(493)
Net revenue from the sale of assets measured through other items from the comprehensive income		17,940	(5,564)
Net revenue from assets measured at fair value through profit or loss		302,076	(384,811)
Net change in liabilities for investment contracts		(220,801)	230,955
Amortisation and impairment of investment property		(14,153)	(21,545)
Net losses of credit value on investments		(25,023)	(3,424)
Other investment-related financial expenses		(26,390)	(16,253)
Net revenue from investment	**19.2**	**372,633**	**184,306**
Financial expenses from issued insurance contracts		(221,278)	(147,237)
Financial revenue from held reinsurance contracts		5,866	1,770
Financial expenses from insurance and reinsurance contracts	**19.3**	**(215,412)**	**(145,467)**
NET RESULT FROM INSURANCE AND INVESTMENT		**576,105**	**121,104**
Other operating revenue	19.4	507,029	433,437
Other operating expenses	19.5	(585,115)	(497,484)
Asset management fees charged		11,543	7,839
Finance costs	19.6	(40,780)	(28,290)
Goodwill impairment		-	-
NET PROFIT (LOSS) BEFORE TAX		**468,782**	**36,606**
Income taxes	19.7	(106,631)	(16,762)
NET PROFIT (LOSS) AFTER TAX		**362,152**	**19,844**
Share of the associated companies in the result		(6,431)	(2,164)
Net profit (loss) from discontinued operations		-	-
NET CONSOLIDATED PROFIT (LOSS)		**355,720**	**17,680**
Group’s share		346,261	4,383
Non-controlling interests		9,459	13,297

16.3. Statement of comprehensive income

In thousands of euros	31 December 2023	31 December 2022 restated
NET CONSOLIDATED PROFIT (LOSS)	**355,720**	**17,680**
Actuarial gains and losses on defined benefit pension liabilities	(3,441)	46,500
Change in fair value of equity instruments measured at fair value through other comprehensive income	56,872	(118,631)
Share of the associated companies in the other items of comprehensive income	24,558	7,490
Tax	860	(11,625)
Items that will not be reclassified to the income statement	**78,850**	**(76,266)**
Change in fair value of debt instruments measured at fair value through other comprehensive income	586,720	(2,805,899)
Change in fair value of derivative instruments designated as cash flow hedges	(166,417)	129,793
Financial expenses from issued insurance contracts	(352,146)	2,243,413
Financial revenue from held reinsurance contracts	6,291	(21,034)
Exchange rate differences of foreign currency	509	(1,453)
Share of the associated companies in the other items of comprehensive income	-	-
Tax	(21,712)	124,081
Items likely to be reclassified to the income statement	**53,245**	**(331,099)**
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	**132,095**	**(407,365)**
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	**487,815**	**(389,685)**
Group's share	478,356	(402,982)
Non-controlling interests	9,459	13,297

16.4. Consolidated cash flows statement

In thousands of euros	Notes	31 December 2023	31 December 2022 restated
Net profit (loss) before tax (*)		**468,782**	**36,606**
Depreciations and impairments on intangible and tangible assets	18.2, 18.3, 18.4	68,204	49,196
Change in depreciations on financial instruments and investment properties (*)	18.3, 18.6, 19.2	39,176	24,969
Change in fair value on investments through profit or loss (*)	18.6, 19.2	(227,440)	426,111
Provisions for risks and expenses, and other liabilities	18.19, 19.5	3,420	2,955
Result from insurance contracts (*)	18.8, 18.15, 19.1, 19.3	(203,473)	63,202
Result from investment contracts (*)	18.16, 19.2	209,257	(238,795)
Deduction of amounts included in the current result before tax for inclusion in the actual cash flows (*)		(341,350)	(364,736)
Corrections of the amounts that do not impact cash flows (*)		**(452,206)**	**(37,098)**
Dividends and instalments on earned dividends (*)		41,621	41,211
Earned financial income (*)	19.2	344,529	354,820
Use of provision for employee benefits		(17,012)	(17,903)
Change in current receivables and debts (*)	18.10, 18.20	40,784	66,813
Change in liabilities from insurance contracts (*)	18.8, 18.15	50,678	263,483
Change in liabilities from investments contracts (*)	18.16	(6,838)	(50,125)
Tax paid		(66,539)	(46,037)
Other changes (*)		**387,223**	**612,262**
Net cash flows from operating activities (*)		**403,799**	**611,770**
Shares in subsidiaries, net of acquired cash in hand	17.2.1	(59,945)	(75,045)
Acquisitions of financial assets and investment properties (*)	18.3, 18.6	(3,290,122)	(3,473,701)
Acquisitions of intangible and tangible fixed assets	18.2, 18.3, 18.4	(144,874)	(46,655)
Disposals of shares in subsidiaries, net of transferred cash	17.2.2	12,426	18,907
Disposals of financial assets and investment properties (*)	18.3, 18.6	3,132,138	3,517,975
Disposals of intangible and tangible fixed assets	18.2, 18.3, 18.4	5,722	6,318
Net cash flows from investing activities		**(344,656)**	**(52,202)**
Subscription to capital increase		327	-
Capital refund		-	-
Dividends paid by the parent company		(108,000)	(105,000)
Dividends paid to third parties		(7,480)	(8,980)
Issues of financial liabilities	18.17	303,427	(699)
Refund of financial liabilities	18.17	(199,633)	(6,590)
Interests paid on financial liabilities (*)	19.6	(21,797)	(20,777)
Issuance of lease obligations	18.17	39,522	9,939
Reimbursement of lease obligations	18.17	(24,626)	(20,451)
Interest paid on lease obligations	19.6	(1,253)	(345)
Net cash flows from financing activities (*)		**(19,512)**	**(152,903)**
Net cash flows from activities		**39,631**	**406,665**
Cash or cash equivalents at the beginning of the period (*)	**18.12**	**132,397**	**(271,004)**
Net cash flows from activities		39,631	406,666
Impacts of exchange rate differences of foreign currency and of other transactions (*)		611	(95)
Changes in accrued interests not yet due on cash equivalents (*)		(10,028)	(3,170)
Change in expected credit losses on cash equivalents (*)		-	-
Re-evaluation of cash flows equivalents through equity (*)		-	-
Cash or cash equivalents at the end of the period (*)	**18.12**	**162,612**	**132,397**

(*) reassessed amount at December 31, 2022

The line «Deduction of amounts included in the current result before tax for inclusion in the actual cash flows» mainly includes dividends and financial income received that are recognised in the income statement.

16.5. Consolidated statement of changes in equity

In thousands of euros	Subscribed capital	Result carried forward	Other items of comprehensive income	Equity of the Group	Non-controlling interests	Total equity
	2023					
Equity as of 1 January	**1,000,000**	**1,447,787**	**(616,944)**	**1,830,843**	**72,041**	**1,902,884**
Net consolidated profit (loss)	-	346,261	-	346,261	9,459	355,720
Total of other items of comprehensive income of the financial year	-	-	132,095	132,095	-	132,095
Other movements	-	-	-	-	-	-
Net consolidated comprehensive income	**-**	**346,261**	**132,095**	**478,356**	**9,459**	**487,815**
Capital movements	-	-	-	-	327	327
Dividends	-	(108,000)	-	(108,000)	(7,480)	(115,480)
Transfers due to sale of Equity investments	-	(10,175)	10,175	-	-	-
Change in the consolidation scope	-	(26,362)	8	(26,354)	9,216	(17,139)
Other movements	-	-	-	-	-	-
Equity as of 31 December	**1,000,000**	**1,649,511**	**(474,666)**	**2,174,845**	**83,563**	**2,258,408**

In thousands of euros	Subscribed capital	Result carried forward	Other items of comprehensive income	Equity of the Group	Non-controlling interests	Total equity
	2022 restated					
Equity as of 1 January	**1,000,000**	**1,513,075**	**(171,305)**	**2,341,770**	**73,950**	**2,415,720**
Net consolidated profit (loss)	-	4,383	-	4,383	13,297	17,680
Total of other items of comprehensive income of the financial year	-	-	(407,365)	(407,365)	-	(407,365)
Other movements	-	-	-	-	-	-
Net consolidated comprehensive income	**-**	**4,383**	**(407,365)**	**(402,982)**	**13,297**	**(389,685)**
Capital movements	-	-	-	-	-	-
Dividends	-	(105,000)	-	(105,000)	(8,980)	(113,980)
Transfers due to sale of Equity investments	-	37,214	(37,214)	-	-	-
Change in the consolidation scope	-	(1,885)	(1,059)	(2,944)	(6,227)	(9,171)
Other movements	-	-	-	-	-	-
Equity as of 31 December	**1,000,000**	**1,447,787**	**(616,944)**	**1,830,843**	**72,041**	**1,902,884**

The dividends distributed are composed of the dividend paid by Ethias SA to its shareholders (EUR 108 million compared with EUR 105 million in 2022) and the dividends distributed outside the Group (EUR 7.5 million compared with EUR 9 million in 2022), mainly by the NRB sub-group.

In 2023, the line «Change in scope» includes a decrease in the Group's equity following the change in percentage of NRB. Minority interests are also impacted by this change as well as by the integration of Abiware and NeWIN and its subsidiaries in the consolidation. In 2022, the line «Change in scope" includes a decrease in the Group's equity as a result of the change in percentage of Zorgi (ex-Infohos/Xperthis SA) and WLP Holding and the inclusion of NEB Participations in the scope of consolidation. Minority interests are also impacted by the change in percentage of Zorgi as well as by the integration of Ink Consulting in the consolidation.

17. General information

17.1. Consolidation scope

17.1.1 List of the consolidated subsidiaries

	31 December 2023					31 December 2022		
	Country	Sector	Currency	Integration percentage	Control percentage	Integration percentage	Control percentage	Change in scope
Consolidating company :								
Ethias S.A.	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	64.56%	64.56%	64.56%	64.56%	
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	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	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Het Gehucht	Belgium	Real estate	EUR	0.00%	0.00%	100.00%	100.00%	Cession
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%	
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%	
Veran Real Estate	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
NRB Group								
Abiware	Belgium	IT	EUR	0.00%	0.00%	0.00%	0.00%	Acquisition and absorption by Cevi
Adinfo	Belgium	IT	EUR	32.39%	51.00%	34.88%	51.00%	Change in percentage
Afelio	Belgium	IT	EUR	63.52%	100.00%	68.39%	100.00%	Change in percentage
Altair	Belgium	IT	EUR	0.00%	0.00%	68.39%	100.00%	Absorbed by SLM
Athena Informatic	Belgium	IT	EUR	0.00%	0.00%	68.39%	100.00%	Absorbed by SLM
B-data	Belgium	IT	EUR	32.39%	51.00%	34.88%	51.00%	Change in percentage
Cevi	Belgium	IT	EUR	32.39%	100.00%	34.88%	100.00%	Change in percentage
Computerland	Belgium	IT	EUR	63.52%	100.00%	68.39%	100.00%	Change in percentage
Civadis	Belgium	IT	EUR	32.39%	100.00%	34.88%	100.00%	Change in percentage
Ink Consulting	Belgium	IT	EUR	63.52%	100.00%	68.39%	100.00%	Change in percentage
NeWIN	Belgium	IT	EUR	63.52%	100.00%	0.00%	0.00%	Acquisition by NRB
NRB	Belgium	IT	EUR	63.52%	63.52%	68.39%	68.39%	Change in percentage
Orda's	Belgium	IT	EUR	63.52%	100.00%	68.39%	100.00%	Absorbed by SLM
PDP	Belgium	IT	EUR	0.00%	0.00%	34.88%	100.00%	Absorbed by Cevi

People & Technology	Belgium	IT	EUR	0.00%	0.00%	68.39%	100.00%	Absorbed by NRB
Phenix Data Center	Belgium	IT	EUR	63.52%	100.00%	0.00%	0.00%	Acquisition by NRB
Prodata Systems	Belgium	IT	EUR	32.39%	100.00%	34.88%	100.00%	Change in percentage
SDP	Belgium	IT	EUR	0.00%	0.00%	34.88%	100.00%	Absorbed by Cevi
SLM	Belgium	IT	EUR	63.52%	100.00%	68.39%	100.00%	Change in percentage
Siggis	Belgium	IT	EUR	32.39%	100.00%	34.88%	100.00%	Change in percentage
Trigone Informatique	France	IT	EUR	63.52%	100.00%	68.39%	100.00%	Change in percentage
Wallonie Data Center	Belgium	IT	EUR	63.52%	100.00%	0.00%	0.00%	Acquisition by NRB
Xperthis Group	Belgium	IT	EUR	0.00%	0.00%	54.71%	80.00%	Absorbed by Zorgi
Zorgi	Belgium	IT	EUR	50.81%	80.00%	54.71%	100.00%	Change in percentage
Others								
Ethias Lease	Belgium	Other	EUR	50.00%	50.00%	0.00%	0.00%	Creation by Ethias Lease Corporation
Ethias Lease Corporation	Belgium	Other	EUR	100.00%	100.00%	0.00%	0.00%	Creation by Ethias SA, Ethias Ventures and Ethias Patrimoine
Ethias Services	Belgium	Other	EUR	99.90%	99.90%	99.90%	99.90%	
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 Ventures	Belgium	Holding	EUR	100.00%	100.00%	100.00%	100.00%	
Glasfaser Ostbelgien	Belgium	Other	EUR	50.00%	50.00%	50.02%	50.02%	
Associates and equity method :								
Real estate subsidiaries								
Cityforward	Belgium	Real estate	EUR	49.50%	49.50%	49.50%	49.50%	
Hamsterhuren II	Belgium	Real estate	EUR	21.69%	21.69%	21.69%	21.69%	
WLP Holding	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP I	Germany	Real estate	EUR	30.00%	30.00%	30.00%	30.00%	
WLP II	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP III	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP IV	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP VII	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP VIII	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP XI	England	Real estate	GBP	33.33%	33.33%	33.33%	33.33%	
WLP XII	Belgium	Real estate	EUR	33.33%	33.33%	0.00%	0.00%	Acquisition by WLP Holding
WLP XVI	Belgium	Real estate	EUR	33.33%	33.33%	0.00%	0.00%	Acquisition by WLP Holding
WLP CVH	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
WLP CV	Belgium	Real estate	EUR	33.33%	33.33%	33.33%	33.33%	
Zabrixx I	Belgium	Real estate	EUR	48.90%	48.90%	48.90%	48.90%	
NRB Group								
BelgiumDC	Belgium	IT	EUR	31.76%	50.00%	34.19%	50.00%	Change in percentage
Others								
IMA Benelux	Belgium	Other	EUR	33.00%	33.00%	33.00%	33.00%	
Green4You	Belgium	Other	EUR	26.00%	26.00%	26.00%	26.00%	
NEB Participations	Belgium	Holding	EUR	29.43%	29.43%	29.43%	29.43%	

17.2. Acquisitions and disposals of subsidiaries

17.2.1 Assets and liabilities of companies acquired

In thousands of euros	31 December 2023	31 December 2022
Goodwill and other intangible assets	20,622	2,596
Investment properties	-	-
Financial investments	-	-
Insurance contract assets	-	-
Other assets and tangible fixed assets	34,231	738
Cash and cash equivalents	16,452	5,358
Insurance and investment contract liabilities	-	-
Financial debts	(3,900)	(327)
Provisions for risks and expenses	-	-
Other liabilities	(17,774)	(231)
Participating interests accounted for using the equity method	9,627	60,358
Non-controlling interests	(9,223)	6,227
Changes in equity following acquisitions	26,362	5,684
Net assets acquired	**76,397**	**80,403**
Less: Acquired cash in hand	(16,452)	(5,358)
Less: Badwill	-	-
Cash used for acquisitions	**59,945**	**75,045**

In 2022, NRB acquired 100% of the shares of Ink Consulting and participated in the capital increase of Belgium DC. Furthermore, Xperthis Group acquired an additional 10% of Infohos' shares, bringing its stake to 100%. Finally, Ethias acquired 100% of Ethias Ventures, 49.5% of Cityforward, 50% of Glasfaser Ostbelgien, 21.7% of Hamsterhuren II and 48.9% of Zabrixx I, and participated in the capital increase of WLP Holding. The net cash flow relating to the acquisitions of 2022 amounts to EUR -4 million for Ink Consulting, EUR -0.5 million for Belgium DC, EUR -9 million for Infohos, EUR -50 million for Cityforward, EUR -4 million for Hamsterhuren II, EUR -4.9 million for Zabrixx I and EUR -2.6 million for WLP Holding. The setting up of Ethias Ventures and Glasfaser Ostbelgien did not generate any cash flow outside the group.

In 2023, Ethias, Ethias Patrimoine and Ethias Ventures formed Ethias Lease Corporation, which then participated in the formation of Ethias Lease at 50%. In addition, Ethias paid up the capital of Zabrixx I. Cevi acquired 100% of Abiware and WLP Holding acquired 100% of WLP XII and WLP XVI. Finally, NRB increased its capital through a contribution in kind of 100% of the shares in NeWIN (and its subsidiaries). The net cash flow relating to the acquisitions of 2023 amounts to EUR +EUR 2.3 million for Ethias Lease, EUR -EUR 2.8 million for Zabrixx I, -EUR 2.9 million for Abiware, EUR -EUR 3.9 million for WLP XII, -EUR 2.9 million for WLP XVI and +EUR0.3 million for NeWIN. The setting up of Ethias Lease Corporation did not generate any cash flow outside the group. A put option on NRB shares also led to the recognition of a financial liability of EUR 50 million.

The non-controlling interests in the 2022 and 2023 acquisitions were initially valued at Ethias' proportionate share of the identifiable net assets of the acquired companies.

17.2.2 Assets and liabilities of divested companies

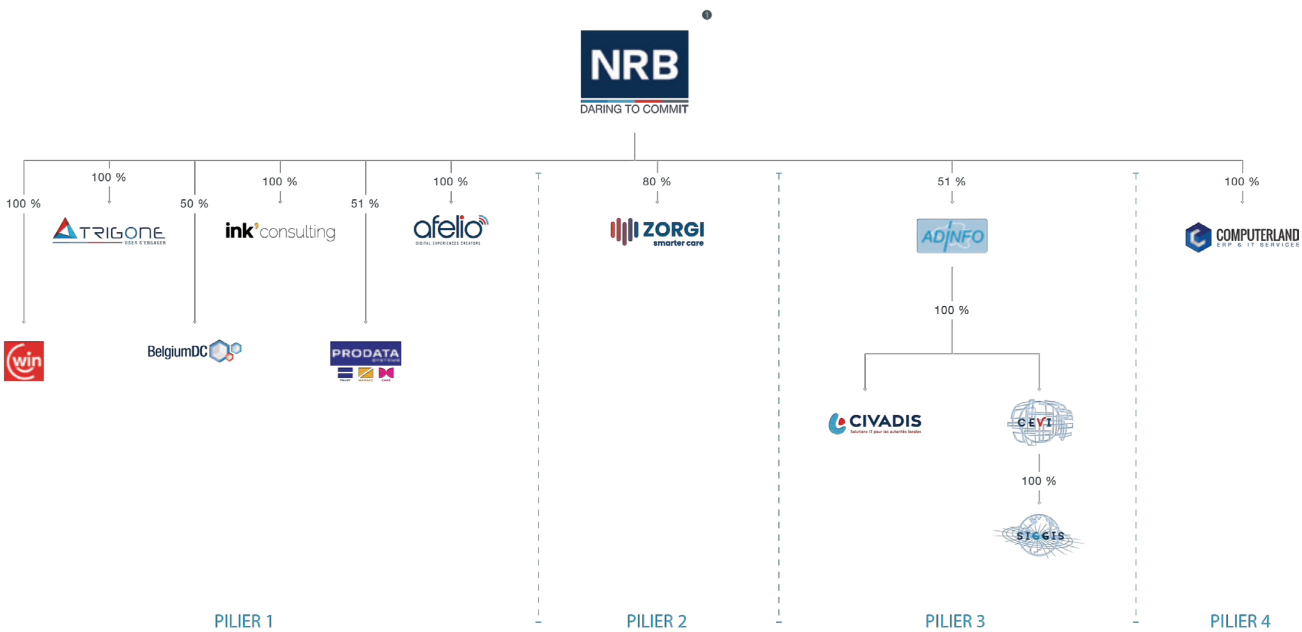
In thousands of euros	31 December 2023	31 December 2022
Intangible assets	-	-
Financial investments	13,751	-
Insurance contract assets	-	-
Any other assets	0	-
Cash and cash equivalents	219	-
Insurance and investment contract liabilities	-	-
Financial debts	(12,383)	-
Provisions for risks and expenses	-	-
Other liabilities	(331)	-
Participating interests accounted for using the equity method	-	19,383
Changes in equity following disposals	-	(477)
Net assets divested	**1,256**	**18,907**
Gain/(loss) on disposals, net of tax	11,389	-
Net cash received related to disposals without loss of control	-	-
Transferred cash	(219)	-
Cash received for disposals	**12,426**	**18,907**

The amounts presented above correspond, in 2022, to the decrease in percentage of WLP Holding and the liquidation of Together Services (generating EUR 18.8 and 0.1 million of cash respectively).

In 2023, the cash generated was EUR 10.4 million for the sale of Het Gehucht and a further EUR 2 million for the partial sale of WLP Holding in 2022.

17.3. Presentation of the NRB subgroup

The NRB sub-group, of which 63.5% is owned by Ethias, is as follows:



1.Including branches in Luxembourg, Greece, Italy, Great Britain and Romania

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

The amounts shown under the heading «non-controlling interests» relate to the holders of interests in subsidiaries of the NRB subgroup that do not give control to NRB. They received a dividend of 1.8 million euros in 2023 and of 2.4 million euros in 2022. In addition, NRB's holders of interests not giving control to Ethias received a dividend of 5.1 million euros in 2023 compared to 6.2 million euros in 2022.

17.3.1 Consolidated financial situation of NRB sub-group

In thousands of euros	31 December 2023	31 December 2022 restated
Goodwill	**121,986**	**83,888**
Other intangible assets	**21,289**	**24,498**
Operational buildings and other tangible fixed assets	**30,573**	**17,711**
Right-of-use of assets	**43,750**	**19,845**
Investments in associated companies	**1,457**	**1,434**
Investment properties	**-**	**-**
Financial assets at fair value through other comprehensive income	3,750	3,643
Debt instruments	3,708	3,593
Equity instruments	42	50
Financial assets at fair value through profit or loss	23,455	21,307
Financial assets recognised at amortized cost	1,688	6,787
Derivative financial instruments	-	-
Investments belonging to unit-linked insurance contracts designated at fair value through profit or loss	-	-
Financial investments	**28,893**	**31,737**
Insurance contract assets	**-**	**-**
Reinsurance contract assets	**-**	**-**
Deferred tax assets	**0**	**113**
Receivables	**125,279**	**120,955**
Any other assets	**47,745**	**39,113**
Cash and cash equivalents	**54,229**	**34,731**
Assets available for sale including assets from discontinued operations	**-**	**-**
Total assets	**475,202**	**374,025**
Share capital	66,843	16,837
Reserves and retained earnings	149,928	143,616
Net profit (loss) of the period	15,427	22,312
Other items of comprehensive income	(129)	(215)
Equity of the Group	**232,069**	**182,549**
Non-controlling interests	**15,406**	**14,678**
Total equity	**247,475**	**197,228**
Insurance contract liabilities	**-**	**-**
Reinsurance contract liabilities	**-**	**-**
Investment contract liabilities	**-**	**-**
Subordinated debts	**-**	**-**
Lease obligations	**43,284**	**19,931**
Other financial debts	**21,127**	**16,783**
Employee benefits	**1,930**	**2,075**
Provisions	**3,087**	**964**
Derivative financial instruments	**-**	**-**
Tax liabilities payable	**16,189**	**14,639**
Deferred tax liabilities	**70**	**29**
Other payables	**142,040**	**122,376**
Liabilities related to assets available for sale and discontinued operations	**-**	**-**
Total other liabilities	**227,727**	**176,797**
Total liabilities	**475,202**	**374,025**

17.3.2 Compte de résultats consolidé du sous-groupe NRB

In thousands of euros	31 December 2023	31 December 2022 restated
Insurance revenue	-	-
Insurance service expenses	-	-
Net expenses from reinsurance	-	-
Insurance service result	**-**	**-**
Revenue from financial assets not measured at fair value through profit or loss	995	1,187
Net revenue from the sale of assets measured at amortised cost	-	-
Net revenue from the sale of assets measured through other items from the comprehensive income	-	0
Net revenue from assets measured at fair value through profit or loss	1,802	(2,689)
Net change in liabilities for investment contracts	-	-
Amortisation and impairment of investment property	-	-
Net losses of credit value on investments	-	-
Other investment-related financial expenses	(1,595)	(1,040)
Net revenue from investment	**1,203**	**(2,542)**
Financial expenses from issued insurance contracts	-	-
Financial revenue from held reinsurance contracts	-	-
Financial expenses from insurance and reinsurance contracts	**-**	**-**
NET RESULT FROM INSURANCE AND INVESTMENT	**1,203**	**(2,542)**
Other operating revenue	609,932	539,196
Other operating expenses	(584,197)	(501,720)
Asset management fees charged	-	-
Finance costs	(1,978)	(642)
Goodwill impairment	-	-
NET PROFIT (LOSS) BEFORE TAX	**24,959**	**34,293**
Income taxes	(5,625)	(6,597)
NET PROFIT (LOSS) AFTER TAX	**19,334**	**27,696**
Share of the associated companies in the result	22	42
Net profit (loss) from discontinued operations	-	-
NET CONSOLIDATED PROFIT (LOSS)	**19,357**	**27,738**
Group's share	15,427	22,312
Non-controlling interests	3,930	5,426

17.3.3 Consolidated comprehensive income of NRB subgroup

In thousands of euros	31 December 2023	31 December 2022 restated
NET CONSOLIDATED PROFIT (LOSS)	**19,357**	**27,738**
Items that will not be reclassified to the income statement	**-**	**-**
Change in fair value of debt instruments measured at fair value through other comprehensive income	115	(633)
Tax	(29)	158
Items likely to be reclassified to the income statement	**86**	**(475)**
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	**86**	**(475)**
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	**19,443**	**27,263**
Group's share	15,513	21,837
Non-controlling interests	3,930	5,426

17.4. Summary of significant accounting principles

17.4.1 Basis of preparation of the consolidated financial statements

17.4.1.1 General principles

The consolidated financial statements of the Group are established on the basis of the IFRS reference document (International Financial Reporting Standards), as definitive, in force on 31 December 2023, and adopted by the European Union with effect as of that date.

The Group's consolidated financial statements are prepared on a going concern basis, given the evolution of the Solvency II margin (190% at 31 December 2023 compared to 170% at 31 December 2022). They give an accurate image of the financial situation, the financial performances and the cash flows of the Group, based on relevant, reliable, comparable and understandable information. The accounts are presented in thousands of euros and are rounded to the nearest thousand.

The financial statements are established on the basis of a historical cost approach, except for, in particular, insurance contract assets and liabilities, which are estimated according to general and simplified models of IFRS17 and to financial instruments at fair value.

17.4.1.2 New standards, amendments and interpretations published and adopted since 1 January 2023

The new standards and interpretations, applicable from January 1, 2023, are as follows:

- Amendment to IAS 1 - Disclosure of accounting policies
- Amendment to IAS 8 - Definition of an accounting estimate
- Amendment to IAS 12 - Deferred taxes on assets and liabilities arising from the same transaction
- IFRS 17 standard - Insurance Contracts
  This new standard replaces IFRS 4 and fundamentally changes the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features. In addition, part of the scope covered by IFRS 4 does not meet the IFRS 17 definition of insurance contracts and is therefore measured in accordance with IFRS 9. A summary of the accounting principles applicable from this date is provided in paragraphs ***17.4.14 Insurance contract liabilities*** (liabilities within the scope of IFRS 17) and ***17.4.16 Investment contract liabilities*** (liabilities within the scope of IFRS 9).
- IFRS 9 standard - Financial instruments
  This new standard replaces IAS 39. A summary of current accounting principles and the impact of the transition on asset classification, valuation methods and impairment is provided in paragraph ***17.4.9 Financial investments***.

Main impacts of replacing IFRS 4 and IAS 39 with IFRS 17 and IFRS 9

The impact on the balance sheet of the introduction of IFRS 17 and IFRS 9 is limited and does not alter the Group's image of financial stability.

The main impact is due to the distinction of the new element of the CSM (contractual service margin), corresponding to the estimate of future profits of contracts in the scope of IFRS 17 and classified in the liabilities category. This item was not part of the liability under IFRS 4 and was therefore implicitly included in equity. It is important to note, however, that despite its classification as a liability, the CSM is generally considered by market participants to being part of equity.

At the transition date, the sum of the equity and the total CSM is close to the amount of the equity before the transition. This stability is also attributable to the use of shadow accounting under IFRS 4.

Apart from the CSM distinction, the level and structure of equity may vary from that under IFRS 4, mainly due to differences in:

- application of discounted flows;
- adjustment for non-financial risk;
- contract limits;
- disaggregation of financial results between income statement and other items of comprehensive income.

The final impacts of the transition to IFRS 9 and IFRS 17 on equity are presented below:

In thousands of euros	Subscribed capital	Result carried forward	Other items of comprehensive income	Equity of the Group	Non-controlling interests	Total equity
Equity as of 31 December 2021 (IAS39/IFRS4)	**1,000,000**	**1,485,317**	**524,236**	**3,009,552**	**73,950**	**3,083,502**
Assets related to Non-Life reinsurance contracts	-	(22,119)	7,119	(15,000)	-	(15,000)
Of which adjustment for non-financial risk	-	11,041	348	11,389	-	11,389
Liabilities related to Life insurance contracts	-	(376,712)	(371,364)	(748,076)	-	(748,076)
Of which adjustment for non-financial risk	-	(43,923)	(12,538)	(56,461)	-	(56,461)
Liabilities related to Non-Life insurance contracts	-	258,143	(392,605)	(134,462)	-	(134,462)
Of which adjustment for non-financial risk	-	(97,899)	(7,340)	(105,239)	-	(105,239)
Impact of IFRS17	**-**	**(140,688)**	**(756,850)**	**(897,538)**	**-**	**(897,538)**
Financial assets	-	170,878	(322,390)	(151,512)	-	(151,512)
Investment contract liabilities	-	4,042	154,604	158,646	-	158,646
Impact of IFRS9	**-**	**174,920**	**(167,786)**	**7,134**	**-**	**7,134**
Tax	**-**	**(6,474)**	**229,096**	**222,622**	**-**	**222,622**
Equity as of 1 January 2022 (IFRS9/IFRS17)	**1,000,000**	**1,513,075**	**(171,305)**	**2,341,770**	**73,950**	**2,415,720**
Contractual service margin as of 1 January 2022 (*)						**646,304**

(*) net of tax.

Other amendments

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

17.4.1.3 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 analyses the standards and interpretations that will come into force in subsequent years.

In May 2023, the IASB published amendments to IAS 12 «Income Taxes», specifying the expected impact on the financial statements of the entry into force of Pillar 2 (worldwide minimum tax) for the year ending on December 31, 2024. Our in-house analyses allow us to conclude that the Safe Harbour conditions will be met. More information is available in paragraph 19.7.3 Pillar Two rules.

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.

17.4.2 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: Non-Life, Life and Non-Technical.

17.4.3 Consolidation principles and methods

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

The subsidiaries are the entities controlled by the Group.

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

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

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

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

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

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

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

17.4.4 Business combinations

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

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

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

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

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

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

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

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

17.4.5 Foreign currency translation and transactions

17.4.5.1 Functional and reporting currency

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

For companies whose functional currency is not the euro, assets and liabilities are translated at the exchange rate applicable at the date of the statement of financial position, and the income statement is translated at the average exchange rate of the ongoing financial year. Exchange differences resulting from these translations are recognized through other items of comprehensive income.

17.4.5.2 Translations of foreign currency transactions

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

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

17.4.6 Intangible assets

17.4.6.1 Goodwill

Assessment

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

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

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

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

Impairment

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

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

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

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

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

17.4.6.2 Other intangible assets

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

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

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

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

Internal and external research expenses for these projects and all expenses for ICT projects other than investment projects are charged directly to the income statement. The acquisition of an insurance contract in a business combination or portfolio transfer is performed in accordance with IFRS17.

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

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

17.4.7 Property and investment property

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

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

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

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

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

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

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

17.4.8 Other tangible fixed assets

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

17.4.9 Financial investments

17.4.9.1 Classification

Financial investments are carried at amortised cost, at market value through other comprehensive income or at market value through profit or less, depending on the management model and the contractual characteristics of the instruments.

Financial instruments are classified into the following categories in accordance with IFRS 9:

- Debt instruments "held within a management model for collecting of contractual cash flows" and whose cash flows consist solely of principal and interest payments are carried at "amortised cost"; this category essentially comprises bonds, loans, deposits and receivables. The aim is to hold these instruments and collect their contractual cash flows until maturity; sales are still possible when they happen close to maturity, in the event of non-compliance by the customer with payment of premiums to be invested, to regularize contractual limits, in the event of an increase in credit or concentration risk, in the event of a change in regulatory or ESG constraints, or in the event of a significant and not reasonably foreseeable change in the macroeconomic environment (war, health crisis...); on the other hand, insignificant (even if frequent) or significant (but infrequent) sales are compatible with this management model;

- Debt instruments "held within a management model whose goal is reached by collecting contractual cash flows and selling financial assets", and whose cash flows consist solely of principal and interest payments, are carried at "fair value through other comprehensive income"; this category essentially comprises bonds;

- Debt instruments that are not held under one of the two management models described above or whose cash flows do not consist solely of principal and interest payments are carried at fair value, with changes in fair value recognised through profit or loss; these assets are of three types: (i) investments held for trading, which are investments whose management intention is to generate short-term profits; (ii) financial assets designated as optional; (iii) instruments qualifying as debt instruments whose cash flows do not consist solely of principal and interest payments, such as certain investment funds.

- Equity instruments that are not held for trading are recognised definitively with "measurement at fair value through other comprehensive income".

The fair value option, which consists of designating financial assets and liabilities at their fair value with changes in fair value through profit or loss on initial recognition, is used by the Group when this option reduces the accounting mismatch between financial assets and liabilities.

Reclassifications of financial assets are only permitted when Ethias decides to change the management model for these assets.

17.4.9.2 Measurement and recognition

The Group recognises financial assets when it becomes a party to the contractual terms of these assets. Purchases and sales of financial assets are recorded on the trade date.

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

Securities given under repurchases are maintained in assets in the balance sheet. Hence, the Group conducts repurchase transactions and securities lending.

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

Debt instruments "held within a management model whose goal is reached by collecting contractual cash flows and selling financial assets", those held for trading, assets designated at fair value through profit or loss and all derivatives are measured at fair value.

The fair value is the price at which an asset could be exchanged between knowledgeable negotiators against competitive market conditions. The Group applies the hierarchy for determining fair value under IFRS 9 as explained in more detail in the note relating to the determination of the fair value of financial instruments.

Debt instruments "held within a management model whose goal is reached by collecting contractual cash flows and selling financial assets" are carried at fair value, with unrealised gains and losses being recorded under a separate heading of equity (through other items of comprehensive income), except the following elements which are recorded directly through profit or loss: interest calculated using the effective interest rate method, currency differences on monetary financial assets and expected credit losses.

Debt instruments "held within a management model for the collection of contractual cash flows" and whose cash flows consist of solely payments of principal and interest (SPPI) are carried at amortised cost. Amortized cost is the amount at which the asset was valued at initial recognition net of principal repayments, plus or minus accumulated amortization (depending on the effective interest rate) of differences between the initial amount and the maturity amount and adjusted for any impairment losses. The effective interest rate is the rate that exactly discounts the expected future cash flows over the expected lifetime or, where more appropriate, over a shorter period to obtain the net book value of the asset or financial liability. The value of financial assets includes accrued interest not yet due at the balance sheet date.

By their accounting, financial assets at fair value through profit or loss are not subject to an impairment test.

The impairment model for credit risk under IFRS 9 is based on expected losses. This model applies only to debt instruments, and not to equity instruments.

The model includes three levels of classification based on changes in the credit risk of the financial asset since its initial recognition:

- Expected credit losses at 12 months (“level 1”): if, at the balance sheet date, the credit risk of the financial asset has not increased significantly, the instrument is subject to a provision for impairment at an amount equal to the expected losses at 12 months;
- Expected credit losses until the asset’s maturity date (“level 2”): the provision for impairment is measured at an amount equal to the expected credit losses over the asset’s lifetime if the credit risk has increased significantly since acquisition without the asset being considered impaired;
- Expected credit losses until the maturity of the asset - impaired assets (“level 3”): applies to financial assets that show evidence of durable impairment; in this case, the provision for impairment is also measured at an amount equal to the expected credit losses over the remaining lifetime of the asset.

The decision to change the classification of a financial asset into one of the three levels of credit risk is analysed at each balance sheet date.

With regard to bonds, Ethias applies the “low credit risk” exemption and considers that bonds with an “investment-grade” credit risk rating are classified in the level 1 credit risk category. For a bond to move to level 2 credit risk, it must have a rating below “investment grade” and a rating downgrade of 3 notches or more. In the case of loans, a rating downgrade of 3 notches or more is sufficient to move to level 2.

The criteria that Ethias takes into account to identify the move to level 3 - impaired assets - are as follows:

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

In addition, a delay in payment of more than 90 days constitutes a rebuttable presumption that the asset concerned has been written down to level 3.

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

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

17.4.9.3 Transition method

The classification categories for financial instruments under IAS 39 are reclassified under IFRS 9 resulting in three main measurement bases (“amortised cost”, “measurement at fair value through other comprehensive income” or “measurement at fair value through profit or loss”).

The reclassification of financial instruments into IFRS 9 categories is applied retrospectively from January 1, 2022, as if the financial instrument had always been classified under IFRS 9 since its initial recognition.

In thousands of euros	Comments	31/12/2021 IAS 39	Reclassification	Re-evaluation	Impairments	01/01/2022 IFRS 9
Financial assets available for sale (ex IAS 39)	1 & 2	15,959,804	(15,959,804)	-	-	-
Financial assets held in a management model whose goal is reached by collecting contractual cash flows and selling financial assets (IFRS 9 HTCS)	1	-	11,538,426	1,826	(1,826)	11,538,426
Financial assets measured at fair value through profit or loss (ex IAS 39)		448,907	(448,907)	-	-	-
Financial assets measured at fair value through profit or loss - non SPPI	2	-	1,353,529	-	-	1,353,529
Loans, deposits and other financial investments accounted for at amortised cost (ex IAS 39 Amortised cost)	3	884,905	(884,905)	-	-	-
Loans, deposits and other financial investments held for collecting contractual cash flows (IFRS 9 HTC)	1 & 3	-	3,420,164	(150,298)	(1,214)	3,268,652
Loans, deposits and other financial investments accounted for at fair value through profit or loss - Non SPPI	2	-	42,317	-	-	42,317
Equity instruments - definitely through the statement of comprehensive income (IFRS 9)	4	-	939,180	-	-	939,180
Derivative financial instruments		25,852	-	-	-	25,852
Investments relating to unit-linked contracts		1,778,054	-	-	-	1,778,054
Total		**19,097,522**	**-**	**(148,472)**	**(3,040)**	**18,946,010**

The impact of first-time adoption under IFRS 9 has several effects:

- The "Reclassification" column is explained below.

  Comment 1 - Reclassification from the IAS 39 category "financial assets available for sale" to the IFRS 9 categories "financial assets held in a management model whose goal is reached by collecting contractual cash flows and selling financial assets" (at "fair value through other comprehensive income") and "financial assets held for collecting contractual cash flows" (at "amortised cost"); the latter reclassification includes part of the portfolios of financial assets linked to first and second pillar insurance contracts;

  Comment 2 - Reclassification of a limited number of investments that did not pass the contractual cash flow characteristics test ("SPPI" test) from the IAS 39 "financial assets available for sale" category to the "financial assets at fair value through profit or loss - Non SPPI" category, and from the "loans, deposits and other financial investments accounted for at amortised cost" category to the "loans, deposits and other financial investments accounted for at fair value through profit or loss - Non SPPI" category;

  Comment 3 - Reclassification from the IAS 39 category "loans, deposits and other financial investments accounted for at amortised cost" to the IFRS 9 category "financial assets held for collecting contractual cash flows" at amortised cost;

  Comment 4 - For equity instruments that are not held for trading, the Group has decided to classify them definitively with "measurement at fair value through the statement of comprehensive income".

- The "Revaluation" column in the Transition table shows the impact on equity of the change in accounting treatment resulting from the reclassifications described above.

- The "Impairments" column includes the impact of the introduction of the "expected credit loss" model, the principles of which are described below.

Financial instruments that are subject to an "expected credit loss" calculation will be classified according to the three levels defined by the standard. In this context, the Group has put in place sufficient processes to assess whether the credit risk has increased significantly at the end of each reporting period.

The Group has concluded for the application of IFRS 9 that the majority of its investments in financial instruments are held in a management model whose goal is reached by collecting contractual cash flows and selling financial assets, with the measurement of those financial assets at fair value through other comprehensive income. This conclusion confirms the fact that the Group holds the majority of its financial assets to cover its liabilities resulting from insurance contracts.

17.4.10 Derivative financial instruments

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

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

Hedge accounting

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

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

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

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

There is a cessation of the hedging relationships when:

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

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

17.4.11 Receivables

Receivables more and less than one year are recognized initially at fair value and are subsequently measured at amortized cost net of any impairment. An impairment is recognized when the age of the receivable exceeds one year or when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivable.

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

17.4.12 Cash and cash equivalents

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

17.4.13 Equity

Equity includes, in addition to share capital and retained earnings in reserve, the share of unrealised gains and losses on investments, net of tax, whose change in fair value is not recognised in the income statement, as well as other comprehensive income, notably the impact of changes in financial conditions on the valuation of insurance liabilities measured in accordance with IFRS17.

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

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

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

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

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

17.4.14 Insurance contract liabilities

17.4.14.1 Classification

All Non-Life and Life contracts are liabilities related to insurance contracts accounted for under IFRS 17 except for the following Life contracts, which are liabilities related to investment contracts accounted for under IFRS 9: 1st pillar with review clause of the tariff conditions, branch 23 and 2nd pillar financing funds.

17.4.14.2 Measurement and recognition

Insurance contracts are aggregated by homogeneous risks managed together and distinguished by annual cohorts. They are also grouped according to their expected profitability.

Ethias uses the simplified model (PAA - Premium Allocation Approach) whenever possible (mainly on annual Non-Life contracts as well as on Disability contracts). In all other cases, Ethias uses the General Measurement Model (GMM), possibly in its modified version to take into account possible profit-sharing. At present, Ethias does not have any contracts valued according to the Variable Fee Approach (VFA).

The approach used to construct the discount curves is the Bottom-Up approach (risk-free rate plus an illiquidity premium). For maturities with an insufficient level of liquidity in the financial markets, Ethias uses a method of extrapolation towards the UFR level (Ultimate Forward Rate) published by EIOPA (a concept close to that applied in the framework of Solvency II).

The reporting method is "Year-to-date" and its frequency is half-yearly.

The risk adjustment is calculated on the basis of a percentile approach after diversification at the Ethias level. For the Life perimeter, the methodology applied is close to that of the risks considered by Solvency II, but with an adjustment for the level of confidence and for the view in the ultimate(as opposed to a one-year view in the framework of Solvency II). For the Non-Life perimeter, Ethias uses the Value-at-Risk (VaR) method which is applied directly to a view in the ultimate. In both cases, the confidence level is set with reference to the risk appetite framework.

Ethias has chosen the option of systematically allocating the financial result between the income statement and other comprehensive income in order to align as closely as possible the accounting of contracts within the scope of IFRS 17 with that of the corresponding assets, which are mainly measured at fair value through other items of comprehensive income, in order to present an income statement that best reflects the economic specificities of the business.

17.4.14.3 Transition methods

IFRS 17 provides for retrospective application of the standard to insurance contracts in force and to commitments resulting from insurance contracts. The transition method depends on the availability of data and may influence the determination of the Contractual Service Margin (CSM) of the current contracts (and therefore future insurance results) as well as the financial expense of the insurance contracts (and therefore future financial results).

Ethias has applied the Full Retrospective Approach (FRA) whenever possible, taking into account the technical constraints on data availability. When this was not possible, Ethias used the Fair Value Approach (FVA). This mainly concerns the major part of the Life perimeter for which the availability of historical data proved impracticable following IT system migrations and changes in accounting categories. In combination with the FVA method, a methodology for estimating the position of other items of comprehensive income at transition has been developed to ensure a balance-sheet equilibrium and the representativeness of the financial results.

17.4.15 Reinsurance contract assets

Unless specifically stated otherwise, the principles and rules applied to liabilities relating to insurance contracts (see section 17.4.14) also apply to assets relating to reinsurance contracts.

17.4.15.1 Classification

All assets relating to reinsurance contracts are accounted for in accordance with IFRS 17. In accordance with IFRS17, reinsurance contracts are valued separately from the underlying insurance contracts, both on the balance sheet and in the income statement.

17.4.15.2 Measurement and recognition

Reinsurance contracts are aggregated by homogeneous risks managed together and distinguished by annual cohorts. As the concept of onerousness does not apply to assets relating to reinsurance contracts, these are not grouped on the basis of this concept, unlike the underlying insurance contracts.

Ethias uses the simplified model (PAA) for the valuation of reinsurance contracts. In accordance with IFRS17, the valuation of reinsurance contracts includes the risk of non-performance of contracts (risk of default or litigation), taking account of reinsurance deposits according to their nature and clauses. As these deposits are considered as operating liabilities, they are measured in accordance with IFRS9.

17.4.16 Investment contract liabilities

17.4.16.1 Classification

The following Life contracts are liabilities associated with investment contracts accounted for under IFRS 9: 1st pillar with review clause of the tariff conditions, branch 23 and 2nd pillar financing funds.

17.4.16.2 Measurement and recognition

The valuation of the 1st pillar with a review clause on tariff conditions and financing funds is carried out at amortised cost on the liabilities side of the balance sheet. Total liabilities correspond to the sum of premiums received (including transfers received), guaranteed interest and profit-sharing, less benefits (including transfers assigned) and charges levied. The result is impacted by the management fees deducted and by the remuneration allocated to the policyholder.

Liabilities of branch 23 contracts are valued on the basis of the assets underlying these contracts. The result is impacted by the management fees deducted. Revaluation of related assets is recognised in the income statement and reflected in the change in liabilities.

17.4.16.3 Transition methods

IFRS 9 makes no difference to the valuation of the liabilities concerned.

17.4.17 Subordinated debts and financial debt

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

17.4.18 Lease contracts

17.4.18.1 The Group as lessee

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

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

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

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

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

17.4.18.2 The Group as lessor

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

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

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

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

17.4.19 Employee benefits

17.4.19.1 Post-employment benefits

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

- For defined benefit pension plans, expenses related to these plans are assessed separately for each plan using the method of “Projected Unit Credit”. Under this method, the cost of the plan is recognized as expense through profit or loss so as to spread the cost evenly over the career of employees participating in pension plans. The obligations relating to the pension plans recorded on the balance sheet are valued on the basis of the present value of future cash outflows, including taxes and contributions payable by the plan, net of any costs of past services not yet recognized.

- Defined contribution pension plans are subject to the Belgian law on supplementary pensions that imposes a minimum guaranteed return on the contributions paid. Therefore, these programmes are considered under IFRS as defined benefit pension plans.

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

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

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

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

17.4.19.2 Short-term benefits

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

17.4.19.3 Other long-term benefits

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

17.4.19.4 Early retirement

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

17.4.19.5 Other contract termination compensation

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

17.4.20 Provisions

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

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

Provisions are recognized when:

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

17.4.21 Discontinued operations and available-for-sale assets

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

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

17.4.22 Revenue recognition

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

17.4.22.1 Income from insurance activities

Regarding the recognition of revenues from insurance activities, we refer to the rules mentioned in the section “Insurance contract liabilities”.

17.4.22.2 Financial products

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

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

17.4.22.3 Other goods and services

Contracts that do not expose the insurer to an insurance risk or expose it to a non-significant insurance risk and do not create financial asset or liability are classified in the category "service contracts". In accordance with IFRS 15, revenue associated with a transaction involving the rendering of services is recognized by reference to the stage of completion of the transaction.

The subsidiaries of the NRB sub-group develop and sell customized software. Revenue is recognized using the percentage-of-completion method, in which profit is recognized as revenue as work is completed. Impairments are recognized in order to reflect any known losses caused in the projects. When circumstances lead to a change in the initial estimate of revenues, of costs or of the stage of completion, the estimate is revised. These revisions may result in an increase or decrease in the estimated revenues or costs and are recognized through profit or loss of the period in which the management becomes aware of those circumstances.

17.4.23 Income taxes

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

17.4.24 Contingent liabilities

A contingent liability is:

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

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

17.4.25 Events after the reporting period

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

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

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

17.5. Critical accounting estimates and judgements

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

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

17.5.1 Fair value of financial instruments

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

The sensitivity analysis for financial risks is available under item 13.6.5.5 in chapter ***13. Risk management.***

17.5.2 Insurance contract liabilities

Insurance liabilities are calculated on the basis of various assumptions. Judgement is required when making these assumptions and the assumptions used are based on various internal and external sources of information. For the recognition of the insurance liabilities, IFRS 17 consists of principles that have been broken down into methodologies. The main methodological choices are described in paragraph ***17.4. Summary of significant accounting principles***.

17.5.2.1 Non-Life insurance contracts

The valuation of each group of contracts falling within the scope of IFRS 17 includes all future cash flows within the scope of each group of contracts.

Estimates of these future cash flows are based on the estimated value of foreseeable expenditure net of any recoveries. The provision for claims outstanding includes the claims and capital due remaining to be paid at the end of the period.

Claims settlement and readjustment costs are recognised through profit or loss when incurred. Unsettled claims and readjustment expenses include estimates for reported claims and provisions for claims that are incurred but not reported.

Expenses are provisioned.

Provisions are also created to cover constituted annuities.

Premium provisions are also calculated. Additional provisions (Loss Component) are also provided if a group of homogeneous products proves unprofitable.

Estimated futures cash flows

Contract limits

When valuing a group of insurance contracts, the Group includes all expected future cash flows within the scope of each contract in the group.

To determine which cashflows fall within the scope of the contract, the Group takes into account its substantial rights and obligations under the terms of the contract. Cash flows fall within the scope of a contract if they arise from substantial rights and obligations existing in the reporting period during which the Group can compel the policyholder to pay premiums and the Group has a substantial obligation to provide services to the policyholder.

Estimation and assumption methods

Estimates of future cash flows are based on expected, objective and probability-weighted future cash flows. To establish these expectations, the Group considers a series of scenarios in order to establish a full range of possible outcomes by incorporating all reasonable and justifiable information available without excessive cost or effort on the amount, timing and uncertainty of expected future cash flows.

Estimates of future cash flows reflect conditions prevailing at the measurement date, including assumptions made at that date concerning the future. Future cash flows are calculated using a deterministic scenario representing the probability-weighted average of a series of scenarios

When estimating future cash flows, the Group includes all cash flows within the scope and boundaries of the contract, including:

- Premiums and additional cash flows resulting from these premiums;
- Expected future claims;
- An allocation of insurance acquisition cash flows attributable to the portfolio;
- Directly attributable costs (resulting from information provided by the Activity-Based Costing model).

In addition to expenses, the level of cash flows depends on assumptions made regarding parameters such as the rate at which claims are settled and reported, mortality and expected termination rates.

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions.

Adjustment for non-financial risk

When historical data are available to measure volatility attributable to non-financial risk, bootstrap techniques are used to calibrate the adjustment parameter for non-financial risk.

When historical data are not available to correctly estimate the volatility of the various underlying risk factors (e.g., termination rate, mortality rate in health risks similar to Life), a methodology has been developed to infer an ultimate volatility from Solvency II risk parameters.

Risk aggregation and the resulting diversification are carried out in a similar way to the standard Solvency II formula.

Confidence level

Ethias has chosen an overall confidence level of 85%, i. e. 75% in Non-Life, taking into account diversification between activities.

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions.

Contractual service margin

The contractual service margin (CSM) is a component of the overall book value of a group of insurance contracts, representing the unearned profit that the Group will recognise as it performs the services under the insurance contract during the period of coverage.

The concept does not apply to contracts valued using the simplified PAA accounting model.

Determining coverage units

The amount of CSM recognised in income for services rendered during the period is determined by distributing the remaining CSM at the end of the reporting period over the current and expected remaining coverage periods of the group of insurance contracts based on coverage units.

The Group determines the number of coverage units in a group of insurance contracts by considering for each contract the quantity of benefits provided under the contract and the expected period of coverage. Coverage units are reviewed and updated at each reporting date.

Within Non-Life activities, the “Workers’ Compensation” and “Healthcare Individuals” portfolios are valued using the Building Block Approach accounting model. It was therefore necessary to define appropriate coverage units for these two portfolios.

The following table details the Contractual Service Margin (CSM) for future years. Amortisation of the CSM for future years is proportional to changes in future coverage units, which are determined by product.

	31 December 2023				
In thousands of euros	Up to 1 year	From 1 to 4 years	From 5 to 10 years	More than 10 years	Total
Non-Life contractual service margin	21,984	35,241	28,466	127,076	212,766

	31 December 2022				
In thousands of euros	Up to 1 year	From 1 to 4 years	From 5 to 10 years	More than 10 years	Total
Non-Life contractual service margin	12,679	41,277	39,147	111,438	204,540

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions.

Estimates of insurance contracts at transition date

IFRS 17 provides for three approaches:

- Full retrospective approach
- Modified retrospective approach
- Fair value approach

The full retrospective approach was applied to all cohorts with the exception of the “Healthcare Individuals” cohorts prior to 2016, as not all the data required to apply the full retrospective approach were available. For this reason, the fair value approach has been applied.

17.5.2.2 Insurance contracts Life

The Group values a group of insurance contracts as the sum of the cash flows expected within the limits of the contract and the contractual service margin representing the unearned profit in the contracts relating to the services to be provided under the contracts.

Estimated futures cash flows

Contract limits

When valuing a group of insurance contracts, the Group includes all expected future cash flows within the scope of each contract in the group.

To determine which cashflows fall within the scope of the contract, the Group takes into account its substantial rights and obligations under the terms of the contract. Cash flows fall within the scope of a contract if they arise from substantial rights and obligations existing in the reporting period during which the Group can compel the policyholder to pay premiums and the Group has a substantial obligation to provide services to the policyholder.

A substantial obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of a particular policyholder and, as a result, modify the price charged or the level of services provided so that the price fully reflects the new level of risk; or
- The Group has the practical ability to re-price the portfolio to fully reflect the risk of all policyholders, and the Group’s pricing does not take into account risks beyond the next re-valuation date.

The Group concludes that the impossibility of modifying the price of current risks is the main reason for considering long-term contract scopes. The Group considers that the ability to modify the price of current risks is only authorised for death benefits of the type “1-year term temporary death type not linked to other life insurance contracts”, and for the sickness and disability insurance fund (CAMI). Consequently, for these contracts, the scopes of short-term contracts are taken into account, while the scopes of long-term contracts are taken into account for the rest of the portfolio.

Estimation and assumption methods

Estimates of future cash flows are based on expected, objective and probability-weighted future cash flows. To establish these expectations, the Group considers a series of scenarios in order to establish a full range of possible outcomes by incorporating all reasonable and justifiable information available without excessive cost or effort on the amount, timing and uncertainty of expected future cash flows. Estimates of future cash flows reflect conditions prevailing at the measurement date, including assumptions made at that date concerning the future. Future cash flows are calculated using a deterministic scenario representing the probability-weighted average of a series of scenarios, but also include a profit share determined stochastically, i.e. by generating a large number of randomly selected possible futures.

The Group estimates the expected future cash flows for a group of contracts at portfolio level, and then allocates them among the groups in this portfolio in a systematic and rational manner. The allocation is applied according to the duration of the contracts within the groups and their guaranteed rate.

When estimating future cash flows, the Group includes all cash flows within the scope of the contract, including:

- Premiums and additional cash flows resulting from these premiums;
- Expected future claims under the policy;
- An allocation of insurance acquisition cash flows attributable to the portfolio;
- Directly attributable costs (resulting from information provided by the Activity-Based Costing model).

Cash flow estimates include variables that are consistent with economic and demographic reality, and are based on internal and external data.

The main assumptions used by the Group to determine estimates of future cash flows are as follows:

- **Contractual surcharges and costs related to asset management**

  Surcharges are derived from pricing, taking into account the inventory base and commercial surcharges.
- **Life tables**

  Prospective tables calibrated by Ethias (which take into account an estimate of future trends in life expectancy) are used.
- **Future redemptions**

  Redemption rates are calibrated on the basis of historical observations.
- **Future reductions**

  Reduction rates are determined on the basis of historical observations.
- **Protection costs Branch 21**

  The annual contribution (0.15%) to the Branch 21 protection fund is taken into account.
- **Future profit sharing**

  Future profit sharing for death cover is included in the deterministic projection, while future profit sharing for Life cover is taken into account in the valuation of future cash flows on a stochastic basis.
- **Future premiums**

  Future premiums linked to existing contracts are taken into account in the contract scopes, which include contractual periodic premiums, premiums for which the Group has a rate commitment, successive single premiums and premium adjustments linked to salary increases in group insurance. Premiums linked to new production are not taken into account.
- **Future inflation**

  Future inflation is calibrated as the average of a series of scenarios simulated using the economic scenario generator.
- **Future guaranteed rates**

  Guaranteed variable rates are modelled by the economic scenario generator, while guaranteed rates on future premiums are taken into account by a market-based pricing policy.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The following items involve a degree of uncertainty:

- Accepted co-insurance is assumed to evolve in the same way as these of the corresponding segment;
- Reinsurance is not modelled;
- Modelling of redemptions is based on a single rate regardless of the age group;
- The stochastic modelling of profit sharing needs to be improved.

Changes in methods and assumptions

The methods and assumptions used remain unchanged from the previous period.

Adjustment for non-financial risk

For non-financial risks, such as mortality and surrender risks in Life, a methodology has been developed to infer ultimate volatility from Solvency II risk parameters.

Risk aggregation and the resulting diversification are carried out in a similar way to the standard Solvency II formula.

Confidence level

Ethias has chosen an overall confidence level of 85 %, i. e. 70% in Life, taking into account diversification between activities.

Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions.

Contractual service margin

The contractual service margin (CSM) is a component of the overall book value of a group of insurance contracts, representing the unearned profit that the Group will recognise as it performs the services under the insurance contract during the period of coverage.

Determining coverage units

The amount of CSM recognised in income for services rendered during the period is determined by distributing the remaining CSM at the end of the reporting period over the current and expected remaining coverage periods of the group of insurance contracts based on coverage units.

The Group determines the number of coverage units in a group of insurance contracts by considering for each contract the quantity of benefits provided under the contract and the expected period of coverage. Coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of services provided under each contract as follows:

Products	Basis for determining the quantity of services provided
Savings **First Benefits (capitalisation)**	Coverage units are based on the value of policyholder accounts (mathematical provision)
Deferred capital **Provision** **Deferred capital with return of premiums on death (CD-CAS)**	Coverage units are based on the sum insured payable in the event of life
Whole life **Term insurance**	Coverage units are based on the sum insured payable in the event of death
Disability	Coverage units are based on the sum insured, i.e. the maximum amount payable (including waived premiums) in the event of the detection of an illness or accident
Annuities	Coverage units are based on the mathematical provision
First pillar contracts:	Coverage units are based on the value of policyholder accounts (mathematical provision)

The following table details the Contractual Service Margin (CSM) for future years. Amortisation of the CSM for future years is proportional to changes in future coverage units, which are determined by product.

	31 December 2023				
In thousands of euros	Up to 1 year	From 1 to 4 years	From 5 to 10 years	More than 10 years	Total
Life contractual service margin	51,362	135,898	211,582	349,551	748,393

	31 December 2022				
In thousands of euros	Up to 1 year	From 1 to 4 years	From 5 to 10 years	More than 10 years	Total
Life contractual service margin	51,362	135,898	211,582	349,551	748,393

Changes in methods and assumptions

The methods and assumptions used remain unchanged from the previous period.

Investment components

The Group issues certain life insurance policies which include an investment component that obliges the Group to reimburse the policyholder in all circumstances, regardless of the occurrence of an insured event. Investment components are only separated from the insurance contract if they are distinct. These separate investment components are accounted for in accordance with IFRS 9.

- To determine whether investment components exist, the Group examines all the terms and conditions of the contracts it issues to determine whether amounts are payable to the policyholder in all circumstances, especially when an insured event occurs, or when the contract expires or is terminated without an insured event occurring.

- To determine whether an investment component is separate, the Group examines whether the investment and insurance components are not closely linked, and whether a contract with equivalent terms to the investment component is sold (or could be sold) separately on the same market or in the same jurisdiction by other entities (including entities issuing insurance contracts).

- To determine whether the investment and insurance components are closely linked, the Group assesses whether it is able to value one component without taking the other into account, and whether the insured can benefit from one component without the other being present, i.e. whether cancellation of one component also cancels the other. The Group has not identified any separate investment components.

The Group applies IFRS 17 to account for the non-segregated investment components of its insurance contracts. However, investment items are excluded from insurance revenues and expenses.

The Group identifies the following non-distinct investment components:

Products	Circumstances	Investment component
Savings	In the event of life at the end of the contract, the mathematical reserve is reimbursed to the policyholder In the event of death before the end of the contract, the mathematical reserve is reimbursed to the policyholder In the event of termination without the occurrence of an insured event: an explicit surrender value is paid to the policyholder	The investment component corresponds to the surrender value specified in the contractual conditions, less any surrender costs.
Deferred capital	In the event of life at the end of the contract, the life capital is paid to the policyholder In the event of death before the end of the contract, no amount is paid to the policyholder In the event of termination without the occurrence of an insured event: an explicit surrender value is paid to the policyholder	/
Provision **Deferred capital with return of premiums on death** **First Benefits (capitalisation)**	In the event of life at the end of the contract, the life capital is paid to the policyholder In the event of death before the end of the contract, the death capital is paid to to the policyholder In the event of termination without the occurrence of an insured event: an explicit surrender value is paid to the policyholder	The investment component is determined as the minimum between the life capital, the death capital and the surrender value specified in the contractual conditions, less any surrender costs.
Term insurance	In the event of life at the end of the contract, no amount is paid to the policyholder In the event of death before the end of the contract, the death capital is paid to to the policyholder In the event of termination without the occurrence of an insured event: an explicit surrender value is paid to the policyholder	/
Whole life	In the event of death, the death capital is paid to to the policyholder In the event of termination without the occurrence of an insured event: an explicit surrender value is paid to the policyholder	The investment component corresponds to the surrender value specified in the contractual conditions, less any surrender costs.
Disability	In the event of illness or accident, the benefit (including any waiver of premium) is paid to the policyholder In the event of termination without the occurrence of an insured event: no amount is paid to the policyholder	/
Annuities	In the event of death before the payment of the annuity, no amount is paid to the policyholder	/
First pillar contracts:	In all possible scenarios: the mathematical reserve with profit sharing is paid to the policyholder	The investment component is determined as the mathematical reserve including the profit sharing

Estimates of insurance contracts at transition date

The Group has adopted IFRS 17 retrospectively, applying the fair value-based approach where the full retrospective approach was not applicable. The Group has applied the full retrospective approach to outstanding balance insurance for individuals issued after January 1, 2017 and to 1st pillar contracts issued since 2021, and the fair value approach for the remaining insurance policies.

Contracts valued using the full retrospective approach

The Group concluded that the reasonable and justifiable information required to apply the full retrospective approach was only available for individual outstanding balance policies issued after January 1, 2017 and 1st pillar policies issued after 2021.

Applying the full retrospective approach, the Group has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.

Contracts valued under the fair value approach

The Group concluded that reasonable and justifiable information for the application of the full retrospective approach was not available for all insurance contracts issued before January 1, 2017, as well as for insurance contracts other than 1st pillar and outstanding balance policies for individuals issued between January 1, 2017 and the transition date. Consequently, the Group has applied the fair value approach to these contracts.

17.5.3 Discount rate

17.5.3.1 Approach

Ethias describes its approach as “bottom-up”, as an illiquidity premium is added to the risk-free rate curve to form the discount curve. This premium is based on the return on each asset portfolio, backed by a reference curve. An adjustment for credit risk is then subtracted from the curve as described later.

17.5.3.2 Observable risk-free rates

Swap rates are used in contracts whose net value can be guaranteed by collateral agreements. As such, a party is not exposed to the risk of counterparty default, making these rates "risk-free".

Ethias refers to swap rates as risk-free interest rates in the construction of discount curves, from maturity 0 to the last liquid point.

Swap rates are available for each maturity from 1 to 15 years, then for the 20-year maturity. The intermediate points between maturities 15 and 20 must be interpolated; Ethias uses the Smith Wilson technique to obtain the full discount curve.

17.5.3.3 Last liquid point

Ethias uses the last liquid point of Solvency II regulation, i.e. 20 years, as defined by EIOPA via the residual volume criterion (Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, Recital (21).

17.5.3.4 Convergence point

Ethias uses the Solvency II convergence point of 60 years, as defined by the sum of the last liquid point and a 40-year convergence period.

17.5.3.5 Convergence taking into account less liquid points after the last liquid point

The convergence between the last liquid point and the convergence point takes into account, to a certain extent, swap rates for maturities of 25, 30, 40 and 50 years. Forward rates at these maturities are a weighted average of forward rates derived from the swap curve and the ultimate forward rate (UFR). The weight associated with each point decreases as maturity increases.

This approach has the advantage of maintaining a link with rates observed on the market, thus facilitating the transition to UFR.

Ethias adopts convergence towards the UFR via the weighting of forward swap rates and the UFR (with the weighting on the UFR taking into account the level of liquidity on the horizon after the last liquid point).

17.5.3.6 Ultimate forward rate (UFR)

Convergence towards UFR begins at the last liquid point, at which swap rates are no longer representative of the returns an investor can obtain over longer-term horizons. Indeed, investors expect higher returns from long-term illiquid investments, such as real estate or infrastructure projects, with maturities beyond the last liquid point.

The structure of the yield curve is such that the ultimate forward rate is reached at the point of convergence.

This ultimate forward rate is defined in Solvency II regulations by EIOPA. Ethias adopts EIOPA's calculated UFR for the construction of its curves.

17.5.3.7 Speed of convergence to the last liquid point

Forward rates between ages 20 and 60 may converge more or less rapidly towards the UFR, provided the target UFR is reached at age 60. The alpha parameter that controls convergence speed is set to the lowest value that produces a rate structure that reaches the convergence tolerance of the FRU at the convergence point. A lower limit for alpha is set at 5%. Ethias revises the alpha parameter at each closing, while adopting a base of 10%.

17.5.3.8 Illiquidity premium

Section 17.5.3.2 defined the risk-free yield curve, where swap rates are the benchmark for perfectly liquid investments right up to the last liquid point. However, even financial assets over this 20-year horizon may have an expected return higher than the swap curve, because they are not perfectly liquid, for various reasons:

- Bonds issued in volumes below market standards
- Private investments
- Issuer with few bonds in circulation, little known to the market
- Zero-coupon bonds less attractive than coupon assets
- ...

These characteristics, and many others, explain why investments offer a premium for lack of liquidity over the swap curve. This premium is based on the return on each asset portfolio, backed by a reference curve. From this yield, the risk-free rate and a premium for expected or unexpected default risk are subtracted to extract the illiquidity premium.

The illiquidity premium described will be added to the swap curve, weighted by the degree of illiquidity of each liability portfolio. Insurance products vary in their degree of illiquidity, depending in particular on the possibility for policyholders to surrender their contracts.

Convergence is then applied from the last liquid point, to the ultimate forward rate to be reached at the end of the convergence period. By construction, the illiquidity premium will thus converge towards 0 at maturity 60 years.

Ethias has various discount curves applied to its different portfolios. The lowest and highest discount curves are shown below for information purposes:

	31 December 2023				
	1 year	3 years	5 years	10 years	20 years
Minimum yield curve	3.70%	2.78%	2.66%	2.74%	2.76%
Maximum yield curve	4.11%	3.18%	3.07%	3.14%	3.17%

	31 December 2022 restated				
	1 an	3 ans	5 ans	10 ans	20 ans
Minimum yield curve	3.51%	3.54%	3.47%	3.43%	3.09%
Maximum yield curve	3.83%	3.87%	3.79%	3.75%	3.41%

17.5.3.9 Changes in methods and assumptions

Compared with the previous period, no changes have been made to the methods and assumptions.

17.5.4 Employee benefit

The debt relating to the employee benefits is determined on the basis of an actuarial method, including a certain number of financial and demographic assumptions, described in point 18.18.3.1 of section ***18. Note to the consolidated balance sheet***. Any change in these assumptions would have an impact on the amount of this debt. An important assumption with a great sensitivity on debt is the discount rate. At the end of each reporting period, the Group determines this rate by referring to the market rate at the closing date of first category corporate bonds with a maturity comparable to the maturity of the commitments. The other major assumptions are based on the market or reflect the best estimate of the Group. The results of the sensitivity analysis may be consulted under point 18.18.3.2. in section ***18. Note to the consolidated balance sheet***.

17.5.5 Deferred taxes

The deferred tax assets are only recognized in order to reduce the temporary differences and the losses carried forward when it is probable that future taxable profits shall allow to compensate these differences and losses and when fiscal losses shall remain available taking into account their origin, the period of their occurrence and their compliance with the legislation on their recovery. The Group's capacity to earn the deferred tax assets is measured through an analysis based on the estimate of future Group results. Given the various uncertainties with regard to the evolution of the financial markets among others, the Group based in its analysis on a time horizon of five years. The underlying assumptions of these analyses shall be reviewed on a yearly basis. The notes with regard to the deferred taxes can be found under point 9 in section ***18. Note to the consolidated balance sheet***.

The preparation of consolidated financial statements requires an estimate of income taxes and deferred tax assets and liabilities under the tax laws of the various jurisdictions in which the Group operates. Under IAS 12, deferred tax assets and liabilities are to be measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

17.5.6 Provisions

In accordance with IFRS rules, the various risks faced by the Group are assessed. Provisions are recorded when these risks are deemed probable and the amount can be reliably measured, while risks deemed unlikely (but not insignificant) are included in contingent liabilities. The probability of a current obligation arising from past events and the calculation of the amount corresponding to the best estimate of the risk are assessed on the basis of various assumptions.

The notes on provisions can be found under point 19 in section ***18. Note relating to the consolidated balance sheet*** and the note on contingent liabilities can be found under point 5 of section ***20. Note relating to items not included in the balance sheet***.

17.6. Sector information

The allocation of resources and the performance assessment are made for the various products that Ethias SA offers to its clients, 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:

- Non-Life segment: income from this segment comes mainly from premiums received for cover against damage to vehicles, equipment and buildings, for family insurance, assistance, civil liability, health care, work accidents, sports accidents, etc.
- Life segment: 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. Finally, Ethias also sells outstanding balance insurances, following the absorption of Whestia in 2017. Most of the other insurance products are put into run-off.
- Non-Technical segment: this segment includes the Non-Technical activity of Ethias.

The results of the segments for the years ended on 31 December 2023 and 2022 respectively are detailed below:

	31 December 2023			
In thousands of euros	**NON-LIFE**	**LIFE**	**NON-TECHNICAL**	**TOTAL**
Insurance revenue	1,692,222	272,917	-	1,965,140
Insurance service expenses	(1,286,710)	(186,537)	-	(1,473,246)
Net expenses from reinsurance	(71,748)	(1,261)	-	(73,009)
Insurance service result	**333,765**	**85,119**	**-**	**418,885**
Revenue from financial assets not measured at fair value through profit or loss	97,474	246,948	4,635	349,057
Net revenue from the sale of assets measured at amortised cost	(18)	(10,055)	-	(10,073)
Net revenue from the sale of assets measured through other items from the comprehensive income	11,405	6,535	-	17,940
Net revenue from assets measured at fair value through profit or loss	49,593	250,530	1,954	302,076
Net change in liabilities for investment contracts	-	(220,801)	-	(220,801)
Amortisation and impairment of investment property	(2,314)	(11,839)	-	(14,153)
Net losses of credit value on investments	(5,845)	(19,135)	(44)	(25,023)
Other investment-related financial expenses	(13,351)	(12,244)	(795)	(26,390)
Net revenue from investment	**136,944**	**229,939**	**5,750**	**372,633**
Financial expenses from issued insurance contracts	(88,148)	(133,130)	-	(221,278)
Financial revenue from held reinsurance contracts	5,845	21	-	5,866
Financial expenses from insurance and reinsurance contracts	**(82,303)**	**(133,109)**	**-**	**(215,412)**
NET RESULT FROM INSURANCE AND INVESTMENT	**388,406**	**181,950**	**5,750**	**576,105**
Other operating revenue	2,083	4,955	499,990	507,029
Other operating expenses	(62,210)	(27,752)	(495,153)	(585,115)
Asset management fees charged	-	11,543	-	11,543
Finance costs	(568)	(671)	(39,542)	(40,780)
NET PROFIT (LOSS) BEFORE TAX	**327,712**	**170,026**	**(28,955)**	**468,782**
Income taxes	-	-	(106,631)	(106,631)
NET PROFIT (LOSS) AFTER TAX	**327,712**	**170,026**	**(135,586)**	**362,152**
Share of the associated companies in the result	(2,933)	(3,521)	22	(6,431)
Net profit (loss) from discontinued operations	-	-	-	-
NET CONSOLIDATED PROFIT (LOSS)	**324,779**	**166,505**	**(135,563)**	**355,720**
Group's share	324,113	166,609	(144,461)	346,261
Non-controlling interests	665	(104)	8,898	9,459

In thousands of euros	31 December 2022 restated			
	NON-LIFE	LIFE	NON-TECHNICAL	TOTAL
Insurance revenue	1,549,536	244,620	-	1,794,156
Insurance service expenses	(1,506,824)	(169,450)	-	(1,676,274)
Net expenses from reinsurance	(34,041)	(1,577)	-	(35,617)
Insurance service result	**8,671**	**73,593**	**-**	**82,265**
Revenue from financial assets not measured at fair value through profit or loss	134,233	245,523	5,684	385,440
Net revenue from the sale of assets measured at amortised cost	-	(493)	-	(493)
Net revenue from the sale of assets measured through other items from the comprehensive income	3,446	(8,429)	(581)	(5,564)
Net revenue from assets measured at fair value through profit or loss	(59,100)	(323,045)	(2,666)	(384,811)
Net change in liabilities for investment contracts	-	230,955	-	230,955
Amortisation and impairment of investment property	(9,399)	(12,146)	-	(21,545)
Net losses of credit value on investments	(1,084)	(2,452)	111	(3,424)
Other investment-related financial expenses	(1,593)	(13,623)	(1,036)	(16,253)
Net revenue from investment	**66,503**	**116,292**	**1,512**	**184,306**
Financial expenses from issued insurance contracts	(23,871)	(123,366)	-	(147,237)
Financial revenue from held reinsurance contracts	1,756	15	-	1,770
Financial expenses from insurance and reinsurance contracts	**(22,116)**	**(123,351)**	**-**	**(145,467)**
NET RESULT FROM INSURANCE AND INVESTMENT	**53,058**	**66,534**	**1,512**	**121,104**
Other operating revenue	2,293	6,196	424,948	433,437
Other operating expenses	(67,052)	(30,005)	(400,426)	(497,484)
Asset management fees charged	-	7,839	-	7,839
Finance costs	(410)	(641)	(27,239)	(28,290)
NET PROFIT (LOSS) BEFORE TAX	**(12,112)**	**49,923**	**(1,205)**	**36,606**
Income taxes	-	-	(16,762)	(16,762)
NET PROFIT (LOSS) AFTER TAX	**(12,112)**	**49,923**	**(17,967)**	**19,844**
Share of the associated companies in the result	(3,992)	1,786	42	(2,164)
Net profit (loss) from discontinued operations	-	-	-	-
NET CONSOLIDATED PROFIT (LOSS)	**(16,104)**	**51,708**	**(17,924)**	**17,680**
Group's share	(16,660)	51,179	(30,137)	4,383
Non-controlling interests	556	529	12,212	13,297

The performance measures used by management for each segment are net insurance and investment income, and net income before and after tax. 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. The results of Ethias subsidiaries are allocated to the different segments according to the allocation of the shareholding in Ethias SA.

Information on the segment's assets and liabilities is not provided because this information is not included in the 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 do not have any clients that account for a significant part of our revenues.

17.7. Capital management

17.7.1 Capital management purposes

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

17.7.2 Solvency II margin level

The Solvency II capital requirement aims to ensure that Ethias is able to meet its obligations over the next 12 months with a confidence level of 99.5%. Failure to meet this requirement - the Solvency Capital Requirement (SCR) - would trigger supervisory intervention by the NBB and corrective measures designed to restore the SCR capital level.

The SCR coverage ratio ("SII margin") amounts to 190.16% at 31/12/2023 (after dividend) and 170.10% at 31/12/2022 (after dividend). This increase (+20%) results on the one hand from an increase in shareholders' equity: shareholders' equity eligible to cover the SCR rises by EUR 464 million between December 2022 and December 2023, from EUR 2,376 million at 12/31/2022 (after provisioned dividend of EUR 108 million in 2022) to EUR 2,841 million at 12/31/2023 (after provisioned dividend of EUR 110 million in 2023); partly offset by the increase in SCR: the overall Solvency Capital Requirement rose from EUR 1,396.6 million at 12/31/2022 to EUR 1,494.0 million at 12/31/2023, representing an increase in SCR of EUR 97 million.

At 31/12/2023, the SCR is composed in descending order of importance by the SCR Market, Non-Life, Health, Life, Operational and Default.

The MCR coverage ratio amounts to 345.44% at 31/12/2023.

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

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

17.8. Risk management

The information required by IFRS is to be found in the following sections: ***13.5 Insurance risks*** and ***13.6 Financial risks***. These two sections are an integral part of the IFRS consolidated financial statements as of December 31, 2023.

The macro-economic analysis is to be found in chapter 2, point ***Financial markets in 2023***.

The assessment of climate risks is to be found in chapter ***6 Environmental impacts***.

18. Notes to the consolidated balance sheet

18.1. Goodwill

18.1.1 Evolution of goodwill

In thousands of euros	2023	2022
Gross value on 1 January	**76,651**	**74,079**
Accumulated impairment losses on 1 January	-	-
Net book value on 1 January	**76,651**	**74,079**
Acquisitions	20,111	2,572
Other changes	-	-
Net book value on 31 December	**96,762**	**76,651**

Goodwill was generated on:

- entities of the NRB subgroup, for EUR 81.7 million;
- the acquisition of the Whestia entity ("outstanding balance" insurance portfolio) for EUR 15.1 million.

In 2022, the acquisition of 100% of the shares in PDP/SDP by NRB generated goodwill of 2.6 million euros.

In 2023, NRB acquired 100% of NeWIN and its subsidiaries, and Cevi acquired 100% of Abiware, generating goodwill of EUR 19.1 million and EUR 1 million respectively.

18.1.2 Impairment test on goodwill

In accordance with IAS 36, we performed an impairment test on the goodwill recognized at the time of the acquisition of Whestia. The purpose of this test is to compare the fair value of the segment with the value of the net book assets. The result of the test led us not to recognize any impairment on goodwill as at 31 December 2023. A significant decrease in the fair value of the segment, which could result from an increase of more than 15 % in the expected mortality rate, would lead to the recognition of an impairment.

The comparison of the value of the companies in the NRB Group resulting from the "Discounted Cash Flow" (DCF) method with the book value of specific items in the consolidated accounts (goodwill, intangible assets, tangible assets and items determining the working capital requirement of the company concerned, i.e. other receivables, other assets, social security payables and tax debts) made it possible to conclude that no impairment should be recorded on NRB's goodwill in the consolidated accounts at 31/12/2023. The simultaneous stress of the assumptions used with the DCF method, via an increase in the weighted average cost of capital (by an increase in the risk-free rate of 0.6%, a decrease in the proportion of the cost of debt and the increase in the terminal value) and a decrease of 0.25% in the EBITDA projections, would cause an impairment for one of the four cash-generating units of NRB.

18.2. Other intangible assets

In thousands of euros	2023		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	**261,668**	**61,172**	**322,840**
Accumulated amortisation on 1 January	(151,391)	(27,917)	(179,308)
Accumulated impairment losses on 1 January	(21,488)	-	(21,488)
Net book value on 1 January	**88,789**	**33,255**	**122,044**
Acquisitions	15,054	1,952	17,005
Disposals	(826)	-	(826)
Reclassifications	470	-	470
Change in the consolidation scope	511	-	511
Net amortisation	(20,187)	(7,044)	(27,230)
Impairments	(2,339)	(1,142)	(3,481)
Other changes	-	-	-
Net book value on 31 December	**81,473**	**27,021**	**108,494**

In thousands of euros	2022		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	**248,910**	**50,821**	**299,731**
Accumulated amortisation on 1 January	(141,332)	(25,148)	(166,480)
Accumulated impairment losses on 1 January	(21,488)	-	(21,488)
Net book value on 1 January	**86,091**	**25,673**	**111,764**
Acquisitions	19,003	12,409	31,411
Disposals	(3)	-	(3)
Reclassifications	-	-	-
Change in the consolidation scope	24	-	24
Net amortisation	(16,326)	(4,827)	(21,153)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 31 December	**88,789**	**33,255**	**122,044**

18.3. Tangible fixed assets and investment properties

In thousands of euros	2023			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	**573,484**	**64,509**	**103,494**	**741,487**
Acquisitions	37,545	173	34,643	72,361
Disposals and withdrawals	(2,058)	-	(7,626)	(9,685)
Properties held for sale	-	-	-	-
Change in the consolidation scope	-	3,526	34,233	37,759
Reclassifications from one heading to another	-	37	1,291	1,327
Other changes	-	-	-	-
Gross value on 31 December	**608,971**	**68,245**	**166,034**	**843,250**
Depreciations and accumulated impairments on 1 January	**(147,188)**	**(48,528)**	**(79,360)**	**(275,075)**
Depreciations of the financial year	(14,000)	(1,767)	(11,843)	(27,610)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	164	-	1,658	1,822
Reversals following disposals	303	-	1,139	1,442
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	-	(1,870)	(28,959)	(30,829)
Reclassifications from one heading to another	-	(37)	(1,746)	(1,783)
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	**(160,720)**	**(52,201)**	**(119,112)**	**(332,033)**
Net book value on 31 December	**448,251**	**16,044**	**46,922**	**511,217**
Fair value on 31 December	**658,385**	**50,974**	**46,922**	**756,282**

In thousands of euros	2022 Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	**589,747**	**69,005**	**95,516**	**754,268**
Acquisitions	2,430	231	5,070	7,732
Disposals and withdrawals	(251)	(4,727)	(2,306)	(7,284)
Properties held for sale	(18,442)	-	-	(18,442)
Change in the consolidation scope	-	-	20	20
Reclassifications from one heading to another	-	-	5,194	5,194
Other changes	-	-	-	-
Gross value on 31 December	**573,484**	**64,509**	**103,494**	**741,487**
Depreciations and accumulated impairments on 1 January	**(130,271)**	**(51,004)**	**(70,114)**	**(251,388)**
Depreciations of the financial year	(21,545)	(1,808)	(6,276)	(29,629)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	1,778	1,778
Reversals following disposals	90	4,284	453	4,826
Net impairment and reversal on properties held for sale	4,538	-	-	4,538
Change in the consolidation scope	-	-	(6)	(6)
Reclassifications from one heading to another	-	-	(5,194)	(5,194)
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	**(147,188)**	**(48,528)**	**(79,360)**	**(275,075)**
Net book value on 31 December	**426,296**	**15,981**	**24,134**	**466,411**
Fair value on 31 December	**635,248**	**47,116**	**24,134**	**706,497**

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 capitalisation 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 capitalisation 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 capitalisation rates should be considered as input data of level 3.

18.4. Right-of-use of assets

In thousands of euros	2023			
	Immovable properties	IT equipment	Vehicles	Total
Gross value to be depreciated on 1 January	**47,970**	**2,339**	**43,093**	**93,402**
Acquisitions	55,876	21,822	15,354	93,053
Disposals and withdrawals	(5,027)	-	(11,420)	(16,447)
Remeasurement of lease obligations	3,602	(4)	347	3,945
Change in the consolidation scope	1,672	842	1,383	3,897
Reclassifications from one heading to another	-	(1,681)	(39)	(1,720)
Other changes	-	-	-	-
Gross value on 31 December	**104,092**	**23,318**	**48,719**	**176,129**
Depreciations and accumulated impairments on 1 January	**(17,176)**	**(1,839)**	**(22,549)**	**(41,565)**
Depreciations of the financial year	(9,780)	(3,126)	(10,976)	(23,882)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	5,027	-	11,420	16,447
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	-	1,681	24	1,705
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	**(21,929)**	**(3,284)**	**(22,082)**	**(47,295)**
Net book value on 31 December	**82,163**	**20,034**	**26,637**	**128,834**

In thousands of euros	2022			
	Immovable properties	IT equipment	Vehicles	Total
Gross value to be depreciated on 1 January	**48,941**	**11,531**	**39,392**	**99,865**
Acquisitions	576	-	9,366	9,942
Disposals and withdrawals	(147)	(3,998)	(6,579)	(10,724)
Remeasurement of lease obligations	(1,401)	-	588	(813)
Change in the consolidation scope	-	-	327	327
Reclassifications from one heading to another	-	(5,194)	-	(5,194)
Other changes	-	-	-	-
Gross value on 31 December	**47,970**	**2,339**	**43,093**	**93,402**
Depreciations and accumulated impairments on 1 January	**(8,925)**	**(9,486)**	**(19,114)**	**(37,524)**
Depreciations of the financial year	(8,399)	(1,546)	(10,015)	(19,959)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	147	3,998	6,579	10,724
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	-	5,194	-	5,194
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	**(17,176)**	**(1,839)**	**(22,549)**	**(41,565)**
Net book value on 31 December	**30,793**	**500**	**20,544**	**51,837**

In 2023, Ethias acquired a long-term right of use for EUR 53 million on the Hasselt building, with a long-term allocation to its business operations.

18.5. Investments in associated companies and joint ventures

18.5.1 Information about associated companies and joint ventures

Prior to applying the equity method, the figures for affiliate companies and joint ventures are:

In thousands of euros	Percentage of ownership	Assets	Liabilities	Equity	Revenues	Net profit or loss
BelgiumDC	31.76%	6,807	4,699	2,108	2,176	45
Cityforward	49.50%	184,280	142,920	41,360	124	(10,760)
Green4You	26.00%	4,274	3,867	407	685	(93)
Hamsterhuren II	21.69%	50,162	37,021	13,141	1,248	(722)
IMA Benelux	33.00%	8,332	6,779	1,553	15,069	431
NEB Participations	29.43%	449,065	18,280	430,785	12,995	12,838
WLP Holding	33.33%	232,390	150,480	81,910	3,196	(7,308)
WLP I	30.00%	28,829	26,106	2,722	1,876	(231)
WLP II	33.33%	16,927	12,355	4,572	1,269	(246)
WLP III	33.33%	101,522	82,026	19,496	10,802	(2,028)
WLP IV	33.33%	111,517	88,214	23,303	4,400	(2,572)
WLP VII	33.33%	39,196	30,202	8,995	1,989	(870)
WLP VIII	33.33%	14,394	14,964	(569)	1,035	(523)
WLP XI	33.33%	154,206	107,517	46,689	9,866	(1,819)
WLP XII	33.33%	62,956	55,188	7,768	-	-
WLP XVI	33.33%	35,243	29,852	5,391	-	-
WLP CVH	33.33%	91,112	1,844	89,268	19	(58)
WLP CV	33.33%	54,620	302	54,318	13	(141)
Zabrixx I	48.90%	33,048	24,204	8,843	2,132	799
Total on 31 December 2023		**1,678,881**	**836,821**	**842,060**	**68,896**	**(13,258)**
BelgiumDC	34.19%	6,888	4,886	2,001	2,051	43
Cityforward	49.50%	114,621	62,501	52,120	2,257	1,120
Green4You	26.00%	4,818	4,318	500	760	71
Hamsterhuren II	21.69%	34,414	20,551	13,863	187	(579)
IMA Benelux	33.00%	8,013	6,891	1,122	11,973	165
NEB Participations	29.43%	363,542	18,282	345,260	11,570	11,344
Together Services	34.19%	-	-	-	1,627	42
WLP Holding	33.33%	170,486	96,266	74,220	3,572	(5,946)
WLP I	30.00%	30,186	27,250	2,936	2,251	268
WLP II	33.33%	17,490	12,672	4,819	1,207	143
WLP III	33.33%	110,712	89,187	21,525	12,382	(3,130)
WLP IV	33.33%	105,827	83,540	22,288	3,212	(3,144)
WLP VII	33.33%	40,594	30,730	9,864	1,905	(253)
WLP VIII	33.33%	14,928	14,974	(46)	941	(168)
WLP XI	33.33%	157,095	110,115	46,980	7,485	(4,056)
WLP CVH	33.33%	92,480	1,958	90,522	512	(1,274)
WLP CV	33.33%	55,993	1,534	54,459	49	(460)
Zabrixx I	48.90%	11,581	6,475	5,106	0	(66)
Total on 31 December 2022		**1,339,668**	**592,131**	**747,537**	**63,940**	**(5,877)**

In 2022, Ethias SA acquired 49.5% of Cityforward, 21.7% of Hamsterhuren II and 48.9% of Zabrixx I and WLP acquired additional shares in WLP I, raising its stake from 50% to 90%. In addition, NEB Participations, in which Ethias SA holds a 29.4% stake and which was included in the available-for-sale participating interests, has been included in the scope of consolidation. Finally, Ethias SA has sold shares in WLP Holding (holding percentage of 33% against 50% at December 31, 2021), and Together Services (until then 100% held) has been liquidated by NRB.

In 2023, WLP Holding acquired 100% of WLP XII and WLP XVI.

Belgium DC is 50% owned by NRB, Ethias SA holds 33% of IMA Benelux and 26% of Green4You, and WLP Holding holds 100% of WLP II, III, IV, VII, VIII and CVH (which holds 100% of WLP XI via WLP CV).

18.5.2 Evolution of investments in associated companies and joint ventures

In thousands of euros	2023	2022
Net book value on 1 January	**198,464**	**57,494**
Interests sold during the financial year	(0)	(19,383)
Interests acquired during the financial year	9,627	60,358
Share in the result of the financial year	(6,431)	(2,164)
Share in the other items of comprehensive income of the financial year	24,558	7,490
Dividends paid	(3,167)	(3,056)
Exchange rate differences	509	(1,453)
Change in the consolidation scope	-	99,178
Net book value on 31 December	**223,561**	**198,464**

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

In 2022, the line "Change in the consolidation scope" includes the transfer of the participating interest in NEB Participations as of January 1, 2022, which was previously designated at fair value through profit or loss.

18.6. Financial investments

18.6.1 Overview of financial investments by category

In thousands of euros	31 December 2023					
	Cost price	ECL and impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
At fair value through other items of comprehensive income	35,178	-	(6,553)	-	28,625	28,625
Designated at fair value through profit or loss	6,122	-	-	65	6,187	6,187
Participating interests	**41,300**	**-**	**(6,553)**	**65**	**34,812**	**34,812**
Designated at fair value through other items of comprehensive income	501,969	-	119,747	-	621,717	621,717
Designated at fair value through profit or loss	1,131	-	-	62	1,193	1,193
Equities	**503,100**	**-**	**119,747**	**62**	**622,909**	**622,909**
At fair value through other items of comprehensive income	-	-	-	-	-	-
At fair value through profit or loss	406,247	-	-	87,227	493,474	493,474
Investment funds	**406,247**	**-**	**-**	**87,227**	**493,474**	**493,474**
At amortised cost	2,162,103	(3,290)	-	-	2,158,813	1,975,713
At fair value through other items of comprehensive income	9,989,547	(13,028)	(1,175,180)	-	8,801,339	8,801,339
At fair value through profit or loss	748,550	-	-	(26,134)	722,417	722,417
Bonds	**12,900,201**	**(16,318)**	**(1,175,180)**	**(26,134)**	**11,682,569**	**11,499,468**
At amortised cost	1,263,312	(15,112)	-	-	1,248,200	1,171,388
At fair value through profit or loss	46,133	-	-	(1,005)	45,128	45,128
Loans and deposits	**1,309,444**	**(15,112)**	**-**	**(1,005)**	**1,293,327**	**1,216,516**
At fair value through profit or loss	2,748	-	-	(1,906)	843	843
Held for hedging purposes	-	-	259,036	-	259,036	259,036
Derivative financial assets	**2,748**	**-**	**259,036**	**(1,906)**	**259,878**	**259,878**
Designated at fair value through profit or loss	2,028,980	-	-	132,679	2,161,659	2,161,659
Investments belonging to unit-linked insurance contracts	**2,028,980**	**-**	**-**	**132,679**	**2,161,659**	**2,161,659**
Financial investments	**17,192,021**	**(31,429)**	**(802,950)**	**190,988**	**16,548,629**	**16,288,717**

In thousands of euros	31 December 2022 restated					
	Cost price	ECL and impairments	Reassessment through other items of comprehen-sive income	Reassessment through profit or loss	Net book value	Fair value
At fair value through other items of comprehensive income	35,314	-	1,714	-	37,028	37,028
Designated at fair value through profit or loss	5,264	-	-	-	5,264	5,264
Participating interests	**40,577**	**-**	**1,714**	**-**	**42,292**	**42,292**
Designated at fair value through other items of comprehensive income	486,498	-	43,902	-	530,400	530,400
Designated at fair value through profit or loss	-	-	-	-	-	-
Equities	**486,498**	**-**	**43,902**	**-**	**530,400**	**530,400**
At fair value through other items of comprehensive income	-	-	-	-	-	-
At fair value through profit or loss	362,050	-	-	52,071	414,120	414,120
Investment funds	**362,050**	**-**	**-**	**52,071**	**414,120**	**414,120**
At amortised cost	2,324,361	(1,261)	-	-	2,323,100	2,016,780
At fair value through other items of comprehensive income	10,169,516	(3,934)	(1,761,369)	-	8,404,213	8,404,213
At fair value through profit or loss	873,811	-	-	(43,065)	830,745	830,745
Bonds	**13,367,687**	**(5,195)**	**(1,761,369)**	**(43,065)**	**11,558,058**	**11,251,739**
At amortised cost	1,130,314	(1,255)	-	-	1,129,059	1,040,214
At fair value through profit or loss	40,358	-	-	(1,299)	39,059	39,059
Loans and deposits	**1,170,671**	**(1,255)**	**-**	**(1,299)**	**1,168,117**	**1,079,273**
At fair value through profit or loss	2,601	-	-	2,370	4,971	4,971
Held for hedging purposes	-	-	367,907	-	367,907	367,907
Derivative financial assets	**2,601**	**-**	**367,907**	**2,370**	**372,878**	**372,878**
Designated at fair value through profit or loss	1,669,461	-	-	(60,158)	1,609,303	1,609,303
Investments belonging to unit-linked insurance contracts	**1,669,461**	**-**	**-**	**(60,158)**	**1,609,303**	**1,609,303**
Financial investments	**17,099,545**	**(6,450)**	**(1,347,846)**	**(50,081)**	**15,695,168**	**15,300,004**

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.

18.6.2 Evolution of financial investments

In thousands of euros	2023									
	Debt instruments at fair value through other comprehensive income	Debt instruments at fair value through profit and loss	Debt instruments at amortised cost	Equity instruments at fair value through other comprehensive income	Equity instruments at fair value through profit and loss	Loans and deposits at fair value through profit and loss	Loans and deposits at amortised cost	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts designated at fair value through profit or loss	Total
Opening balance on 1 January	**8,374,820**	**1,250,129**	**2,323,100**	**596,822**	**-**	**39,059**	**1,129,059**	**372,878**	**1,609,303**	**15,695,168**
Acquisitions	1,125,233	402,587	195,514	212,745	13,552	7,501	211,751	2,967	1,084,235	3,256,086
Reclassifications between categories	-	(1,260)	-	-	1,260	-	-	-	-	-
De-recognition following exercise option	-	-	-	-	-	-	-	(162,302)	-	(162,302)
Profits and losses realised on hedging instruments not yet transferred to profit or loss	(99,133)	-	(6,557)	-	-	-	-	105,690	-	-
Disposals and reimbursements	(1,184,101)	(480,191)	(344,978)	(193,934)	(13,356)	(1,815)	(80,052)	(106,286)	(714,029)	(3,118,743)
Foreign currency translation differences on monetary assets	-	-	-	-	-	-	-	-	-	-
Adjustment at fair value	577,626	51,934	-	56,872	(263)	148	-	46,932	183,055	916,303
Amortisations	(11,770)	966	(3,773)	-	-	-	196	-	(1,727)	(16,108)
Changes in accrued interests not yet due	(3,488)	(2,088)	(2,213)	(10)	-	236	1,332	-	823	(5,408)
ECL and impairments	-	-	(2,280)	-	-	-	(14,087)	-	-	(16,367)
Change in the consolidation scope	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
Net book value on 31 December	**8,779,188**	**1,222,077**	**2,158,813**	**672,494**	**1,193**	**45,128**	**1,248,200**	**259,878**	**2,161,659**	**16,548,629**

In thousands of euros	Debt instruments at fair value through other comprehensive income	Debt instruments at fair value through profit and loss	Debt instruments at amortised cost	Equity instruments at fair value through other comprehensive income	Equity instruments at fair value through profit and loss	Loans and deposits at fair value through profit and loss	Loans and deposits at amortised cost	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts designated at fair value through profit or loss	Total
	2022 restated									
Opening balance on 1 January	**11,538,426**	**1,338,555**	**2,426,653**	**939,180**	**14,974**	**42,317**	**841,999**	**25,852**	**1,778,054**	**18,946,010**
Acquisitions	1,238,003	441,599	274,209	168,017	36,328	1,685	677,626	3,874	632,888	3,474,230
Reclassifications between categories	(299)	-	299	(95,962)	-	-	-	-	-	(95,962)
De-recognition following exercise option	-	-	-	-	-	-	-	(54,271)	-	(54,271)
Profits and losses realised on hedging instruments not yet transferred to profit or loss	825	-	-	-	-	-	-	(825)	-	-
Disposals and reimbursements	(1,620,871)	(373,214)	(365,350)	(294,464)	(50,866)	(3,621)	(388,205)	(6,581)	(529,197)	(3,632,370)
Foreign currency translation differences on monetary assets	-	-	-	-	-	-	-	-	-	-
Adjustment at fair value	(2,794,015)	(157,986)	-	(118,631)	(435)	(1,381)	-	404,828	(269,402)	(2,937,023)
Amortisations	28,172	1,926	(6,907)	-	-	-	0	-	(2,371)	20,820
Changes in accrued interests not yet due	(15,421)	(751)	(4,885)	(1,318)	-	58	(1,552)	-	(669)	(24,537)
ECL and impairments	-	-	(920)	-	-	-	(810)	-	-	(1,729)
Change in the consolidation scope	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
Net book value on 31 December	**8,374,820**	**1,250,129**	**2,323,100**	**596,822**	**-**	**39,059**	**1,129,059**	**372,878**	**1,609,303**	**15,695,168**

Adjustments to the fair value for derivatives (assets) break down into EUR 53.4 million for derivative hedging instruments (against EUR 402.5 million at 31/12/2022) and EUR -6.5 million for derivative trading instruments (against EUR 2.4 million in 31/12/2022).

18.6.3 Details of impairments on investments

In thousands of euros	31 December 2023 Book value before impairment	Impairments	Net book value
Stage 1 (12-month ECL)	8,756,487	(10,133)	8,746,354
Stage 2 (lifetime ECL)	35,728	(2,894)	32,834
Stage 3 - Impaired (lifetime ECL)	-	-	-
Debt instruments at fair value through other comprehensive income	**8,792,215**	**(13,028)**	**8,779,188**
Stage 1 (12-month ECL)	3,317,493	(5,377)	3,312,116
Stage 2 (lifetime ECL)	97,776	(2,879)	94,897
Stage 3 - Impaired (lifetime ECL)	10,146	(10,146)	-
Financial investments recognised at amortised cost	**3,425,415**	**(18,402)**	**3,407,013**

In thousands of euros	31 December 2022 restated Book value before impairment	Impairments	Net book value
Stage 1 (12-month ECL)	8,359,410	(3,590)	8,355,820
Stage 2 (lifetime ECL)	14,276	(118)	14,158
Stage 3 - Impaired (lifetime ECL)	5,067	(225)	4,842
Debt instruments at fair value through other comprehensive income	**8,378,753**	**(3,934)**	**8,374,820**
Stage 1 (12-month ECL)	3,446,570	(2,284)	3,444,286
Stage 2 (lifetime ECL)	5,933	(17)	5,915
Stage 3 - Impaired (lifetime ECL)	2,172	(215)	1,957
Financial investments recognised at amortised cost	**3,454,674**	**(2,516)**	**3,452,158**

18.6.4 Evolution of impairments on investments

18.6.4.1 Impairment of financial debt instruments carried at fair value through other comprehensive income items

In thousands of euros	2023 Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 - Impaired (lifetime ECL)	Total
Balance on 1 January	**(3,590)**	**(118)**	**(225)**	**(3,934)**
Change of stage				
Stage 1 (12-month ECL)	-	(980)	2	(978)
Stage 2 (lifetime ECL)	980	-	-	980
Stage 3 - Impaired (lifetime ECL)	(2)	-	-	(2)
Change in risk parameters	(8,276)	(1,798)	223	(9,851)
Changes to model assumptions and methodologies	-	-	-	-
Reversals due to disposals	755	1	-	757
Change in the consolidation scope	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Balance on 31 December	**(10,133)**	**(2,894)**	**-**	**(13,028)**

In thousands of euros	2022 restated			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 - Impaired (lifetime ECL)	Total
Balance on 1 January	**(1,212)**	**(614)**	**-**	**(1,826)**
Change of stage				
Stage 1 (12-month ECL)	-	172	89	261
Stage 2 (lifetime ECL)	(172)	-	(308)	(481)
Stage 3 - Impaired (lifetime ECL)	(89)	308	-	220
Change in risk parameters	(2,326)	(266)	(2,457)	(5,049)
Changes to model assumptions and methodologies	-	-	-	-
Reversals due to disposals	209	281	2,451	2,941
Change in the consolidation scope	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Balance on 31 December	**(3,590)**	**(118)**	**(225)**	**(3,934)**

18.6.4.2 Impairment of financial liabilities recognised at amortised cost

In thousands of euros	2023			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 - Impaired (lifetime ECL)	Total
Balance on 1 January	**(2,284)**	**(17)**	**(215)**	**(2,516)**
Change of stage				
Stage 1 (12-month ECL)	-	(145)	67	(78)
Stage 2 (lifetime ECL)	145	-	-	145
Stage 3 - Impaired (lifetime ECL)	(67)	-	-	(67)
Change in risk parameters	(3,509)	(2,860)	(9,999)	(16,367)
Changes to model assumptions and methodologies	-	-	-	-
Reversals due to disposals	338	143	-	481
Change in the consolidation scope	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Balance on 31 December	**(5,377)**	**(2,879)**	**(10,146)**	**(18,402)**

In thousands of euros	2022 restated			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 - Impaired (lifetime ECL)	Total
Balance on 1 January	**(900)**	**(300)**	**(14)**	**(1,214)**
Change of stage				
Stage 1 (12-month ECL)	-	88	299	387
Stage 2 (lifetime ECL)	(88)	-	-	(88)
Stage 3 - Impaired (lifetime ECL)	(299)	-	-	(299)
Change in risk parameters	(1,208)	(21)	(500)	(1,729)
Changes to model assumptions and methodologies	-	-	-	-
Reversals due to disposals	212	216	-	428
Change in the consolidation scope	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Balance on 31 December	**(2,284)**	**(17)**	**(215)**	**(2,516)**

18.6.5 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	31 December 2023			
	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
At fair value through other items of comprehensive income	-	-	28,625	28,625
At fair value through profit or loss	-	-	6,187	6,187
Participating interests	**-**	**-**	**34,812**	**34,812**
Designated at fair value through other items of comprehensive income	476,805	-	144,912	621,717
Designated at fair value through profit or loss	1,193	-	-	1,193
Equities	**477,998**	**-**	**144,912**	**622,909**
At fair value through other items of comprehensive income	-	-	-	-
At fair value through profit or loss	174,393	18,520	300,561	493,474
Investment funds	**174,393**	**18,520**	**300,561**	**493,474**
At fair value through other items of comprehensive income	7,754,517	1,036,604	10,218	8,801,339
At fair value through profit or loss	350,106	84,052	288,258	722,417
Bonds	**8,104,623**	**1,120,656**	**298,477**	**9,523,756**
At fair value through profit or loss	-	-	45,128	45,128
Loans and deposits	**-**	**-**	**45,128**	**45,128**
At fair value through profit or loss	843	-	-	843
Held for hedging purposes	-	259,036	-	259,036
Derivative financial assets	**843**	**259,036**	**-**	**259,878**
Designated at fair value through profit or loss	2,133,187	24,958	3,515	2,161,659
Investments belonging to unit-linked insurance contracts	**2,133,187**	**24,958**	**3,515**	**2,161,659**
At fair value through other items of comprehensive income	-	14,872	-	14,872
Cash equivalents	**-**	**14,872**	**-**	**14,872**
Financial assets	**10,891,043**	**1,438,041**	**827,404**	**13,156,488**
At fair value through profit or loss	2,133,187	24,958	3,515	2,161,659
Investment contracts hedged by assets at fair value	**2,133,187**	**24,958**	**3,515**	**2,161,659**
At fair value through profit or loss	724	-	-	724
Held for hedging purposes	-	294,975	-	294,975
Derivative financial liabilities	**724**	**294,975**	**-**	**295,699**
Financial liabilities	**2,133,911**	**319,933**	**3,515**	**2,457,358**

In thousands of euros	31 December 2022 restated			
	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
At fair value through other items of comprehensive income	3	-	37,025	37,028
At fair value through profit or loss	-	-	5,264	5,264
Participating interests	**3**	**-**	**42,289**	**42,292**
Designated at fair value through other items of comprehensive income	443,666	-	86,735	530,400
Designated at fair value through profit or loss	-	-	-	-
Equities	**443,666**	**-**	**86,735**	**530,400**
At fair value through other items of comprehensive income	-	-	-	-
At fair value through profit or loss	153,680	20,017	240,423	414,120
Investment funds	**153,680**	**20,017**	**240,423**	**414,120**
At fair value through other items of comprehensive income	7,210,645	1,179,683	13,885	8,404,213
At fair value through profit or loss	399,769	183,023	247,953	830,745
Bonds	**7,610,415**	**1,362,705**	**261,838**	**9,234,959**
At fair value through profit or loss	-	-	39,059	39,059
Loans and deposits	**-**	**-**	**39,059**	**39,059**
At fair value through profit or loss	4,971	-	-	4,971
Held for hedging purposes	-	367,907	-	367,907
Derivative financial assets	**4,971**	**367,907**	**-**	**372,878**
Designated at fair value through profit or loss	1,584,223	23,699	1,381	1,609,303
Investments belonging to unit-linked insurance contracts	**1,584,223**	**23,699**	**1,381**	**1,609,303**
At fair value through other items of comprehensive income	-	39,947	-	39,947
Cash equivalents	**-**	**39,947**	**-**	**39,947**
Financial assets	**9,796,957**	**1,814,275**	**671,724**	**12,282,957**
At fair value through profit or loss	1,584,223	23,699	1,381	1,609,303
Investment contracts hedged by assets at fair value	**1,584,223**	**23,699**	**1,381**	**1,609,303**
At fair value through profit or loss	278	-	-	278
Held for hedging purposes	-	238,543	-	238,543
Derivative financial liabilities	**278**	**238,543**	**-**	**238,821**
Financial liabilities	**1,584,501**	**262,242**	**1,381**	**1,848,124**

The fair value distribution of liabilities related to unit-linked insurance contracts is shown in the investment contracts hedged by assets at fair value.

18.6.6 Distribution between the various hierarchic levels

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

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

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

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

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

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

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

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

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

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

Level 2: Valuation methods based on observable market data

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

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

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

Level 3: Valuation methods not based on observable market data

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

The valuation of the pure bond portfolio in level 3 is based on the discounting of future cash flows by using the interest rate curve, the credit spread and maturity assumptions when it comes to perpetual bonds. The bond category in level 3 also contains debt funds whose prices are prices received from counterparties. The total of this category goes from EUR 262 million at December 31, 2022 to EUR 298 million at December 31, 2023. It consists mainly of debt funds for an amount of 271 million euros.

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

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

The 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.

Other assets valued in level 3 are subject to market risks depending on their nature. Indeed, debt funds will be sensitive to interest rates and spreads while funds with underlying equity or infrastructure will be sensitive to the equity market in general.

18.6.7 Important transfers between investments estimated at fair value in level 1 and 2

In thousands of euros	31 December 2023		31 December 2022 restated	
	From level 1 to level 2	From level 2 to level 1	From level 1 to level 2	From level 2 to level 1
At fair value through other items of comprehensive income	-	-	-	-
At fair value through profit or loss	-	-	-	-
Participating interests	**-**	**-**	**-**	**-**
Designated at fair value through other items of comprehensive income	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Equities	**-**	**-**	**-**	**-**
At fair value through other items of comprehensive income	-	-	-	-
At fair value through profit or loss	-	-	-	-
Investment funds	**-**	**-**	**-**	**-**
At fair value through other items of comprehensive income	-	85,955	133,277	92,683
At fair value through profit or loss	-	-	11,318	-
Bonds	**-**	**85,955**	**144,595**	**92,683**
At fair value through profit or loss	-	-	-	-
Loans and deposits	**-**	**-**	**-**	**-**
At fair value through profit or loss	-	-	-	-
Held for hedging purposes	-	-	-	-
Derivative financial assets	**-**	**-**	-	-
Designated at fair value through profit or loss	-	-	2,608	310
Investments belonging to unit-linked insurance contracts	**-**	**-**	**2,608**	**310**
At fair value through other items of comprehensive income	-	-	-	-
Cash equivalents	**-**	**-**	**-**	**-**
Financial assets	**-**	**85,955**	**147,202**	**92,993**
At fair value through profit or loss	-	-	2,608	310
Investment contracts hedged by assets at fair value	**-**	**-**	**2,608**	**310**
At fair value through profit or loss	-	-	-	-
Held for hedging purposes	-	-	-	-
Derivative financial liabilities	**-**	**-**	**-**	**-**
Financial liabilities	**-**	**-**	**2,608**	**310**

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 (EUR 86 million at end-2023) 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 (none in 2023) involve securities that were valued by BGN (generic Bloomberg) and that are currently valued by the market price given by a counterparty.

18.6.8 Evolution of investments estimated at fair value in level 3

	2023					
In thousands of euros	**Debt instruments at fair value through other comprehensive income**	**Equity instruments at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Investments belonging to unit-linked insurance contracts designated at fair value through profit or loss**	**Investment contracts hedged by assets at fair value**	**Total**
Opening balance on 1 January	**13,885**	**123,760**	**532,699**	**1,381**	**(1,381)**	**670,344**
Acquisitions	-	51,778	124,017	2,925	-	178,720
Reclassifications between categories	-	-	-	-	-	-
Reclassification to level 3	-	-	-	-	-	-
Exit from level 3	-	-	-	-	-	-
Disposals and reimbursements	(4,000)	(5,728)	(28,307)	(686)	-	(38,720)
Adjustment at fair value through equity	300	3,727	-		-	4,027
Adjustment at fair value through profit or loss	-	-	11,502	(105)	-	11,397
Depreciation (premiums/ discounts)	-	-	-	-	-	-
Changes in accrued interests not yet due	34	-	223	-	-	257
Impairments through profit or loss	-	-	-	-	-	-
Other changes	-	-	-	-	(2,134)	(2,134)
Closing balance on 31 December	**10,218**	**173,537**	**640,134**	**3,515**	**(3,515)**	**823,889**

	2022 restated					
In thousands of euros	**Debt instruments at fair value through other comprehensive income**	**Equity instruments at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Investments belonging to unit-linked insurance contracts designated at fair value through profit or loss**	**Investment contracts hedged by assets at fair value**	**Total**
Opening balance on 1 January	**59,487**	**206,948**	**396,641**	**-**	**-**	**663,076**
Acquisitions	-	2,224	183,633	2,927	-	188,784
Reclassifications between categories	-	(95,962)	-	-	-	(95,962)
Reclassification to level 3	-	-	-	-	-	-
Exit from level 3	(37,858)	-	(4,113)	-	-	(41,971)
Disposals and reimbursements	(5,030)	(166)	(45,966)	(1,527)	-	(52,689)
Adjustment at fair value through equity	(3,248)	10,715	-		-	7,468
Adjustment at fair value through profit or loss	-	-	2,476	(18)	-	2,458
Depreciation (premiums/ discounts)	510	-	-	-	-	510
Changes in accrued interests not yet due	24	-	27	-	-	51
Impairments through profit or loss	-	-	-	-	-	-
Other changes	-	-	-	-	(1,381)	(1,381)
Closing balance on 31 December	**13,885**	**123,760**	**532,699**	**1,381**	**(1,381)**	**670,344**

The amount of acquisitions (EUR 178.7 million - AFS) mainly includes acquisitions and capital increases of funds (EUR 49.5 million), participating interests (EUR 63 million) and bond funds (EUR 48 million):

Sales and repayments mainly reflect repayments on alternative investments and sales of real estate subsidiaries.

18.7. Derivative financial instruments

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

In thousands of euros	31 December 2023					
	Maturity dates			Total nominal value	Positive fair value	Negative fair value
	< 1 year	Between 1 and 5 years	> 5 year			
Interest rate or inflation swaps	500,000	-	-	500,000	59	(494)
Options on interest rates	-	-	-	-	-	-
Forward bonds	-	-	-	-	-	-
Options on shares or indices	246,124	-	-	246,124	783	(230)
Credit swaps	-	-	-	-	-	-
Subtotal at fair value through profit and loss	**746,124**	-	-	**746,124**	**843**	**(724)**
Interest rate swaps	-	-	-	-	-	-
Forward bonds	1,869,501	807,550	-	2,677,051	254,952	(294,975)
Forward swaps	35,000	60,000	-	95,000	4,083	-
Subtotal held for hedging	**1,904,501**	**867,550**	-	**2,772,051**	**259,036**	**(294,975)**
Total	**2,650,625**	**867,550**	-	**3,518,175**	**259,878**	**(295,699)**

In thousands of euros	31 December 2022					
	Maturity dates			Total nominal value	Positive fair value	Negative fair value
	< 1 year	Between 1 and 5 years	> 5 year			
Interest rate or inflation swaps	-	500,000	-	500,000	3,402	-
Options on interest rates	-	-	-	-	-	-
Forward bonds	-	-	-	-	-	-
Options on shares or indices	171,171	-	-	171,171	1,569	(278)
Credit swaps	-	-	-	-	-	-
Subtotal at fair value through profit and loss	**171,171**	**500,000**	-	**671,171**	**4,971**	**(278)**
Interest rate swaps	-	-	-	-	-	-
Forward bonds	1,501,973	1,779,486	-	3,281,459	367,907	(238,543)
Forward swaps	-	-	-	-	-	-
Subtotal held for hedging	**1,501,973**	**1,779,486**	-	**3,281,459**	**367,907**	**(238,543)**
Total	**1,673,144**	**2,279,486**	-	**3,952,630**	**372,878**	**(238,821)**

The hedging solution against the spreads remained (EUR 2.772 million in nominal value versus EUR 3.281 million at 31/12/2022). This solution reduces the volatility of our equity in economic value.

As regards spread hedging, initial costs for a total stock of EUR 5.3 million at 31/12/2023 were recognized in the income instatement. Estimating the effectiveness of the spread hedge once these costs have been taken into account does not imply taking into account ineffectiveness.

18.8. Reinsurance contract assets

In thousands of euros	2023				
	Remaining coverage component		Incurred claims component		Total
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
Reinsurance contract assets	(1,067)	-	152,626	9,305	160,864
Reinsurance contract liabilities	-	-	(0)	0	0
Net reinsurance contract assets as at 1 January	**(1,067)**	**-**	**152,626**	**9,305**	**160,864**
Full retrospective approach	-	-	-	-	-
Modified retrospective approach	-	-	-	-	-
Fair value approach	-	-	-	-	-
Post transition	(230,788)	-	-	-	(230,788)
Allocation of premiums paid	**(230,788)**	**-**	**-**	**-**	**(230,788)**
Recoveries of incurred claims and other insurance service expense	-	-	135,862	4,227	140,089
Changes related to past service (changes related to incurred claims component)	-	-	17,025	485	17,510
Changes that relate to future service:	-	-	-	-	-
Recoveries of losses on onerous underlying contracts on initial recognition	-	-	-	-	-
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	-	-	-	-
Amounts recovered from reinsurance	**-**	**-**	**152,887**	**4,711**	**157,599**
Investment components	**-**	**-**	**-**	**-**	**-**
Effect of changes in non-performance risk of reinsurers	**-**	**-**	**181**	**-**	**181**
Net expenses from reinsurance	**(230,788)**	**-**	**153,068**	**4,711**	**(73,009)**
The effect of and changes in time of time value of money and financial risk	-	-	5,609	257	5,866
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-
Reinsurance finance expenses	**-**	**-**	**5,609**	**257**	**5,866**
Other comprehensive income	**-**	**-**	**6,019**	**271**	**6,291**
Premiums and premium tax paid	226,885	-	-	-	226,885
Amounts recovered	-	-	(73,728)	-	(73,728)
Cash flows	**226,885**	**-**	**(73,728)**	**-**	**153,157**
Reinsurance contract assets	(4,683)	-	243,586	14,544	253,446
Reinsurance contract liabilities	(286)	-	8	1	(277)
Net reinsurance contract assets as at 31 December	**(4,969)**	**-**	**243,594**	**14,545**	**253,169**

In thousands of euros	2022 restated				
	Remaining coverage component		Incurred claims component		
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Reinsurance contract assets	65	-	194,970	11,389	206,424
Reinsurance contract liabilities	-	-	(0)	0	0
Net reinsurance contract assets as at 1 January	**65**	**-**	**194,970**	**11,389**	**206,424**
Full retrospective approach	-	-	-	-	-
Modified retrospective approach	-	-	-	-	-
Fair value approach	-	-	-	-	-
Post transition	(40,727)	-	-	-	(40,727)
Allocation of premiums paid	**(40,727)**	**-**	**-**	**-**	**(40,727)**
Recoveries of incurred claims and other insurance service expense	-	-	27,716	1,074	28,791
Changes related to past service (changes related to incurred claims component)	-	-	(23,403)	(2,103)	(25,506)
Changes that relate to future service:	-	-	-	-	-
Recoveries of losses on onerous underlying contracts on initial recognition	-	-	-	-	-
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	-	-	-	-
Amounts recovered from reinsurance	-	-	4,313	(1,028)	3,285
Investment components	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	**-**	**-**	**1,825**	**-**	**1,825**
Net expenses from reinsurance	**(40,727)**	**-**	**6,139**	**(1,028)**	**(35,617)**
The effect of and changes in time of time value of money and financial risk	-	-	1,684	86	1,770
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-
Reinsurance finance expenses	**-**	**-**	**1,684**	**86**	**1,770**
Other comprehensive income	**-**	**-**	**(19,892)**	**(1,142)**	**(21,034)**
Premiums and premium tax paid	39,596	-	-	-	39,596
Amounts recovered	-	-	(30,275)	-	(30,275)
Cash flows	**39,596**	**-**	**(30,275)**	**-**	**9,321**
Reinsurance contract assets	(1,067)	-	152,626	9,305	160,864
Reinsurance contract liabilities	-	-	(0)	0	0
Net reinsurance contract assets as at 31 December	**(1,067)**	**-**	**152,626**	**9,305**	**160,864**

2022 was marked by the storms in February, which required the intervention of reinsurance.

The decrease in this item in 2022 is explained, on the one hand, by the reinsurers' share in the 2021 flooding reserves, given that payments have been made, and on the other hand, by the effect of discount rates.

The significant increase in assets relating to reinsurance contracts in 2023 is mainly due to the international portfolio, which has been reinsured at 100%.

18.9. Deferred tax assets and liabilities

18.9.1 Breakdown of deferred tax assets and liabilities

	31 December 2023		
In thousands of euros	**Deferred tax assets**	**Deferred tax liabilities**	**Net deferred taxes**
Financial assets	4,634	16,917	(12,283)
Insurance and reinsurance liabilities	156,589	58,502	98,087
Employee benefits	501	4,528	(4,028)
Other sources	-	29,656	(29,655)
Carried forward tax losses	580	-	580
Gross deferred tax assets and liabilities through profit or loss	**162,303**	**109,603**	**52,701**
Financial assets	283,225	-	283,225
Insurance and reinsurance liabilities	1,907	62,777	(60,870)
Employee benefits	261	-	261
Other sources	-	-	-
Gross deferred tax assets and liabilities in other items of comprehensive income	**285,392**	**62,777**	**222,616**
Compensation through taxable entity	(152,483)	(152,483)	-
Net deferred tax assets and liabilities	**295,213**	**19,897**	**275,316**

	31 December 2022 restated		
In thousands of euros	**Deferred tax assets**	**Deferred tax liabilities**	**Net deferred taxes**
Financial assets	629	10,111	(9,482)
Insurance and reinsurance liabilities	174,734	41,403	133,331
Employee benefits	516	1,722	(1,206)
Other sources	9	29,889	(29,880)
Carried forward tax losses	556	-	556
Gross deferred tax assets and liabilities through profit or loss	**176,444**	**83,125**	**93,319**
Financial assets	391,400	-	391,400
Insurance and reinsurance liabilities	3,479	150,813	(147,334)
Employee benefits	11	610	(599)
Other sources	-	-	-
Gross deferred tax assets and liabilities in other items of comprehensive income	**394,891**	**151,423**	**243,467**
Compensation through taxable entity	(213,926)	(213,926)	-
Net deferred tax assets and liabilities	**357,409**	**20,622**	**336,786**

Net deferred taxes amount to EUR 275.3 million (compared to EUR 336.8 million at 31/12/2022). This change of EUR -61.5 million is mainly due to the variation in deferred taxes on revaluations of investments valued at fair value through other comprehensive income items (EUR -108.2 million), partially offset by the movement in deferred taxes on insurance and reinsurance liabilities (EUR +51.2 million).

18.9.2 Evolution of deferred tax assets and liabilities

	2023			2022 restated		
In thousands of euros	**Deferred tax assets**	**Deferred tax liabilities**	**Net deferred taxes**	**Deferred tax assets**	**Deferred tax liabilities**	**Net deferred taxes**
Net book value on 1 January	**357,409**	**20,622**	**336,786**	**207,062**	**21,958**	**185,103**
Changes through profit or loss	(41,333)	(739)	(40,594)	37,766	(1,158)	38,923
Change in other items of comprehensive income	(20,863)	(11)	(20,852)	112,581	126	112,456
Change in scope	-	24	(24)	-	-	-
Other changes	-	-	-	-	(304)	304
Net book value on 31 December	**295,213**	**19,897**	**275,316**	**357,409**	**20,622**	**336,786**

18.10. Receivables

18.10.1 Breakdown of receivables by nature

In thousands of euros	31 December 2023		
	Valeur brute	Dépréciation	Valeur nette comptable
Receivables linked to investment contracts and other receivables linked to insurance operations	56,252	(7,707)	48,545
Received deposits and current accounts of reinsurers	296,775	-	296,775
Receivables arising from other operations	111,019	(4,477)	106,542
Tax receivables	18,129	-	18,129
Other receivables	123,046	(3,772)	119,274
Total	**605,221**	**(15,956)**	**589,266**

In thousands of euros	31 December 2022 restated		
	Valeur brute	Dépréciation	Valeur nette comptable
Receivables linked to investment contracts and other receivables linked to insurance operations	54,230	(6,345)	47,885
Received deposits and current accounts of reinsurers	146,425	-	146,425
Receivables arising from other operations	107,314	(2,737)	104,577
Tax receivables	9,288	-	9,288
Other receivables	106,791	(1,793)	104,998
Total	424,048	(10,875)	413,172

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.

Receivables related to investment contracts and other receivables related to insurance operations relate solely to open receivables on investment contracts, the tax portion of receivables related to insurance operations and receivables related to insurance intermediaries.

The increase in deposits is due to the conclusion of a new reinsurance contract in 2023.

18.10.2 Evolution of impairments on receivables

In thousands of euros	2023	2022 restated
Impairments on receivables on 1 January	**(10,875)**	**(8,726)**
Provisions of the financial year	(12,558)	(17,377)
Expenditures of the financial year	(562)	10,960
Reversals of the financial year	7,574	3,178
Changes in the consolidation scope	(112)	-
Other changes	578	1,090
Impairments on receivables on 31 December	**(15,956)**	**(10,875)**

18.10.3 Outstanding receivables

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

	31 December 2023							
					Net book value of unimpaired assets based on the following periods:			
In thousands of euros	Book value before impairment	Impairments	Net book value	Net book value of impaired assets	Not expired	Expired by up to 6 months	Expired less than 12 months	Expired by more than 12 months
Receivables linked to investment contracts and other receivables linked to insurance operations	56,252	(7,707)	48,545	-	14,064	29,082	4,507	892
Received deposits and current accounts of reinsurers	296,775	-	296,775	-	296,775	-	-	-
Other receivables	252,193	(8,249)	243,945	-	232,870	8,427	2,227	421
Total	**605,221**	**(15,956)**	**589,266**	**-**	**543,709**	**37,509**	**6,734**	**1,314**

	31 December 2022 restated							
					Net book value of unimpaired assets based on the following periods:			
In thousands of euros	Book value before impairment	Impairments	Net book value	Net book value of impaired assets	Not expired	Expired by up to 6 months	Expired less than 12 months	Expired by more than 12 months
Receivables linked to investment contracts and other receivables linked to insurance operations	54,230	(6,345)	47,885	-	24,488	20,399	2,528	470
Received deposits and current accounts of reinsurers	146,425	-	146,425	-	146,425	-	-	-
Other receivables	223,393	(4,530)	218,862	-	208,489	8,179	2,048	147
Total	**424,048**	**(10,875)**	**413,172**	**-**	**379,402**	**28,577**	**4,575**	**617**

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

18.11. Any other assets

In thousands of euros	31 December 2023	31 December 2022
Interest and rent accrued but not yet due	1,034	976
Other accruals	27,805	18,827
Any other assets	22,621	20,525
Total	**51,460**	**40,328**

18.12. Cash and cash equivalents

In thousands of euros	31 December 2023	31 December 2022 restated
Cash at bank and in hand	434,836	567,918
Cash equivalents	81,262	109,818
Total of the cash and cash equivalents	**516,099**	**677,736**
Payables arising from repurchase operations (repo)	(353,338)	(419,355)
Bank overdraft and other debts included in the cash flow statement	(149)	(125,988)
Cash and cash equivalents regarding the groups intended to be transferred	-	5
Total of the repurchase operations, cash and cash equivalents in the cash flow statement	**162,612**	**132,397**

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

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

In thousands of euros	31 December 2023	31 December 2022
Investment properties	-	13,904
Cash and cash equivalents	-	5
Deferred tax liabilities	-	(304)
Total	**-**	**13,605**

The amounts included in 2022 relate to the Het Gehucht subsidiary, which will be sold in 2023.

18.14. Equity

18.14.1 Subscribed capital

Like in 2022, the capital issued and paid on 31 December 2023 amounts to 1,000 million euros. It is represented by 20 million shares without indication of the nominal value.

	31 December 2023	
	In thousands of euros	Number of shares
Registered shares without par value	1,000,000	20,000,000
Total	**1,000,000**	**20,000,000**

18.14.2 Other items of comprehensive income

In thousands of euros	2023								
	Items likely to be reclassified to the income statement					Items that will not be reclassified to the income statement			Total
	Revaluation of debt instruments measured at fair value through other comprehensive income	Gains (losses) on cash flow hedges	Financial expenses from issued insurance contracts	Financial revenue from held reinsurance contracts	Foreign currency translation differences	Revaluation of equity instruments measured at fair value through other comprehensive income	Revaluation of pension plans	Share of the associated companies in the other items of comprehensive income	
Net book value on 1 January	**(1,304,746)**	**120,982**	**452,440**	**(10,436)**	**(1,453)**	**32,906**	**9,121**	**84,242**	**(616,944)**
Revaluation of financial assets	577,626	-	-	-	-	56,872	-	24,558	659,056
Related taxes	(164,642)	-	-	-	-	-	-	-	(164,642)
Transfer resulting from impairments	9,851	-	-	-	-	-	-	-	9,851
Related taxes	(2,463)	-	-	-	-	-	-	-	(2,463)
Transfer resulting from disposals	(757)	-	-	-	-	-	-	-	(757)
Related taxes	189	-	-	-	-	-	-	-	189
Transfer to retained earnings resulting from disposals	-	-	-	-	-	10,175	-	-	10,175
Related taxes	-	-	-	-	-	-	-	-	-
Revaluation of derivative instruments designated as cash flow hedges	-	(164,068)	-	-	-	-	-	-	(164,068)
Related taxes	-	58,153	-	-	-	-	-	-	58,153
Amortizations	-	(2,349)	-	-	-	-	-	-	(2,349)
Related taxes	-	587	-	-	-	-	-	-	587
Recognized actuarial profits and losses	-	-	-	-	-	-	(3,441)	-	(3,441)
Related taxes	-	-	-	-	-	-	860	-	860
Effect of changes in time of time value of money and financial risk	-	-	(352,146)	6,291	-	-	-	-	(345,856)
Related taxes	-	-	88,037	(1,573)	-	-	-	-	86,464
Changes in foreign currency translation differences	-	-	-	-	509	-	-	-	509
Change in the consolidation scope	-	-	-	-	-	8	-	-	8
Other changes	-	-	-	-	-	(0)	-	0	-
Net book value on 31 December	**(884,941)**	**13,305**	**188,331**	**(5,718)**	**(944)**	**99,960**	**6,540**	**108,801**	**(474,666)**

In thousands of euros	2022 restated								
	Items likely to be reclassified to the income statement					Items that will not be reclassified to the income statement			Total
	Revaluation of debt instruments measured at fair value through other comprehen-sive income	Gains (losses) on cash flow hedges	Financial expenses from issued insurance contracts	Financial revenue from held reinsurance contracts	Foreign currency translation differences	Revaluation of equity instruments measured at fair value through other comprehen-sive income	Revaluation of pension plans	Share of the associated companies in the other items of comprehen-sive income	
Net book value on 1 January	**787,691**	**24,975**	**(1,230,119)**	**5,339**	**-**	**266,562**	**(25,755)**	**-**	**(171,305)**
Revaluation of financial assets	(2,794,015)	-	-	-	-	(118,631)	-	7,490	(2,905,156)
Related taxes	710,490	-	-	-	-	-	-	-	710,490
Transfer resulting from impairments	5,049	-	-	-	-	-	-	-	5,049
Related taxes	(1,262)	-	-	-	-	-	-	-	(1,262)
Transfer resulting from disposals	(16,932)	-	-	-	-	-	-	-	(16,932)
Related taxes	4,233	-	-	-	-	-	-	-	4,233
Transfer to retained earnings resulting from disposals	-	-	-	-	-	(37,214)	-	-	(37,214)
Related taxes	-	-	-	-	-	-	-	-	-
Revaluation of derivative instruments desi-gnated as cash flow hedges	-	132,159	-	-	-	-	-	-	132,159
Related taxes	-	(34,377)	-	-	-	-	-	-	(34,377)
Amortizations	-	(2,366)	-	-	-	-	-	-	(2,366)
Related taxes	-	592	-	-	-	-	-	-	592
Recognized actuarial profits and losses	-	-	-	-	-	-	46,500	-	46,500
Related taxes	-	-	-	-	-	-	(11,625)	-	(11,625)
Effect of changes in time of time value of money and financial risk	-	-	2,243,413	(21,034)	-	-	-	-	2,222,378
Related taxes	-	-	(560,853)	5,259	-	-	-	-	(555,595)
Changes in foreign currency translation differences	-	-	-	-	(1,453)	-	-	-	(1,453)
Change in the consolidation scope	-	-	-	-	-	(1,059)	-	-	(1,059)
Other changes	-	-	-	-	(0)	(76,752)	-	76,752	(0)
Net book value on 31 December	**(1,304,746)**	**120,982**	**452,440**	**(10,436)**	**(1,453)**	**32,906**	**9,121**	**84,242**	**(616,944)**

The statement of comprehensive income is presented under item 3 in section ***16. Consolidated financial statements.***

18.15. Insurance contract liabilities

18.15.1 Details of insurance contract liabilities by valuation method

In thousands of euros	31 December 2023	31 December 2022 restated
Valued according to the General Measurement Model	17,318	29,267
Valued according to the Premium Allocation Approach	-	-
Valued according to the Variable Fee Approach	-	-
Total insurance contract assets	**17,318**	**29,267**
Valued according to the General Measurement Model	7,077,211	6,802,751
Valued according to the Premium Allocation Approach	2,264,011	2,265,053
Valued according to the Variable Fee Approach	-	-
Total insurance contract liabilities	**9,341,222**	**9,067,804**

Liabilities valued in accordance with the general model and reclassified as assets relate to healthcare contracts.

Liabilities valued in accordance with the general model relate to Life for EUR 5,348 million and Non-Life for EUR 1,729 million.

Liabilities valued using the simplified model mainly relate to Non-Life.

18.15.2 Insurance contract liabilities measured in accordance with the general model

18.15.2.1 Evolution by component

In thousands of euros	2023						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM - Full retrospective approach	CSM - Modified retrospective approach	CSM - Fair value approach	CSM - Post transition	Total
Insurance contract assets	(230,357)	8,292	71,543	-	100,746	20,509	(29,267)
Insurance contract liabilities	5,947,396	73,245	68,542	-	694,573	18,995	6,802,751
Net insurance contract liabilities as at 1 January	**5,717,039**	**81,537**	**140,085**	**-**	**795,319**	**39,504**	**6,773,484**
CSM recognised for services provided	-	-	(7,796)	-	(65,897)	(57,859)	(131,553)
Change in the risk adjustment for non-financial risk for the risk expired	-	(16,969)	-	-	-	-	(16,969)
Experience adjustments	(82,949)	-	-	-	-	-	(82,949)
Restatement and other changes fully allocated to insurance service result	-	-	-	-	-	-	-
Change that relate to current services	**(82,949)**	**(16,969)**	**(7,796)**	**-**	**(65,897)**	**(57,859)**	**(231,470)**
Contracts initially recognised in the year	(125,960)	21,304	-	-	-	104,751	94
Changes in estimates that adjust the CSM	(14,639)	7,440	43,087	-	(41,541)	5,654	(0)
Changes in estimates that relate to losses and reversal of losses on onerous contracts	151	12	-	-	-	-	162
Changes that relate to future services	**(140,449)**	**28,755**	**43,087**	**-**	**(41,541)**	**110,405**	**256**
Changes in fulfilment cash flow	14,637	(1,787)	-	-	-	-	12,850
Experience adjustments	46,983	(4,047)	-	-	-	-	42,936
Changes that relate to past services	**61,620**	**(5,834)**	**-**	**-**	**-**	**-**	**55,786**
Insurance service result	**(161,777)**	**5,952**	**35,290**	**-**	**(107,438)**	**52,545**	**(175,428)**
The effect of and changes in time of time value of money and financial risk	174,539	7	1,087	-	768	3,999	180,400
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-	-	-
Insurance finance expenses	**174,539**	**7**	**1,087**	**-**	**768**	**3,999**	**180,400**
Other comprehensive income	**278,778**	**4,923**	**-**	**-**	**-**	**-**	**283,701**
Premiums and premium tax received	922,533	-	-	-	-	-	922,533
Claims and other insurance service expenses paid, including investment components	(902,595)	-	-	-	-	-	(902,595)
Insurance acquisition cash flows	(22,204)	-	-	-	-	-	(22,204)
Cash flows	**(2,265)**	**-**	**-**	**-**	**-**	**-**	**(2,265)**
Insurance contract assets	(200,274)	6,937	69,390	-	78,238	28,390	(17,318)
Insurance contract liabilities	6,206,587	85,482	107,073	-	610,410	67,659	7,077,211
Net insurance contract liabilities as at 31 December	**6,006,313**	**92,419**	**176,462**	**-**	**688,649**	**96,049**	**7,059,892**

The significant increase in liabilities relating to insurance contracts valued according to the general model (EUR 286.4 million) is mainly explained by the change in the “Other comprehensive income” item, and the reduction in discount curves (effect of financial conditions).

In thousands of euros	2022 restated						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM - Full retrospective approach	CSM - Modified retrospective approach	CSM - Fair value approach	CSM - Post transition	Total
Insurance contract assets	(175,617)	8,314	44,424	-	41,322	-	(81,557)
Insurance contract liabilities	7,732,515	92,603	79,657	-	696,336	-	8,601,111
Net insurance contract liabilities as at 1 January	**7,556,898**	**100,917**	**124,081**	**-**	**737,658**	**-**	**8,519,554**
CSM recognised for services provided	-	-	(10,203)	-	(60,262)	(9,441)	(79,907)
Change in the risk adjustment for non-financial risk for the risk expired	-	(11,324)	-	-	-	-	(11,324)
Experience adjustments	(41,623)	-	-	-	-	-	(41,623)
Restatement and other changes fully allocated to insurance service result	-	-	-	-	-	-	-
Change that relate to current services	(41,623)	(11,324)	(10,203)	-	(60,262)	(9,441)	(132,854)
Contracts initially recognised in the year	(35,809)	13,073	-	-	-	29,236	6,499
Changes in estimates that adjust the CSM	(170,510)	5,552	25,121	-	120,042	19,795	(0)
Changes in estimates that relate to losses and reversal of losses on onerous contracts	1,403	(163)	-	-	-	-	1,239
Changes that relate to future services	(204,917)	18,462	25,121	-	120,042	49,031	7,738
Changes in fulfilment cash flow	62,805	1,526	-	-	-	-	64,330
Experience adjustments	55,818	(3,202)	-	-	-	-	52,616
Changes that relate to past services	118,622	(1,676)	-	-	-	-	116,946
Insurance service result	**(127,918)**	**5,461**	**14,917**	**-**	**59,780**	**39,590**	**(8,170)**
The effect of and changes in time of time value of money and financial risk	128,216	2,528	1,087	-	(2,119)	(85)	129,627
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-	-	-
Insurance finance expenses	**128,216**	**2,528**	**1,087**	**-**	**(2,119)**	**(85)**	**129,627**
Other comprehensive income	**(1,925,452)**	**(27,370)**	**-**	**-**	**-**	**-**	**(1,952,821)**
Premiums and premium tax received	1,100,625	-	-	-	-	-	1,100,625
Claims and other insurance service expenses paid, including investment components	(998,561)	-	-	-	-	-	(998,561)
Insurance acquisition cash flows	(16,770)	-	-	-	-	-	(16,770)
Cash flows	**85,294**	**-**	**-**	**-**	**-**	**-**	**85,294**
Insurance contract assets	(230,357)	8,292	71,543	-	100,746	20,509	(29,267)
Insurance contract liabilities	5,947,396	73,245	68,542	-	694,573	18,995	6,802,751
Net insurance contract liabilities as at 31 December	**5,717,039**	**81,537**	**140,085**	**-**	**795,319**	**39,504**	**6,773,484**

18.15.2.2 Evolution by LRC/LIC

In thousands of euros	2023			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Insurance contract assets	(32,139)	-	2,872	(29,267)
Insurance contract liabilities	5,956,942	7,554	838,255	6,802,751
Net insurance contract liabilities as at 1 January	**5,924,803**	**7,554**	**841,127**	**6,773,484**
CSM recognised for services provided	(7,796)	-	-	(7,796)
Change in risk adjustment for non-financial risk for risk expired	(2,255)	-	-	(2,255)
Expected insurance service expenses incurred:	(87,347)	-	-	(87,347)
Claims	(80,325)	-	-	(80,325)
Expenses	(7,022)	-	-	(7,022)
Recovery of insurance acquisition cash flows	(785)	-	-	(785)
Experience adjustments not related to future service	7,752	-	-	7,752
Full retrospective approach	**(90,432)**	**-**	**-**	**(90,432)**
CSM recognised for services provided	-	-	-	-
Change in risk adjustment for non-financial risk for risk expired	-	-	-	-
Expected insurance service expenses incurred:	-	-	-	-
Claims	-	-	-	-
Expenses	-	-	-	-
Recovery of insurance acquisition cash flows	-	-	-	-
Experience adjustments not related to future service	-	-	-	-
Modified retrospective approach	**-**	**-**	**-**	**-**
CSM recognised for services provided	(65,897)	-	-	(65,897)
Change in risk adjustment for non-financial risk for risk expired	(3,193)	-	-	(3,193)
Expected insurance service expenses incurred:	(178,430)	-	-	(178,430)
Claims	(156,407)	-	-	(156,407)
Expenses	(22,023)	-	-	(22,023)
Recovery of insurance acquisition cash flows	-	-	-	-
Experience adjustments not related to future service	1,856	-	-	1,856
Fair value approach	**(245,664)**	**-**	**-**	**(245,664)**
CSM recognised for services provided	(57,859)	-	-	(57,859)
Change in risk adjustment for non-financial risk for risk expired	(15,203)	-	-	(15,203)
Expected insurance service expenses incurred:	(267,196)	-	-	(267,196)
Claims	(235,585)	-	-	(235,585)
Expenses	(31,610)	-	-	(31,610)
Recovery of insurance acquisition cash flows	(261)	-	-	(261)
Experience adjustments not related to future service	(48,804)	-	-	(48,804)
Post transition	**(389,323)**	**-**	**-**	**(389,323)**
Insurance service revenue	**(725,419)**	**-**	**-**	**(725,419)**
Incurred insurance service expenses:	-	(2,268)	495,171	492,903
Claims	-	(1,876)	447,910	446,034
Expenses	-	(392)	47,284	46,892
Other movements related to current service	-	-	(24)	(24)
Amortisation of insurance acquisition cash flows	1,046	-	-	1,046
Changes that relate to past service (changes in fulfilment cash flows)	-	-	55,786	55,786
Changes that relate to future service:	-	256	-	256
Losses for the net outflow recognised on initial recognition	-	94	-	94
Pertes et reprises de pertes sur des contrats déficitaires - évaluation ultérieure	-	162	-	162

In thousands of euros	2023			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Insurance service expenses	**1,046**	**(2,012)**	**550,957**	**549,991**
Investment components	**(389,990)**	**-**	**389,990**	**-**
Insurance service result	**(1,114,362)**	**(2,012)**	**940,946**	**(175,428)**
The effect of and changes in time of time value of money and financial risk	152,649	(39)	27,789	180,400
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-
Insurance finance expenses	**152,649**	**(39)**	**27,789**	**180,400**
Other comprehensive income	**251,959**	**-**	**31,742**	**283,701**
Premiums and premium tax received	922,533	-	-	922,533
Claims and other insurance service expenses paid, including investment components	-	-	(902,595)	(902,595)
Insurance acquisition cash flows	(22,204)	-	-	(22,204)
Cash flows	**900,329**	**-**	**(902,595)**	**(2,265)**
Insurance contract assets	(20,199)	-	2,881	(17,318)
Insurance contract liabilities	6,135,577	5,504	936,130	7,077,211
Net insurance contract liabilities as at 31 December	**6,115,378**	**5,504**	**939,011**	**7,059,892**

The significant increase in insurance contract liabilities measured in accordance with the general model (EUR 286.4 million) can also be explained by the financial impact (EUR 283.7 million) and the accumulation of the effective financial expense in reserves (EUR 180.4 million) offset by the net income of benefits and expenses (EUR -2.3 million) and by insurance service result (- EUR 175.4 million) whose main part (- EUR 152.2 million) comes from the amortisation of CSM and RA.

In thousands of euros	2022 restated			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Insurance contract assets	(83,884)	-	2,327	(81,557)
Insurance contract liabilities	7,707,246	2,729	891,137	8,601,111
Net insurance contract liabilities as at 1 January	**7,623,362**	**2,729**	**893,464**	**8,519,554**
CSM recognised for services provided	(10,203)	-	-	(10,203)
Change in risk adjustment for non-financial risk for risk expired	(3,983)	-	-	(3,983)
Expected insurance service expenses incurred:	(120,322)	-	-	(120,322)
Claims	(110,133)	-	-	(110,133)
Expenses	(10,189)	-	-	(10,189)
Recovery of insurance acquisition cash flows	(817)	-	-	(817)
Experience adjustments not related to future service	(10,030)	-	-	(10,030)
Full retrospective approach	**(145,355)**	**-**	**-**	**(145,355)**
CSM recognised for services provided	-	-	-	-
Change in risk adjustment for non-financial risk for risk expired	-	-	-	-
Expected insurance service expenses incurred:	-	-	-	-
Claims	-	-	-	-
Expenses	-	-	-	-
Recovery of insurance acquisition cash flows	-	-	-	-
Experience adjustments not related to future service	-	-	-	-
Modified retrospective approach	-	-	-	-
CSM recognised for services provided	(60,262)	-	-	(60,262)

In thousands of euros	2022 restated			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Change in risk adjustment for non-financial risk for risk expired	(2,387)	-	-	(2,387)
Expected insurance service expenses incurred:	(165,483)	-	-	(165,483)
Claims	(141,138)	-	-	(141,138)
Expenses	(24,345)	-	-	(24,345)
Recovery of insurance acquisition cash flows	-	-	-	-
Experience adjustments not related to future service	273	-	-	273
Fair value approach	**(227,858)**	**-**	**-**	**(227,858)**
CSM recognised for services provided	(9,441)	-	-	(9,441)
Change in risk adjustment for non-financial risk for risk expired	(9,408)	-	-	(9,408)
Expected insurance service expenses incurred:	(173,710)	-	-	(173,710)
Claims	(155,544)	-	-	(155,544)
Expenses	(18,166)	-	-	(18,166)
Recovery of insurance acquisition cash flows	(265)	-	-	(265)
Experience adjustments not related to future service	(42,574)	-	-	(42,574)
Post transition	**(235,399)**	**-**	**-**	**(235,399)**
Insurance service revenue	**(608,612)**	**-**	**-**	**(608,612)**
Incurred insurance service expenses:	-	(2,887)	477,563	474,676
Claims	-	(2,566)	434,126	431,560
Expenses	-	(321)	43,501	43,180
Other movements related to current service	-	-	(63)	(63)
Amortisation of insurance acquisition cash flows	1,082	-	-	1,082
Changes that relate to past service (changes in fulfilment cash flows)	-	-	116,946	116,946
Changes that relate to future service:	-	7,738	-	7,738
Losses for the net outflow recognised on initial recognition	-	6,499	-	6,499
Losses and reversal of losses on onerous contracts - subsequent measurement	-	1,239	-	1,239
Insurance service expenses	**1,082**	**4,851**	**594,510**	**600,443**
Investment components	**(546,662)**	**-**	**546,662**	**-**
Insurance service result	**(1,154,192)**	**4,851**	**1,141,171**	**(8,170)**
The effect of and changes in time of time value of money and financial risk	116.295	(26)	13.358	129.627
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-
Insurance finance expenses	**116.295**	**(26)**	**13.358**	**129.627**
Other comprehensive income	**(1.744.517)**	**-**	**(208.305)**	**(1.952.821)**
Premiums and premium tax received	1.100.625	-	-	1.100.625
Claims and other insurance service expenses paid, including investment components	-	-	(998.561)	(998.561)
Insurance acquisition cash flows	(16.770)	-	-	(16.770)
Cash flows	**1.083.855**	**-**	**(998.561)**	**85.294**
Insurance contract assets	(32.139)	-	2.872	(29.267)
Insurance contract liabilities	5.956.942	7.554	838.255	6.802.751
Net insurance contract liabilities as at 31 December	**5.924.803**	**7.554**	**841.127**	**6.773.484**

18.15.2.3 Insurance contracts valued according to the general model recognized during the year

In thousands of euros	31 December 2023 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	14,714	1	14,714
Claims and other insurance service expenses payable	503,937	1,753	505,691
Estimates of present value of cash outflows	**518,651**	**1,754**	**520,405**
Estimates of present value of cash inflows	**(644,691)**	**(1,673)**	**(646,365)**
Risk adjustment for non-financial risk	**21,290**	**14**	**21,304**
Contractual service margin	**104,751**	**-**	**104,751**
Losses recognised on initial recognition	**-**	**94**	**94**

The table above shows the breakdown between profitable and onerous contracts issued during 2023. For the whole new activity, a loss of EUR 0.094 million was immediately recognised. In addition, the activity generated a contractual service margin of EUR 104.7 million, including EUR 31.5 million in Life and EUR 73.2 million in Non-Life. The margin volume generated by the new Non-Life business, measured in accordance with the general model, is mainly focused on Workers' Compensation products, and is due partly to volume effects and partly to lower loss ratio expectations.

In thousands of euros	31 December 2022 restated Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	13,573	5	13,578
Claims and other insurance service expenses payable	339,887	12,008	351,895
Estimates of present value of cash outflows	**353,460**	**12,013**	**365,473**
Estimates of present value of cash inflows	**(395,546)**	**(5,737)**	**(401,283)**
Risk adjustment for non-financial risk	**12,850**	**222**	**13,073**
Contractual service margin	**29,236**	**-**	**29,236**
Losses recognised on initial recognition	**-**	**6,499**	**6,499**

18.15.3 Insurance contract liabilities measured in accordance with the simplified model

In thousands of euros	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	278,175	10,278	1,919,830	56,771	2,265,053
Net insurance contract liabilities as at 1 January	**278,175**	**10,278**	**1,919,830**	**56,771**	**2,265,053**
Full retrospective approach	-	-	-	-	-
Modified retrospective approach	-	-	-	-	-
Fair value approach	-	-	-	-	-
Post transition	(1,239,721)	-	-	-	(1,239,721)
Insurance service revenue	**(1,239,721)**	**-**	**-**	**-**	**(1,239,721)**
Incurred insurance service expenses:	-	-	851,343	13,287	864,629
Claims	-	-	717,898	11,690	729,588
Expenses	-	-	133,445	1,474	134,918
Other movements related to current service	-	-	-	123	123
Amortisation of insurance acquisition cash flows	91,890	-	-	-	91,890
Changes that relate to past service (changes in fulfilment cash flows)	-	-	(24,399)	(8,979)	(33,378)
Changes that relate to future service:	-	114	-	-	114
Losses for the net outflow recognised on initial recognition	-	9,275	-	-	9,275
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(9,161)	-	-	(9,161)
Insurance service expenses	**91,890**	**114**	**826,944**	**4,307**	**923,255**
Investment components	-	-	-	-	-
Insurance service result	**(1,147,831)**	**114**	**826,944**	**4,307**	**(316,466)**
The effect of and changes in time of time value of money and financial risk	-	-	39,996	882	40,878
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-
Insurance finance expenses	**-**	**-**	**39,996**	**882**	**40,878**
Other comprehensive income	**-**	**-**	**67,000**	**1,445**	**68,445**
Premiums and premium tax received	1,254,901	-	-	-	1,254,901
Claims and other insurance service expenses paid, including investment components	-	-	(956,910)	-	(956,910)
Insurance acquisition cash flows	(91,890)	-	-	-	(91,890)
Cash flows	**1,163,011**	**-**	**(956,910)**	**-**	**206,101**
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	293,354	10,392	1,896,859	63,406	2,264,011
Net insurance contract liabilities as at 31 December	**293,354**	**10,392**	**1,896,859**	**63,406**	**2,264,011**

Liabilities relating to insurance contracts valued using the simplified model remained stable (-EUR 1 million). Liabilities for remaining coverage increased slightly (+EUR 15.3 million), demonstrating year-on-year growth. The slight decrease in liabilities for claims incurred (-EUR 16.3 million) is explained by a better claims experience, offsetting the financial impact of lower interest rates.

The activity valued in accordance with the simplified model resulted in onerous contracts, which were directly recognised as a loss in the income statement (EUR 9.2 million).

In thousands of euros	2022 restated				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	290,733	3,258	2,105,462	60,783	2,460,237
Net insurance contract liabilities as at 1 January	**290,733**	**3,258**	**2,105,462**	**60,783**	**2,460,237**
Full retrospective approach	(428,674)	-	-	-	(428,674)
Modified retrospective approach	-	-	-	-	-
Fair value approach	-	-	-	-	-
Post transition	(756,870)	-	-	-	(756,870)
Insurance service revenue	**(1,185,543)**	**-**	**-**	**-**	**(1,185,543)**
Incurred insurance service expenses:	-	-	918,676	15,208	933,883
Claims	-	-	775,435	13,525	788,960
Expenses	-	-	143,241	1,684	144,925
Other movements related to current service	-	-	-	(1)	(1)
Amortisation of insurance acquisition cash flows	81,044	-	-	-	81,044
Changes that relate to past service (changes in fulfilment cash flows)	-	-	66,073	(12,189)	53,884
Changes that relate to future service:	-	7,020	-	-	7,020
Losses for the net outflow recognised on initial recognition	-	10,171	-	-	10,171
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(3,152)	-	-	(3,152)
Insurance service expenses	**81,044**	**7,020**	**984,748**	**3,019**	**1,075,831**
Investment components	-	-	-	-	-
Insurance service result	**(1,104,500)**	**7,020**	**984,748**	**3,019**	**(109,712)**
The effect of and changes in time of time value of money and financial risk	-	-	17,132	478	17,609
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-
Insurance finance expenses	**-**	**-**	**17,132**	**478**	**17,609**
Other comprehensive income	**-**	**-**	**(283,082)**	**(7,509)**	**(290,591)**
Premiums and premium tax received	1,172,985	-	-	-	1,172,985
Claims and other insurance service expenses paid, including investment components	-	-	(904,430)	-	(904,430)
Insurance acquisition cash flows	(81,044)	-	-	-	(81,044)
Cash flows	**1,091,941**	**-**	**(904,430)**	**-**	**187,510**
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	278,175	10,278	1,919,830	56,771	2,265,053
Net insurance contract liabilities as at 31 December	**278,175**	**10,278**	**1,919,830**	**56,771**	**2,265,053**

18.16. Investment contract liabilities

In thousands of euros	2023		
	At amortised cost	At fair value through profit or loss	Total
Opening balance on 1 January	**3,536,654**	**1,609,303**	**5,145,957**
Contributions received	1,696,857	427,898	2,124,754
Benefits paid	(2,063,631)	(68,805)	(2,132,436)
Asset management fees charged	(9,652)	(1,892)	(11,543)
Investment return	25,431	195,370	220,801
Other movements	1,058	(214)	844
Net book value on 31 December	**3,186,717**	**2,161,659**	**5,348,376**

In thousands of euros	2022 restated		
	At amortised cost	At fair value through profit or loss	Total
Opening balance on 1 January	**3,656,822**	**1,778,054**	**5,434,876**
Contributions received	1,306,184	193,956	1,500,140
Benefits paid	(1,459,427)	(94,222)	(1,553,650)
Asset management fees charged	(7,217)	(622)	(7,839)
Investment return	36,681	(267,636)	(230,955)
Other movements	3,611	(226)	3,385
Net book value on 31 December	**3,536,654**	**1,609,303**	**5,145,957**

The decrease in investment liabilities valued at amortised cost is due to benefits paid (- EUR 1,147.5 million) being higher than contributions received (EUR 1.696.9 million), mainly for financing funds (- EUR 300.2 million in cash flow) and branch 21 insurance contracts with a review clause (- EUR 66.4 million in cash flow).

The increase in investment liabilities valued at fair value through profit or loss is mainly due to contributions received (+ EUR 427.9 million) and to return on underlying assets (+ EUR 195.4 million, mainly due to evolution in interest rates).

18.17. Financial debts

18.17.1 Changes in financial debts

In thousands of euros	2023			
	Subordinated debts	Lease obligations	Other financial debts	Total
Opening balance on 1 January	**495,106**	**50,513**	**583,304**	**1,128,922**
Issuances	247,612	39,522	55,815	342,949
Remeasurement	-	3,945	-	3,945
Interests payable	29,894	1,253	(8,065)	23,082
Repayments	(225,722)	(25,879)	4,260	(247,341)
Foreign currency translation differences on monetary assets	-	-	-	-
Amortizations	3,374	-	-	3,374
Changes in accrued interests not yet due	4,296	-	10,028	14,324
Issuances of payables arising from repurchase operations (repo)	-	-	343,310	343,310
Repayments of payables arising from repurchase operations (repo)	-	-	(419,355)	(419,355)
Change in bank overdrafts and other debts included in the cash flow statement	-	-	(125,839)	(125,839)
Change in the consolidation scope	-	3,897	690	4,587
Reclassifications between categories	-	-	1,307	1,307
Other changes	-	-	-	-
Net book value on 31 December	**554,560**	**73,251**	**445,456**	**1,073,266**

In thousands of euros	2022 restated			
	Subordinated debts	Lease obligations	Other financial debts	Total
Opening balance on 1 January	**491.107**	**61.512**	**771.530**	**1.324.149**
Issuances	491,107	61,512	771,530	1,324,149
Remeasurement	-	9,939	(699)	9,240
Interests payable	-	(813)	-	(813)
Repayments	22,599	345	(1,822)	21,122
Foreign currency translation differences on monetary assets	(22,599)	(20,797)	(4,768)	(48,163)
Amortizations	-	-	-	-
Changes in accrued interests not yet due	3,684	-	-	3,684
Issuances of payables arising from repurchase operations (repo)	315	-	3,170	3,484
Repayments of payables arising from repurchase operations (repo)	-	-	622,245	622,245
Change in bank overdrafts and other debts included in the cash flow statement	-	-	(931,320)	(931,320)
Change in the consolidation scope	-	-	124,968	124,968
Reclassifications between categories	-	327	-	327
Other changes	-	-	-	-
Net book value on 31 December	**495,106**	**50,513**	**583,304**	**1,128,922**

18.17.2 Breakdown by nature

In thousands of euros	31 December 2023		31 December 2022 restated	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	554,560	576,475	495,106	500,301
Subordinated debts	**554,560**	**576,475**	**495,106**	**500,301**
Lease obligations	**73,251**	**73,251**	**50,513**	**50,513**
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	29	29	58	58
Payables arising from repurchase operations (repo)	353,338	353,338	419,355	419,355
Collateral received as guarantee	120	120	125,930	125,930
Others	91,968	91,968	37,961	37,961
Other financial debts	**445,456**	**445,456**	**583,304**	**583,304**
Financial debts	**1,073,266**	**1,095,181**	**1,128,922**	**1,134,118**

The valuation at fair value of these loans is based on the Ask market price (source: Bloomberg).

Ethias has three subordinated loans on its balance sheet:

- A nominal loan of EUR 14 million. This is what remains of the perpetual loan issued in 2005 that did not participate in the exchange transaction carried out in 2015. It comes with a floating coupon. Ethias can redeem it at nominal value every 3 months.
- A nominal loan of EUR 274.7 million with a 5% coupon. Ethias issued this bond in 2015 for EUR 399.2 million with a final maturity in January 2026, without early redemption option. In 2023, at the time of the issue of the EUR 250 million “Green bond”, this loan was the subject of a repurchase offer which reduced the amount outstanding by a nominal EUR 124.5 million.
- A nominal loan of EUR 250 million. This Green Bond was issued in May 2023 with a final maturity of May 2033. It comes with a 6.75% coupon.

18.17.3 Breakdown by maturity

In thousands of euros	31 December 2023				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Convertible subordinated bond loans	-	-	-	-	-
Non-convertible subordinated bond loans	24,298	271,900	244,363	14,000	554,560
Subordinated debts	**24,298**	**271,900**	**244,363**	**14,000**	**554,560**
Lease obligations	**22,414**	**46,354**	**4,483**	**-**	**73,251**
Convertible bond loans	-	-	-	-	-
Non-convertible bond loans	-	-	-	-	-
Bank overdrafts	29	-	-	-	29
Payables arising from repurchase operations (repo)	353,338	-	-	-	353,338
Collateral received as guarantee	120	-	-	-	120
Others	63,877	13,732	8,910	5,450	91,968
Other financial debts	**417,364**	**13,732**	**8,910**	**5,450**	**445,456**
Total of the financial debts	**464,075**	**331,985**	**257,756**	**19,450**	**1,073,266**

In thousands of euros	31 December 2022 restated				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Convertible subordinated bond loans	-	-	-	-	-
Non-convertible subordinated bond loans	95,002	389,604	10,500	-	495,106
Subordinated debts	**95,002**	**389,604**	**10,500**	**-**	**495,106**
Lease obligations	**17,581**	**27,686**	**5,246**	**-**	**50,513**
Convertible bond loans	-	-	-	-	-
Non-convertible bond loans	-	-	-	-	-
Bank overdrafts	58	-	-	-	58
Payables arising from repurchase operations (repo)	419,355	-	-	-	419,355
Collateral received as guarantee	125,930	-	-	-	125,930
Others	7,986	14,923	9,570	5,481	37,961
Other financial debts	**553,330**	**14,923**	**9,570**	**5,481**	**583,304**
Total of the financial debts	**665,912**	**432,213**	**25,316**	**5,481**	**1,128,922**

The item "maturities less than 1 year" of the bond loans consists of accrued interest not yet due (EUR 24.3 million at 31/12/2023).

18.18. Employee benefits

18.18.1 Description of the employee benefits

18.18.1.1 Post-employment benefits

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

Pension benefit obligations

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

- "Defined benefit" pension commitments, according to which a predefined amount, resulting from the application of a formula, will be paid to an employee upon retirement, or during retirement. This amount generally depends on the following factors: number of years of service, salary and statutory pension limits.

- Pension commitments of the "defined contribution" type by which an employer commits up to the amount of a financing. The employer limits his commitment to the payment of contributions and not to a "predetermined" benefit, contrary to the defined benefit schemes. The employees' pension amount is calculated in proportion to the accumulation of the paid and capitalized contributions.

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

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

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

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

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

The debt registered on the balance sheet for the obligations transferred to the Ethias Pension Fund OFP includes the pension obligation minus the representative assets held in the Ethias Pension Fund OFP, i.e. -14 million euros.

Given the fact that the Group itself insures part of the future benefits of the pension schemes allocated to its employees, the representative assets of the pension plans do not correspond with the definition of the scheme in the sense of IAS 19. The Group has an obligation of EUR 174 million which leads to total obligation of EUR 160 million.

Other post-employment benefits

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

18.18.1.2 Long-term benefits

Long-term benefits refer to advantages granted to active employees and which are not fully payable within the twelve months following the end of the financial year in which the employees provided the services. These benefits include, among others, long-term compensated absences, long-service bonuses, allowances scheduled within the frame of the “60+” plan (put in place in 2015 and in 2017) concerning the gradual retirement of persons born before January 1, 1961 as well as new end-of-career plans signed in 2022.

18.18.1.3 Termination benefits

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

18.18.2 Overview of employee benefits by nature

The debt for employee benefits is analysed as follows:

In thousands of euros	31 December 2023	31 December 2022
Post-employment benefits	160,255	165,797
Long-term employee benefits	16,309	22,138
Termination benefits	1,564	1,713
Total	**178,128**	**189,647**

The current value of the financed bonds amounts to 364 million euros (the fair value of the assets is 378 million euros) and that of the non-financed bonds is 192 million euros.

Amounts of the projected benefits

In thousands of euros	2024	2023
Post-employment benefits	30,035	28,115
Long-term employee benefits	6,206	7,336
Termination benefits	-	-
Total	**36,241**	**35,451**

18.18.3 Actuarial assumptions and sensitivity analysis

18.18.3.1 Actuarial assumptions

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

In thousands of euros	31 December 2023	31 December 2022
Discount rate according to duration:		
3 years	3.07%	3.44%
10 years	3.12%	3.70%
15 years	3.19%	3.82%
25 years	3.23%	3.91%
Expected wage increase	0.32%/1.07%	0.32%/1.07%/0.65%
Inflation rate	2.20%	2.20%
Staff turnover rate:		
For agents of the 148		
in the last 7 years of their career	-	0.00%
otherwise	1.50%	1.50%
For the other groups		
For the DB	1.50%	1.50%
For the DC	4.00%	4.00%
Life table	40% of MR/FR	40% of MR/FR

The discount rates used to actualize the commitments are defined by reference to the market rate at the closing date of first category corporate bonds with a maturity that is comparable to the maturity of the commitments. The life assumptions are based on official life tables and on experience observed within the Group. All assumptions reflect the Group's best estimate.

The average duration of the Life benefit of the pension schemes is 11 years

18.18.3.2 Sensitivity analysis

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

This analysis showed that an increase in discount rate with 25 basis points should lower the debt with regard to employee benefits with 12 million euros. A decrease of the same level would however result in a debt increase of 13 million euros.

The impact of an increase with 25 basis points of the expected wage increase rate amounts to 11 million euros.

In thousands of euros	31 December 2023	31 December 2022
Discount rate		
Increase in rates with 25 basis points	(12,357)	(11,470)
Decrease in rates with 25 basis points	12,930	11,927
Expected wage increase		
Increase in rates with 25 basis points	11,305	10,855

18.18.4 Change in liabilities of the defined benefit schemess

In thousands of euros	2023	2022
Net liabilities of the defined benefit schemes as of January 1st	**165,797**	**211,413**
Total expenses of the defined benefit schemes	25,616	28,131
Contributions paid by the employer	(27,102)	(21,252)
Benefits paid directly by the employer	(7,496)	(5,994)
Revaluation	3,441	(46,500)
Net liabilities of the defined benefit schemas of December 31st	**160,255**	**165,797**

The decrease observed in 2023 is mainly due to the increase in the market value of OFP assets, which was greater than the effect of the discount rate on the pension commitment.

18.18.5 Changes in defined benefit scheme obligations and long-term benefits

	2023			2022		
In thousands of euros	Post-employment benefits	Long-term benefits	Total	Post-employment benefits	Long-term benefits	Total
Defined benefit scheme obligation as of January 1st	**507,931**	**22,138**	**530,069**	**616,070**	**30,074**	**646,144**
Cost price of services	25,668	93	25,760	31,056	4,399	35,455
Interest charges	17,943	55	17,998	6,136	12	6,148
Benefits paid directly by the employer	(7,496)	(9,025)	(16,521)	(5,994)	(11,320)	(17,314)
Benefits paid	(23,241)	-	(23,241)	(27,473)	-	(27,473)
Others	(5,255)	-	(5,255)	(4,745)	-	(4,745)
Revaluation	22,454	3,048	25,501	(107,119)	(1,027)	(108,146)
Defined benefit scheme obligation as of December 31st	**538,003**	**16,309**	**554,312**	**507,931**	**22,138**	**530,069**

18.18.6 Change in fair value of the defined benefit scheme assets

In thousands of euros	2023	2022
Fair value of the defined benefit scheme assets as of January 1st	**342,134**	**404,657**
Interest income	12,740	4,317
Employers' contributions	27,102	21,252
Benefits paid	(23,241)	(27,473)
Income of interests on plan assets in excess of interest income	19,013	(60,619)
Fair value of the defined benefit scheme assets as of December 31st	**377,748**	**342,134**

18.18.7 Allocation of defined benefit scheme assets

	31 December 2023		31 December 2022	
In thousands of euros	Value	%	Value	%
Bonds	216,196	57%	207,300	61%
Equities	108,223	29%	99,923	29%
Real estate	-	0%	-	0%
Cash	24,204	6%	11,809	3%
Illiquid assets	29,125	8%	23,102	7%
Total	**377,748**	**100%**	**342,134**	**100%**

18.18.8 Items affecting the income statement relating to defined benefit schemes

In thousands of euros	31 December 2023	31 December 2022
Cost price of services	25,668	31,056
Net interest charges	5,203	1,820
Others	-	-
Total expenses	**30,871**	**32,876**

18.19. Provisions

	2023			
In thousands of euros	Provisions for disputes	Provisions for financial risks	Other non-technical provisions	Total
Provisions on 1 January	**11,888**	**-**	**420**	**12,308**
Provisions (+)	3,575	-	2,727	6,301
Expenditures (-)	(520)	-	-	(520)
Reversals (-)	(2,611)	-	(34)	(2,645)
Transfers (+/-)	-	-	-	-
Change in scope	-	-	-	-
Other changes	-	-	-	-
Provisions on 31 December	**12,332**	**-**	**3,113**	**15,445**

	2022			
In thousands of euros	Provisions for disputes	Provisions for financial risks	Other non-technical provisions	Total
Provisions on 1 January	**16,172**	**-**	**8,229**	**24,401**
Provisions (+)	2,449	-	42	2,491
Expenditures (-)	(5,681)	-	(2,641)	(8,321)
Reversals (-)	(1,107)	-	(5,155)	(6,262)
Transfers (+/-)	55	-	(55)	-
Change in scope	-	-	-	-
Other changes	-	-	-	-
Provisions on 31 December	**11,888**	**-**	**420**	**12,308**

Other non-technical provisions increased mainly due to the recognition of provisions relating to loss-making contracts in other activities.

18.20. Trade and other payables

18.20.1 Breakdown by nature

In thousands of euros	31 December 2023	31 December 2022 restated
Liabilities linked to investment contracts and other liabilities linked to insurance operations	51,141	52,998
Liabilities and current accounts of reinsurers	323,815	177,491
Liabilities from operating activities	**374,956**	**230,489**
Tax on current result	11,038	3,463
Other contributions and taxes	73,235	75,779
Tax liability payable	**84,273**	**79,243**
Social security payables	78,305	75,239
Trade payables	114,716	88,404
Other payables	108,597	92,783
Accruals for liabilities	48,734	29,833
Other payables	**350,352**	**286,259**
Total other payables	**809,582**	**595,990**

Liabilities related to investment contracts and other liabilities related to insurance operations concern premiums paid before maturity for investment contracts, taxes on premiums paid before maturity for insurance contracts, and liabilities related to insurance intermediaries.

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 accrued charges on the subordinated loan and 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.

18.20.2 Breakdown by maturity

	31 December 2023				
In thousands of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Liabilities arising from direct insurance operations and accepted reinsurance	49,791	-	-	1,350	51,141
Liabilities arising from ceded reinsurance operations	19,492	-	-	304,323	323,815
Liabilities from operating activities	**69,283**	**-**	**-**	**305,673**	**374,956**
Tax on current result	11,038	-	-	-	11,038
Other contributions and taxes	73,235	-	-	-	73,235
Tax payables	**84,273**	**-**	**-**	**-**	**84,273**
Social security payables	78,305	-	-	-	78,305
Trade payables	114,716	-	-	-	114,716
Other payables	100,050	8,227	320	-	108,597
Accruals for liabilities	17,216	30,023	1,496	-	48,734
Other payables	**310,287**	**38,250**	**1,816**	**-**	**350,352**
Total other payables	**463,843**	**38,250**	**1,816**	**305,673**	**809,582**

In thousands of euros	31 December 2022 restated				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Liabilities arising from direct insurance operations and accepted reinsurance	45,583	-	-	7,415	52,998
Liabilities arising from ceded reinsurance operations	12,308	-	-	165,183	177,491
Liabilities from operating activities	**57,891**	**-**	**-**	**172,598**	**230,489**
Tax on current result	3,463	-	-	-	3,463
Other contributions and taxes	74,430	-	-	1,349	75,779
Tax payables	**77,894**	**-**	**-**	**1,349**	**79,243**
Social security payables	75,239	-	-	-	75,239
Trade payables	88,342	-	-	62	88,404
Other payables	87,199	2,025	-	3,559	92,783
Accruals for liabilities	13,405	26	15,012	1,389	29,833
Other payables	**264,185**	**2,051**	**15,012**	**5,010**	**286,259**
Total other payables	**399,969**	**2,051**	**15,012**	**178,957**	**595,990**

19. Notes to the consolidated income statement

19.1. Result of insurance services

In thousands of euros	31 December 2023	31 December 2022 restated
CSM recognised for services provided	131,553	79,907
Change in risk adjustment for non-financial risk for risk expired	20,651	15,778
Expected insurance service expenses incurred:	532,973	459,515
Claims	472,317	406,815
Expenses	60,656	52,700
Other expenses under the VFA	-	-
Recovery of insurance acquisition cash flows	1,046	1,082
Experience adjustments not related to future service	39,196	52,331
Restatement and other changes	-	-
Expected premium receipts allocation under the PAA	1,239,721	1,185,543
Insurance revenue	**1,965,140**	**1,794,156**
Incurred insurance service expenses:	(1,357,532)	(1,408,560)
Claims	(1,175,622)	(1,220,520)
Expenses	(181,811)	(188,105)
Other expenses under the VFA	-	-
Other movements related to current service	(100)	65
Insurance acquisition cash flows expensed when incurred	-	-
Amortisation of insurance acquisition cash flows	(92,936)	(82,126)
Impairment loss on assets for insurance acquisition cash flow	-	-
Reversal of impairment loss on assets for insurance acquisition cash flow	-	-
Changes that relate to past service:	(22,408)	(170,830)
Changes in estimates in LIC fulfilment cash flows	(172,575)	(347,762)
Experience adjustments in claims and other insurance service expenses in LIC	150,167	176,932
Changes that relate to future service:	(371)	(14,758)
Losses for the net outflow recognised on initial recognition	(9,370)	(16,670)
Losses and reversal of losses on onerous contracts - subsequent measurement	8,999	1,912
Insurance service expenses	**(1,473,246)**	**(1,676,274)**
Allocation of the premiums paid	**(230,788)**	**(40,727)**
Incurred insurance service expenses:	140,089	28,791
Claims	140,089	28,791
Expenses	-	-
Other movements related to current service	-	-
Changes that relate to past service (changes in fulfilment cash flows - LIC):	17,510	(25,506)
Changes in estimates in LIC fulfilment cash flows	73,308	44,458
Experience adjustments in claims and other insurance service expenses in LIC	(55,798)	(69,963)
Changes that relate to future service:	-	-
Loss recovery related to losses on underlying insurance contracts at initial recognition	-	-
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement	-	-
Amounts recovered from reinsurance	**157,599**	**3,285**
Changes in risk of non-performance	**181**	**1,825**
Net expenses from reinsurance contracts	**(73,009)**	**(35,617)**
INSURANCE SERVICE RESULT	**418,885**	**82,265**

The insurance service result of 2023 is EUR 418.9 million, compared to EUR 336.6 million in 2022. This increase is mainly due to the impact of over-inflation on the 2022 result, which is not present in the 2023 result. In addition, the 2023 result benefits from favourable weather conditions and inflation levels. Finally, this result is also positively impacted by growth in Non-Life business.

This growth is reflected in both short-term and long-term contracts, which contribute to earnings through the amortization of margins. We have seen an increase in the amount of margin recognized for services provided (+EUR 51.6 million), thanks in particular to the increased volume of the new Non-Life business, and to the expected improvement in claims experience.

The 2023 result includes an increase in reinsurance costs in 2023 compared with 2022, mainly due to reinsurance of the international portfolio.

19.2. Net investment income

	31 December 2023					
In thousands of euros	Net income from investments	Net realised gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortisations and depreciations on investments	Other investment-related financial expenses	Total
At amortised cost	35,012	380	-	(14,153)	-	21,239
Investment properties	**35,012**	**380**	**-**	**(14,153)**	**-**	**21,239**
At fair value through other items of comprehensive income	756	11,389	-	-	-	12,144
At fair value through profit or loss	-	-	65	-	-	65
Participating interests	**756**	**11,389**	**65**	**-**	**-**	**12,209**
Designated at fair value through other items of comprehensive income	20,849	-	-	-	-	20,849
Designated at fair value through profit or loss	200	279	(263)	-	-	216
Shares	**21,049**	**279**	**(263)**	**-**	**-**	**21,065**
At fair value through other items of comprehensive income	-	-	-	-	-	-
At fair value through profit or loss	16,650	(1,360)	34,832	-	-	50,122
Investment funds	**16,650**	**(1,360)**	**34,832**	**-**	**-**	**50,122**
At amortised cost	41,846	(10,475)	-	(2,029)	-	29,342
At fair value through other items of comprehensive income	204,014	6,551	-	(9,094)	-	201,471
At fair value through profit or loss	25,540	3,592	17,037	-	-	46,168
Bonds	**271,400**	**(332)**	**17,037**	**(11,123)**	**-**	**276,981**
At amortised cost	38,125	27	-	(13,900)	-	24,251
At fair value through profit or loss	1,780	146	148	-	-	2,074
Loans and deposits	**39,905**	**173**	**148**	**(13,900)**	**-**	**26,325**
At fair value through profit or loss	10,471	(283)	(6,042)	-	-	4,145
Held for hedging purposes	-	4,435	(1,235)	-	-	3,200
Derivative financial instruments	**10,471**	**4,152**	**(7,277)**	**-**	**-**	**7,346**
Designated at fair value through profit or loss	10,236	2,951	182,862	-	(679)	195,370
Investments belonging to unit-linked insurance contracts	**10,236**	**2,951**	**182,862**	**-**	**(679)**	**195,370**
At amortised cost	(6,590)	(5)	37	-	-	(6,558)
At fair value through other items of comprehensive income	-	-	-	-	-	-
Cash and cash equivalents	**(6,590)**	**(5)**	**37**	**-**	**-**	**(6,558)**
At amortised cost	(25,431)	-	-	-	-	(25,431)
At fair value through profit or loss	-	-	(195,370)	-	-	(195,370)
Investment contract liabilities	**(25,431)**	**-**	**(195,370)**	**-**	**-**	**(220,801)**
Others	**15,046**	**-**	**-**	**-**	**(25,711)**	**(10,665)**
Net revenue from investment	**388,502**	**17,626**	**32,070**	**(39,176)**	**(26,390)**	**372,633**

In thousands of euros	31 December 2022 restated					
	Net income from investments	Net realised gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortisations and depreciations on investments	Other investment-related financial expenses	Total
At amortised cost	34,606	35	-	(21,545)	-	13,096
Investment properties	**34,606**	**35**	**-**	**(21,545)**	**-**	**13,096**
At fair value through other items of comprehensive income	424	0	-	-	-	424
At fair value through profit or loss	-	-	-	-	-	-
Participating interests	**424**	**0**	**-**	**-**	**-**	**424**
Designated at fair value through other items of comprehensive income	21,139	-	-	-	-	21,139
Designated at fair value through profit or loss	347	(1,970)	(435)	-	-	(2,058)
Shares	**21,487**	**(1,970)**	**(435)**	**-**	**-**	**19,082**
At fair value through other items of comprehensive income	7	-	-	-	-	7
At fair value through profit or loss	16,237	(217)	(96,833)	-	-	(80,813)
Investment funds	**16,244**	**(217)**	**(96,833)**	**-**	**-**	**(80,807)**
At amortised cost	43,958	(633)	-	(651)	-	42,674
At fair value through other items of comprehensive income	260,395	(5,564)	-	(2,108)	-	252,724
At fair value through profit or loss	20,288	(420)	(61,153)	-	-	(41,285)
Bonds	**324,641**	**(6,617)**	**(61,153)**	**(2,758)**	**-**	**254,114**
At amortised cost	19,558	97	-	(666)	-	18,989
At fair value through profit or loss	2,421	82	(1,381)	-	-	1,122
Loans and deposits	**21,980**	**179**	**(1,381)**	**(666)**	**-**	**20,111**
At fair value through profit or loss	835	-	3,511	-	-	4,346
Held for hedging purposes	(261)	1,289	(315)	-	-	714
Derivative financial instruments	**574**	**1,289**	**3,196**	**-**	**-**	**5,060**
Designated at fair value through profit or loss	4,735	(2,328)	(269,528)	-	(515)	(267,636)
Investments belonging to unit-linked insurance contracts	**4,735**	**(2,328)**	**(269,528)**	**-**	**(515)**	**(267,636)**
At amortised cost	2,490	8	23	-	-	2,521
At fair value through other items of comprehensive income	-	-	-	-	-	-
Cash and cash equivalents	**2,490**	**8**	**23**	**-**	**-**	**2,521**
At amortised cost	(36,681)	-	-	-	-	(36,681)
At fair value through profit or loss	-	-	267,636	-	-	267,636
Investment contract liabilities	**(36,681)**	**-**	**267,636**	**-**	**-**	**230,955**
Others	**3,122**	**-**	**-**	**-**	**(15,738)**	**(12,615)**
Net revenue from investment	**393,622**	**(9,620)**	**(158,474)**	**(24,969)**	**(16,253)**	**184,306**

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

19.3. Financial expenses on insurance and reinsurance contracts

In thousands of euros	31 December 2023	31 December 2022 restated
Interest accreted on the carrying amount of the CSM	5,854	(1,117)
Interest accreted on present value cash flows	81,598	22,939
Interest accreted on risk adjustment	1,887	674
Interest accreted on LRC for contracts measured under the PAA.	-	-
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	**89,340**	**22,495**
The effect of financial risk and changes in financial risk	**131,938**	**124,742**
Insurance finance expense from insurance contracts	**221,278**	**147,237**
Interest accreted on the carrying amount of the CSM	-	-
Interest accreted on present value cash flows	(5,609)	(1,684)
Interest accreted on risk adjustment	(257)	(86)
Interest accreted on LRC for contracts measured under the PAA.	-	-
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	**(5,866)**	**(1,770)**
The effect of financial risk and changes in financial risk	**-**	**-**
Insurance finance income from reinsurance contracts	**(5,866)**	**(1,770)**
Insurance finance expense from insurance and reinsurance contracts	**215,412**	**145,467**

Financial expenses on insurance contracts include the guaranteed rate payable on Life insurance contracts. The increase in finance costs is explained on the one hand by a volume effect reflecting an increase in liabilities following a positive net income, and on the other hand by a higher average finance cost than last year, following the increase in rates observed during 2022.

19.4. Other operating income

In thousands of euros	31 December 2023	31 December 2022
Revenues related to other activities	480,442	413,994
Other revenues related to insurance activities	7,320	8,925
Other operating revenue	19,267	10,518
Other operating revenue	**507,029**	**433,437**

19.5. Operating expenses

19.5.1 Expenses by nature and allocation

In thousands of euros	31 December 2023	31 December 2022 restated
Expenses directly attributable to insurance services	**312,299**	**288,787**
Management costs of investments	**10,810**	**7,611**
Expenses not directly attributable to insurance services	68,791	66,881
Expenses attributable to investment services	19,020	24,303
Expenses related to other activities	497,304	406,300
Other operating expenses	**585,115**	**497,484**
Total of the expenses by allocation	**908,224**	**793,882**
Employee benefit expenses	415,617	389,593
Rental and leasing expenses	(127)	2,782
Expenses related to operational buildings	8,227	9,204
IT costs	144,822	138,799
Allocations, amortizations and provisions for other risks and expenses	80,581	43,539
Other expenses	263,525	216,404
Recovered overhead costs (-)	(4,421)	(6,438)
Total of the expenses by nature	**908,224**	**793,882**

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

The increase in other expenses is due to the increase in overheads associated with the other activities of subsidiaries, following the inclusion of NeWin in the scope of consolidation, the increase in business activity and inflation. This also had an impact on the line «Expenses related to other activities», whose increase is also explained by the rise in personnel costs due mainly to the indexation of salaries.

19.5.2 Employee benefit expenses

In thousands of euros	31 December 2023	31 December 2022
Wages	290,441	257,630
Social security expenses	75,754	67,659
Post-employment benefits	(149)	(68)
Defined benefit schemes	30,871	32,876
Other long-term benefits	198	122
Other benefits	(2,019)	4,961
Others	20,520	26,413
Total of the employee benefit expenses	**415,617**	**389,593**

The amount of the expenses included in the income statement on the defined contribution pension schemes mainly comprises the cost of services, the financial cost as well as taxes and contributions inherent in group insurance products.

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

The increase in salaries is mainly due to indexation.

19.6. Finance costs

In thousands of euros	31 December 2023	31 December 2022 restated
Expenses related to bond loans	37,564	26,597
Expenses related to lease obligations	1,253	345
Expenses related to other financial debts	1,963	1,348
Expenses related to financial debts	**40,780**	**28,290**

19.7. Income taxes

19.7.1 Overview of the tax expense

In thousands of euros	31 December 2023	31 December 2022 restated
Payable tax	(66,010)	(55,685)
Deferred tax	(40,621)	38,923
Income tax on permanent activities	**(106,631)**	**(16,762)**
Payable tax on available-for-sale activities	-	-
Deferred tax on available-for-sale activities	-	-
Tax on available-for-sale activities	**-**	**-**
Tax expenses recognized through profit or loss	**(106,631)**	**(16,762)**
Tax expenses recognized in other comprehensive income components	**(20,852)**	**112,456**

19.7.2 Analysis of the tax expenses

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

In thousands of euros	31 December 2023	31 December 2022 restated
Profit before tax (excluding contribution from discontinued operations and associated companies)	**468,782**	**36,606**
Theoretical tax rate	**25%**	**25%**
Expected tax expense	**(117,196)**	**(9,152)**
Impact of non-deductible expenses	(20,139)	(17,713)
Impact of non-taxable revenues	20,816	24,810
Impact of fiscal deficits	(185)	2,743
Impact of other temporary differences	5,758	(14,559)
Other impacts	4,315	(2,891)
Total of the tax expense adjustments	**10,565**	**(7,610)**
Real tax expense/proceed	**(106,631)**	**(16,762)**
Effective tax rate	**23%**	**46%**

Impact of non-deductible expenses mainly originates from impairments and losses on realized securities as well as disallowed expenses. Under the heading of non-taxable revenues, the eligible dividends are recognized as definitively taxed income and exempted capital gains and reversed impairments on securities. Added to this are the reversals of taxed provisions. As to fiscal deficits, these vary according to the use of tax losses carried forward and definitively taxed income carried forward. As to other temporary differences include, in particular, taxes resulting from temporary valuation differences on assets and liabilities. Finally, the other impacts mainly stem from the influence of consolidation adjustments on taxes and deduction for the income from innovation.

19.7.3 Pillar Two rules

The law of December 19, 2023 - concerning the introduction of a minimum tax for multinational and large-scale national groups - transposes into Belgian law Directive (EU) 2022/2523 containing the global (OECD) rules against erosion of the tax base and prescribing a minimum effective tax rate of 15% in each jurisdiction («Pillar Two rules»). As from the entry into force of this law in fiscal 2024, the Group will have to apply these new tax provisions in the jurisdictions in which it operates, namely: Belgium, Luxembourg, France, Greece, Great Britain and Italy.

Based on simulations of previous years, and on the current state of its analysis, the Group expects to meet the conditions associated with the temporary exceptions to the application of Pillar Two rules, notably the exception based on the simplified effective tax rate for Belgium, which is the jurisdiction with the highest tax base (and theoretical exposure).

The Group is continuing to assess the impact of the Pillar Two rules on future financial years.

In addition, in accordance with the May 2023 amendments to IAS ***12 - International Tax Reform - Pillar Two rules***, the Group does not recognize deferred taxes in relation to Pillar Two rules.

20. Notes relating to items not included in the balance sheet

20.1. Lease contracts

20.1.1 Ethias as lessor

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

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

In thousands of euros	31 December 2023	31 December 2022
Past due during the year	45,485	45,290
Within more than one and maximum 5 years	174,259	172,429
Within more than 5 years	309,558	237,542
Total	**529,302**	**455,260**

Rent amount recognized as proceed within the financial year:

In thousands of euros	31 December 2023	31 December 2022
Variable rents which are not based on an index or a rate	-	-
Other rents	35,012	34,606
Total	**35,012**	**34,606**

Leased assets mainly relate to real estate.

20.1.2 Ethias as lessee

The lease contracts entered into by Ethias are detailed in items 4 (« Right-of-use of assets») and 17 («Financial debts») of section ***18. Notes to the consolidated balance sheet.***

20.2. Related parties

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

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

- The key management personnel of the Group, who are the directors of Ethias SA;
- The entities exercising joint control or significant influence over the entity, which are the Federal State via the SFPIM/FPIM, the Walloon Region via Wallonie Entreprendre, the Flemish Region and EthiasCo;
- Non-consolidated subsidiaries (only Sire Holding until 2022);
- The joint ventures in which the entity is a joint venturer, which are WLP Holding, Belgium DC and Together Services (until 2022);
- The associated companies, which are Ariane Building, Assurcard, Bedrijvencentrum Geraardsbergen, Cityforward, Epico II Wind, Epimede, Green4You, Hamsterhuren II, IMA Benelux, Land Investment Vehicle, Letsgocity (until 2023), Palais des expositions Charleroi, NEB Foncière, NEB Participations, Ukot Liège (since 2023), Vital Building (until 2022), and Zabrixx I; and
- The other related parties, viz. Ethias Pension Fund (OFP).

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

20.2.1 Transactions related to the balance sheet

In thousands of euros	31 December 2023					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Loans	204,806	-	58,443	126,258	-	389,507
Receivables	-	-	-	1,861	-	1,861
Any other assets	-	-	-	-	-	-
Total assets with related parties	**204,806**	**-**	**58,443**	**128,119**	**-**	**391,367**
Insurance and investment contract liabilities	-	-	-	-	-	-
Financial debts	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Total liabilities with related parties	**-**	**-**	**-**	**-**	**-**	**-**

In thousands of euros	31 December 2022					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Loans	195,192	-	38,553	19,069	-	252,814
Receivables	-	-	6	1,927	-	1,934
Any other assets	-	-	-	-	-	-
Total assets with related parties	**195,192**	**-**	**38,559**	**20,996**	**-**	**254,748**
Insurance and investment contract liabilities	-	-	-	-	-	-
Financial debts	-	-	-	-	-	-
Trade and other payables	-	-	204	-	-	204
Total liabilities with related parties	**-**	**-**	**204**	**-**	**-**	**204**

In 2022, the balance of the loans granted by Ethias is EUR 4.7 million to SFPIM, EUR 190.5 million to the Walloon and Flemish Regions, EUR 38.6 million to WLP Holding, EUR 6.1 million to Vital Building, EUR 5.7 million to Green4You, Eur 4.6 million to Epimede, and EUR 2.7 million to Ariane Building

In 2023, the balance of these loans is EUR 7.4 million to SFPIM, EUR 197.4 million to the Walloon and Flemish Regions, EUR 58.4 million to WLP Holding, EUR 115.8 million to Cityforward, EUR 3.2 million to Green4You, EUR 4.8 million to Epimede, EUR 2.4 million to Ariane Building and EUR 0.1 million to Ukot Liège.

20.2.2 Transactions related to revenues and expenses

In thousands of euros	31 December 2023					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Insurance result	-	-	-	-	-	-
Net revenue from investment	230	-	1,264	12,851	-	14,346
Other operating revenue	39	-	-	-	-	39
Other operating expenses	91	-	-	(6,714)	(30,828)	(37,451)
Asset management fees charged	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total	**361**	**-**	**1,264**	**6,137**	**(30,828)**	**(23,067)**

In thousands of euros	31 December 2022 restated					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Insurance result	-	-	-	-	-	-
Net revenue from investment	51	-	1,063	8,824	-	9,938
Other operating revenue	-	-	97	-	-	97
Other operating expenses	90	-	(3,437)	(28,634)	(22,321)	(54,303)
Asset management fees charged	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total	**141**	**-**	**(2,278)**	**(19,810)**	**(22,321)**	**(44,268)**

Operating expenses with associates mainly relate to the expenses of IMA Benelux.

Operating expenses with other related parties mainly concern invoices paid to the OFP for the employees' group insurance.

20.2.3 Remunerations for key management personnel

The directors and members of the Executive Committee of Ethias SA are considered as the main leaders. The list of these managers in included in section ***11. Governance.***

The total amount of their remunerations includes the following elements:

In thousands of euros	31 December 2023	31 December 2022
Short-term benefits	3,829	3,368
Post-employment benefits	1,509	1,183
Termination benefits	-	140
Other long-term benefits	-	-
Remunerations and other benefits for managers and directors	**5,338**	**4,691**

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

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

20.2.4 Other transactions with related parties

In thousands of euros	31 December 2023					
	Entities exercising joint control or significant influence over the entity	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Commitments and guarantees given	9,900	-	13,564	-	-	23,464
Commitments and guarantees received	-	-	-	-	-	-
Total	**9,900**	**-**	**13,564**	**-**	**-**	**23,464**

In thousands of euros	31 December 2022					
	Entities exercising joint control or significant influence over the entity	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Commitments and guarantees given	12,600	-	-	17,400	-	30,000
Commitments and guarantees received	15,800	-	-	-	-	15,800
Total	**28,400**	**-**	**-**	**17,400**	**-**	**45,800**

At 31 December 2022, the commitment of the Regions to Ethias regarding the flooding was EUR 15.8 million. Furthermore, Ethias had a lending commitment of EUR 12.6 million to the SFPIM/FPIM as well as a commitment of EUR 17.4 million to Cityforward.

At December 31 2023, Ethias has a loan commitment of EUR 9.9 million to SFPIM and EUR 8.2 million to WLP Holding, to which Ethias also has a share purchase commitment of EUR 5.4 million.

20.3. Fees of the Statutory Auditor

In thousands of euros	31 December 2023	31 December 2022
Fees for audit services	1,184	1,362
Fees for services relating to audit services	543	98
Fees for fiscal advice	-	-
Other fees for non-audit services	67	60
Total	**1,793**	**1,520**

20.4. Commitments

20.4.1 Received commitments

In thousands of euros	31 December 2023	31 December 2022
Guarantee commitments	789,146	717,216
Finance commitment	9,623	1,798
Other received commitments	3,900	15,800
Total	**802,668**	**734,813**

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

In 2022, the other commitments received related to the estimated amounts to be borne by the government as provided for in the protocol signed with the Regions regarding the flooding (see item 1.3 of section II. Report of the Board of Directors on the 2021 consolidated annual report).

20.4.2 Given commitments

In thousands of euros	31 December 2023	31 December 2022
Guarantee commitments with regard to financing	-	-
Other guarantee commitments	123,311	7,357
Commitments on securities	367,734	444,039
Other given commitments	477,584	647,603
Total	**968,629**	**1,098,999**

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

The commitments on securities include repurchase operations for 343.3 million euros at December 31, 2022 (compared to 419.4 million at 31/12/2022) following the implementation of an investment programme financed by repos as well as securities paid as collateral for 24.4 millions at 31/12/2023.

Other given commitments consist mainly of commitments to acquire securities (in bond funds, equity funds, infrastructure funds, shares) and loans.

20.5. Contingent liabilities

In 2023, as in 2022, Ethias has no contingent liabilities.

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

Dividend

The Board of Directors of Ethias SA will propose to the General Assembly of May 2024 the payment of a dividend of EUR 110 million.

21. Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2023

Free translation from the French original

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ETHIAS SA/NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

We have been appointed as statutory auditor by the general meeting *d.d.* 17 May 2023, following the proposal formulated by the board of directors and following the recommendation by the audit and risk committee and the proposal formulated by the workers' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2025. We have performed the statutory audit of the Group's consolidated accounts for sixteen consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 December 2023, as well as the consolidated income statement, the statement of comprehensive income, the consolidated cash flows statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated balance sheet total of EUR '000' 19.340.299 and a net consolidated profit for the year of EUR '000' 355.720.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

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

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

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

Key audit matters

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

Estimation uncertainty with respect to transition to and first time application of IFRS 17 and IFRS 9

Description of the key audit matter

The financial year ended 31 December 2023 is the Group's first year of application of IFRS 17 "Insurance Contracts", which significantly modifies the accounting criteria for the recognition and measurement of insurance contracts compared to IFRS 4. As of 1 January 2023, the Group also applied IFRS 9 "Financial Instruments", thereby modifying the classification and measurement of financial assets and liabilities in the Group's consolidated financial statements.

As part of the initial application of these accounting standards, comparative information at 1 January 2022 (transition balance sheet) needs to be prepared and the year-end 2022 corresponding figures in the Group's consolidated financial statements need to be restated. The transition to IFRS 17 and IFRS 9 has a significant impact on equity and involves a complex process that requires the application of assumptions and estimates.

The transition to and first time application of IFRS 17 and IFRS 9 have therefore been considered as a key audit matter.

Information regarding the transition to and first time application of IFRS 17 and IFRS 9, is disclosed in section 17.4.1.2 "New standards, amendments and interpretations published and adopted since 1 January 2023" to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures on the transition to IFRS 17 and IFRS 9, mainly consisted of the following procedures:

- Evaluation of compliance of the Group's accounting policies with IFRS 17 and IFRS 9;
- Understanding and evaluation of the updated internal control environment (including the IT infrastructure) related to the financial reporting process under IFRS 17 and IFRS 9;
- Assessment and testing of the applied transition methods to define the transition balance sheet;
- Assessment and testing of the accounting policies, the methodology and reasonableness of the actuarial models and assumptions used in the calculations of the Present Value of Future Cash Flows ("PVFCF"), Contractual Service Margin ("CSM") and the Risk Adjustment for non-financial risk ("RA");
- Assessment of the eligibility criteria for the application of the Premium Allocation Approach ("PAA"); and
- Performing an analysis of the changes to the business model assessments and assessment of the fulfilment of the criteria for such changes in view of IFRS 9.

We also assessed the appropriateness of the disclosures in the consolidated accounts regarding the transition, considering the requirements of the International Financial Reporting Standards as adopted by the European Union.

Our internal actuarial experts assisted us in performing the above listed audited procedures.

Estimation uncertainty with respect to valuation of insurance contract liabilities

Description of the key audit matter

The insurance contract liabilities for contracts measured using the General Measurement Model (“GMM”) (EUR 5.348 million for life and EUR 1.729 million for non-life) includes the PVFCF relating to future insurance services, as well as the CSM and the RA. The assumptions used for the projections of the said cash flows relate, mainly, to mortality, longevity, lapse, profitability, future premiums and the defining of directly attributable expenses. The actuarial calculation of the cash flows arising from such insurance contracts is complex and highly judgmental as it is based on assumptions which are affected by future economic and political conditions as well as laws and regulations. Furthermore, the determination of the appropriate discounting of the said cash flows is considered complex and highly judgemental, leading us to consider this as a key audit matter.

The insurance contract liabilities for contracts measured using the PAA (EUR 2.264 million) accounts for the estimated cost of claims occurring up to the closing date. The actuarial projection methods of the present value of expected future cash flows related to past insurance services arising from such insurance contracts are complex and highly judgmental as they are based on a number of key assumptions derived from historical information, mainly relating to the amount of the claim and claim payment patterns including expected future development. Furthermore, the determination of the appropriate discounting of the said cash flows is considered complex and highly judgemental, leading us to consider this as a key audit matter.

Information on the valuation of insurance contract liabilities is included in Note 18.15 “Insurance contract liabilities” to the consolidated accounts, in application of the principles as described in section 17.4 “Summary of significant accounting principles”.

How our audit addressed the key audit matter

We performed procedures on the design and operating effectiveness of the Group’s controls to ascertain that the data used in the valuation and measurement of the insurance contract liabilities are adequate and complete. We performed testing of the Group’s procedures to determine the aforementioned assumptions.

Our substantive procedures on the insurance contract liabilities measured under the GMM mainly consisted of the following procedures:

- Assessing and testing of the accounting policies, the methodology and reasonableness of the actuarial models and assumptions used in the calculations of the PVFCF, the CSM and the RA;
- Testing the completeness and accuracy of the data used in determining the assumptions, as well as data used in actuarial calculations; and
- Verifying the locked-in and current discount rates.

Our substantive procedures on the insurance contract liabilities measured under the PAA mainly consisted of the following procedures:

- Assessing and testing of the accounting policies, the methodology and reasonableness of the actuarial models and assumptions used in the calculations of the PVFCF and the RA;
- Testing the completeness and accuracy of the data used in the calculations; and
- Verifying the locked-in and current discount rates.

Finally, we assessed the completeness and accuracy of the disclosures regarding insurance contracts to assess compliance with disclosure requirements included in the International Financial Reporting Standards as adopted by the European Union.

Our internal actuarial experts assisted us in performing our audit procedures.

Our procedures have allowed us to assess the valuation of the insurance contract liabilities.

<u>Valuation of financial assets for which no quoted prices in active markets are available ("level 3")</u>

Description of the key audit matter

The Group holds financial assets for which there is no quoted price in an active market. As mentioned in Note 18.6 to the consolidated accounts, the fair value of a certain number of these financial instruments is determined using valuation techniques that are not based on observable market data.

As at 31 December 2023, the Group holds more specifically level 3 financial assets (excluding participating interests, and loans and deposits) for a fair value of EUR '000' 747.465.

In particular, the fair value of level 3 financial instruments is estimated using an internal valuation model or a third party valuation, of which the inputs are not observable on the market.

The valuation of these financial instruments is a key audit matter due to the importance of the estimates made and whose assumptions may not be observable on the market.

How our audit addressed the key audit matter

We have reviewed the design and operational effectiveness of the key controls put in place by the Group to guarantee the accuracy of the valuation of these level 3 financial instruments.

For a sample of financial instruments, we have also reviewed the estimates made and the key assumptions used in determining their fair value. We also performed tests on the standing data used in determining the fair value.

Finally, we involved experts in the valuation of financial instruments who independently recalculated the fair value for a sample of financial instruments.

Based on our procedures we believe that the retained fair values of these financial instruments are reasonable.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts. The Company has prepared the non-financial information, based on the internationally recognized reference framework "UN Global Compact". However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the reference framework as disclosed in the directors' report on the consolidated accounts.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statement

This report is consistent with the additional report to the audit and risk committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Diegem, 19 April 2024

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

Tom Meuleman*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Tom Meuleman BV

22. Annual accounts of Ethias SA

22.1. Balance sheet

Assets	2023	2022
B. Intangible assets	**96,731,372**	**108,068,503**
I. Formation expenses	2,137,246	0
II. Intangible assets	94,594,126	108,068,503
1. Goodwill	21,333,987	27,325,556
2. Other intangible assets	56,379,644	52,604,303
3. Advance payments	16,880,495	28,138,644
C. Investments	**15,671,471,091**	**15,900,447,200**
I. Land and properties	181,560,623	135,148,753
1. Real estate for corporate purposes	58,443,876	5,313,220
2. Others	123,116,747	129,835,533
II. Investments in associated companies and participations	512,884,613	517,084,679
- Associated companies	348,104,997	357,169,140
1. Participating interests	348,104,997	357,169,140
2. Certificates, bonds and receivables	0	0
- Other companies linked by a participating interest	164,779,616	159,915,539
3. Participating interests	152,329,254	146,863,129
4. Certificates, bonds and receivables	12,450,362	13,052,410
III. Other financial investments	14,973,479,192	15,244,547,431
1. Equities, shares and other variable-income securities	771,949,745	687,335,122
2. Bonds and other fixed-income securities	12,697,052,657	13,177,201,265
4. Mortgage loans and mortgage credits	177,049,778	202,828,153
5. Other loans	1,267,675,607	1,104,959,735
6. Deposits with credit institutions	58,972,340	70,967,156
7. Others	779,065	1,256,000
IV. Deposits with ceding companies	3,546,663	3,666,337
D. Investments related to operations linked to a "Life" business investment fund whose investment risk is not borne by the company	**2,161,659,451**	**1,609,303,201**
Dbis. Reinsurers' share of technical provisions	**297,157,343**	**224,800,854**
I. Provision for unearned premiums and outstanding risks	68,592	77,816
II. Provision for Life insurance	725,439	1,478,991
III. Provision for claims to be paid	296,363,312	223,244,047
E. Receivables	666,147,873	484,130,070
I. Receivables arising from direct insurance operations	291,635,123	254,329,478
1. Policyholders	160,166,482	134,056,487
2. Insurance intermediaries	33,434,544	21,556,600
3. Others	98,034,097	98,716,391
II. Receivables arising from reinsurance operations	290,259,827	145,708,350
III. Other receivables	84,252,923	84,092,242
F. Other asset items	373,690,627	508,749,139
I. Tangible assets	23,119,228	17,090,697
II. Available values	350,571,399	491,658,442
G. Accruals	156,643,134	152,656,360
I. Interest and rent earned but not yet due	154,956,909	152,656,360
III. Other accruals	1,686,225	0
Total assets	**19,423,500,891**	**18,988,155,327**

Liabilities	2023	2022
A. Equity	**1,701,078,045**	**1,611,324,752**
I. Subscribed capital or equivalent funds, net of uncalled capital	1,000,000,000	1,000,000,000
1. Issued capital	1,000,000,000	1,000,000,000
III. Revaluation surpluses	1,660,619	1,660,619
IV. Reserves	100,891,978	90,841,386
1. Statutory reserve	83,650,000	73,650,000
3. Untaxed reserves	15,199,503	15,148,911
4. Available reserves	2,042,475	2,042,475
V. Result carried forward	598,525,448	518,822,747
1. Profit carried forward	598,525,448	518,822,747
B. Subordinated debts	**535,899,519**	**478,604,150**
Bbis Funds for future appropriations	**22,910,255**	**18,378,650**
C. Technical provisions	**13,705,108,041**	**13,994,771,455**
I. Provisions for unearned premiums and outstanding risks	308,683,448	294,668,170
II. Provision for Life insurance	9,223,948,627	9,571,531,044
III. Provision for claims to be paid	3,935,751,479	3,904,869,102
IV. Provision for profit sharing and refunds	23,001,690	36,122,762
V. Equalization and catastrophe provision	32,967,942	6,738,032
VI. C. Other technical provisions	180,754,855	180,842,345
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	**2,161,659,451**	**1,609,303,201**
E. Provisions for other risks and costs	**33,572,648**	**38,203,852**
I. Provisions for pensions and similar liabilities	0	0
II. Provisions for taxes	2,703,643	2,776,732
III. Other provisions	30,869,005	35,427,120
F. Deposits received from reinsurers	**304,323,424**	**165,183,086**
G. Debts	**914,228,025**	**1,050,536,101**
I. Liabilities arising from direct insurance operations	196,118,971	165,444,448
II. Reinsurance payables	19,462,909	12,279,138
IV. Debts owed to credit institutions	343,458,878	545,366,890
V. Other debts	355,187,267	327,445,625
1. Amounts payable for taxes, remuneration and social security	107,330,106	104,985,292
a) taxes	65,566,019	61,835,333
b) remunerations and social security costs	41,764,087	43,149,959
2. Others	247,857,161	222,460,333
H. Accruals	**44,721,483**	**21,850,080**
Total liabilities	**19,423,500,891**	**18,988,155,327**

22.2. Income statements

I. Technical account Non-Life	2023	2022
1. Earned premiums, net of reinsurance	**1,419,020,581**	**1,468,685,117**
a) Gross premiums	1,668,661,622	1,511,642,376
b) Outgoing reinsurance premiums (-)	-237,242,537	-44,106,353
c) Change in the provision for unearned premiums and outstanding risks, gross of reinsurance (increase -, decrease +)	-12,389,280	1,135,927
d) Change in the provision for unearned premiums and outstanding risks, reinsurers' share (increase +, decrease -)	-9,224	13,167
2bis. Investment income	**148,565,191**	**179,740,827**
a) Income from investments in associated companies or companies linked by a participating interest	2,865,297	2,320,014
aa) associated companies	621,026	0
1° participating interests	462,300	0
2° certificates, bonds and receivables	158,726	0
bb) other companies linked by a participating interest	2,244,271	2,320,014
1° participating interests	2,329,599	2,156,816
2° certificates, bonds and receivables	-85,328	163,198
b) Income from other investments	122,369,761	151,179,149
aa) income from land and properties	1,164,511	1,521,033
bb) income from other investments	121,205,250	149,658,116
c) Write-back of value adjustments on investments	3,405,362	3,161,437
d) Gains on disposal	19,924,771	23,080,227
3. Other technical income, net of reinsurance	**2,031,533**	**2,244,693**
4. Claims costs, net of reinsurance (-)	**-1,010,914,264**	**-1,177,382,956**
a) Net amounts paid	1,061,606,366	1,000,506,749
aa) gross amounts	1,124,516,199	1,029,276,913
bb) reinsurers' share (-)	-62,909,833	-28,770,164
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	-50,692,102	176,876,207
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	22,427,163	181,812,740
bb) change in provision for claims to be paid, reinsurers' share (increase -, decrease +)	-73,119,265	-4,936,533
5. Change in the other technical provisions, net of reinsurance (increase -, decrease +)	**87,490**	**25,176,557**
6. Profit sharing and refunds, net of reinsurance (-)	**-473,759**	**-2,153,981**
7. Net operating costs (-)	**-260,622,653**	**-253,421,256**
a) Acquisition costs	139,146,530	119,924,153
c) Administrative costs	137,381,733	138,834,444
d) Commissions received from the reinsurers and participating interests (-)	-15,905,610	-5,337,341
7bis. Investment-related costs (-)	**-24,170,133**	**-30,718,704**
a) Investment management costs	14,827,075	7,398,563
b) Value adjustments on investments	3,513,646	11,567,244
c) Losses on disposal	5,829,412	11,752,897
8. Other technical costs, net of reinsurance (-)	**-47,690,025**	**-40,850,097**
9. Change in provision for equalization and catastrophe, net of reinsurance (increase -, decrease +)	**-26,229,909**	**1,261,488**
10. Result of the Non-Life technical account		
Profit (+)	199,604,052	172,581,688

II. Life technical account	2023	2022
1. Premiums, net of reinsurance	**1,703,688,432**	**1,400,737,057**
a) Gross premiums	1,705,466,105	1,402,379,858
b) Outgoing reinsurance premiums (-)	-1,777,673	-1,642,801
2. Investment income	**342,271,613**	**323,047,811**
a) Income from investments in associated companies or companies linked by a participating interest	6,813,522	8,033,271
aa) associated companies	5,148,077	6,595,881
1° participating interests	5,033,689	6,595,878
2° certificates, bonds and receivables	114,388	3
bb) other companies linked by a participating interest	1,665,445	1,437,390
1° participating interests	1,592,726	1,323,965
2° certificates, bonds and receivables	72,719	113,425
b) Income from other investments	279,566,361	257,447,443
aa) income from land and properties	12,020,343	11,350,445
bb) income from other investments	267,546,018	246,096,998
c) Write-back of value adjustments on investments	5,529,133	6,518,631
d) Gains on disposal	50,362,597	51,048,466
3. Value adjustments on investments of the assets side D. (income)	**322,882,274**	**200,845,486**
4. Other technical income, net of reinsurance	**5,533,231**	**3,575,336**
5. Claims costs, net of reinsurance (-)	**-1,796,852,549**	**-1,488,606,942**
a) Net amounts paid	1,796,852,549	1,488,606,942
aa) GFross amounts	1,798,100,780	1,490,111,617
bb) Reinsurers' share (-)	-1,248,231	-1,504,675
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	0	0
aa)Change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	0	0
bb)Change in provision for claims to be paid, reinsurers' share (increase -, decrease +)	0	0
6. Change in the other technical provisions, net of reinsurance (increase -, decrease +)	**-203,872,510**	**233,332,489**
a) Change in provision for Life insurance, net of reinsurance (increase -, decrease +)	49,397,321	-61,674,411
aa)Change in provision for Life insurance, gross of reinsurance (increase -, decrease +)	50,150,873	-60,229,985
bb)Change in provision for Life insurance, reinsurers' share (increase +, decrease -)	-753,552	-1,444,426
b) Change in the other technical provisions, net of reinsurance	-253,269,831	295,006,900
7. Profit sharing and refunds, net of reinsurance (-)	**13,121,072**	**7,464,638**
8. Net operating costs (-)	**-47,121,223**	**-41,176,082**
a) Acquisition costs	10,156,504	8,398,574
c) Administrative costs	36,964,719	32,777,508
d) Commissions received from the reinsurers and profit sharings (-)	0	0
9. Investment-related costs (-)	-96,914,541	-81,237,078
a) Investment management costs	33,001,253	18,838,070
b) Value adjustments on investments	28,467,254	13,992,822
c) Losses on disposal	35,446,034	48,406,186
10. Value adjustments on investments of the assets side D. (costs) (-)	**-139,945,982**	**-467,384,130**
11. Other technical costs, net of reinsurance (-)	**-4,451,389**	**-5,736,775**
12bis. Change in fund for future appropriations (increase -, reduction +)	**-4,531,605**	**0**
13. Result of the Life technical account		
Profit (+)	93,806,823	84,861,810

III. Non-technical account	2023	2022
1. Result of the Non-Life technical account		
Profit (+)	199,604,052	172,581,688
2. Result of the Life technical account		
Profit (+)	93,806,823	84,861,810
3. Investment income	**15,729,056**	**19,048,035**
a) Income from investments in associated companies or companies linked by a participating interest	10,942,128	13,410,946
b) Income from other investments	4,588,628	4,727,056
bb) income from other investments	4,588,628	4,727,056
c) Write-back of value adjustments on investments	4,600	816,907
d) Gains on disposal	193,700	93,126
5. Investment-related costs (-)	**-37,525,459**	**-28,613,961**
a) Investment management costs	32,286,501	26,826,102
b) Value adjustments on investments	0	1,065,857
c) Losses on disposal	5,238,958	722,002
7. Other income	**14,883,745**	**15,482,705**
8. Other costs (-)	**-28,072,391**	**-25,892,428**
8bis. Current result before taxes		
Profit (+)	258,425,826	237,467,849
12. Exceptional costs (-)	**0**	**0**
15. Income taxes (-/+)	**-58,745,623**	**-46,959,129**
15bis. Deferred taxes (-/+)	**73,090**	**2,968**
16. Result of the financial year		
Profit (+)	199,753,293	190,511,688
17. a) Withdrawal from the untaxed reserves	**949,283**	**41,888**
b) Transfer to the untaxed reserves (-)	**-999,875**	**-1,997,645**
18. Result for the period to be appropriated		
Profit (+)	199,702,701	188,555,931

Appropriation and withdrawal	2023	2022
A. Profit to be appropriated	**718,525,448**	**636,322,747**
1. Profit for the period available for appropriation	199,702,701	188,555,931
2. Profit carried forward from the previous period	518,822,747	447,766,816
B. Charge to shareholders' equity	**0**	**0**
2. to reserves	0	0
C. Transfers to equity (-)	**-10,000,000**	**-9,500,000**
2. to the statutory reserve	-10,000,000	-9,500,000
D. Result to be carried forward		
1. Profit to be carried forward (-)	-598,525,448	-518,822,747
F. Profit to be distributed (-)	**-110,000,000**	**-108,000,000**
1. Remuneration of capital	110,000,000	108,000,000

22.3. Notes

N° 1. Statement of intangible assets, investment property and investment securities

Name	Asset items concerned			
	B. Intangible assets	C.I. Land and properties	C.II.1. Participating interests in associated companies	C.II.2. Certificates, bonds and receivables in associated companies
a) Acquisition value				
Previous year end	258,078,904	196,882,371	304,864,158	
Changes during the year				
- Acquisitions	13,650,089	53,469,408	2,731,669	
- Disposals and withdrawals	-582,918	-1,894,041	-11,435,812	
- Reclassified between headings				
- Other changes				
Year end	271,146,075	248,457,738	295,800,014	
b) Increase in value				
Previous year end			72,345,152	
Changes during the year				
- Decided				
- Cancelled				
- Reclassified between headings				
Year end			72,345,152	
c) Reductions in value				
Previous year end	150,010,401	61,733,618	3,541,670	
Changes during the year				
- Decided	24,404,302	5,466,681		
- Written back as excessive				
- Cancelled		-303,184		
- Transfers from one heading to another				
Year end	174,414,703	66,897,115	3,541,670	
c) Amounts not called up				
Previous year end				
Changes during the year			16,498,500	
Year end			16,498,500	
Net book value, year end	**96,731,372**	**181,560,623**	**348,104,997**	**0**

Name	Asset items concerned			
	C.II.3. Stakes in companies linked by a participating interest	C.II.4. Certificates, bonds and receivables in companies linked by a participating interest	C.III.1. Equities, shares and other variable-income securities	C.III.2. Bonds and other fixed-income securities
a) Acquisition value				
Previous year end	178,271,649	13,052,410	753,193,728	13,457,868,109
Changes during the year				
- Acquisitions	7,060,359		222,249,977	2,156,035,396
- Disposals and withdrawals	-1,768,122	-602,048	-138,582,973	-2,600,470,591
- Reclassified between headings				
- Other changes				32,776,928
Year end	183,563,886	12,450,362	836,860,732	13,046,209,842
b) Increase in value				
Previous year end				
Changes during the year				
- Decided				
- Cancelled				
- Reclassified between headings				
Year end				
c) Reductions in value				
Previous year end	11,553,508		12,365,963	280,666,844
Changes during the year				
- Decided	843,062		13,176,929	115,365,625
- Written back as excessive	-362,390		-147,970	-300,931
- Cancelled			-6,557,258	-46,574,353
- Transfers from one heading to another				
Year end	12,034,180		18,837,664	349,157,185
c) Amounts not called up				
Previous year end	19,855,012		53,492,643	
Changes during the year	-654,561		-7,419,320	
Year end	19,200,451		46,073,323	
Net book value, year end	**152,329,254**	**12,450,362**	**771,949,745**	**12,697,052,657**

N° 2. Statement of participating interests and social rights held in other companies

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsi-diaries	Financial statements as of	Currency	Equity	Net profit or loss
						(+) or (-)	
	Number	%	%			(in thousands of currency units)	
Air Properties SA Rue Léon Laval 12, L-3372 Leudelange B179.427	140,411	65		12/31/2022	EUR	10,182	1,420
Ankaret Invest SA Rue des Croisiers, 24 B-4000 Liège BE 0438.840.866	2,368,879	100		12/31/2022	EUR	17,592	43
Archeion SA Rue des Croisiers, 24 B-4000 Liège BE 0832.269.896	28,410	100		12/31/2022	EUR	2,177	123
Ariane Building SA Place Saint-Jacques, 11/104 B-4000 Liège BE 0862.467.382	8,050	25		12/31/2022	EUR	-3,649	-900
Ariane Real Estate (ARE) SA Rue des Croisiers, 24 B-4000 Liège BE 0898.866.435	200	100		12/31/2022	EUR	8,139	433
Assurcard NV Fonteinstraat 1A/301 B-3000 Leuven BE 0475.433.127	900	20		12/31/2022	EUR	3,161	75
Bedrijvencentrum regio Geraardsbergen Herenveld 2 -9500 Geraardsbergen BE 0456.832.584	32	27		12/31/2022	EUR	934	27
Bora SA Rue des Croisiers 24 B-4000 Liège BE 0444.533.281	484	100		12/31/2022	EUR	5,584	148
Centrexperts Avenue Franklin Roosevelt 104/1 1330 Rixensart BE 0463.891.315	80	10		12/31/2022	EUR	174	34
Cityforward Vlaamsekaai, 35 2000 Antwerpen BE 0784.472.652	50,000,000	50		12/31/2022	EUR	101,987	987
De Oostendse Haard asbl Nieuwpoortsesteenweg, 205 B-8400 Ostende BE 0405.277.282	1,400	16		12/31/2022	EUR	21,581	892
E.D.A. SA Avenue de la Cokerie 3 B-4030 Grivegnée BE 0823.162.982	10	10		12/31/2022	EUR	285	45
EPICO II WIND BV Rue du Vieux Marché aux Grains 63 B-1000 Bruxelles BE 0787.696.121	8,500,000	39	11				
Epimède SA Lambert Lombard, 3 B-4000 Liège BE 0634.750.380	2,080	20		6/30/2023	EUR	7,362	-1,648
Ethias Patrimoine SA Rue des Croisiers, 24 B-4000 Liège BE 0894.377.612	40	100		12/31/2022	EUR	21,739	17
Ethias Services SA Rue des Croisiers, 24 B-4000 Liège BE 0825.876.113	999	100	0	12/31/2022	EUR	3,614	51
Ethias Sustainable Investment Fund SA (European Equities High Yield) Rue des Croisiers, 24 B-4000 Liège BE 865.127.063	231,904	92	8	12/31/2022	EUR	87,901	-19,712
Ethias Sustainable Investment Fund SA (Global Equities) Rue des Croisiers, 24 B-4000 Liège BE 865.127.063	21,333	100		12/31/2022	EUR	20,146	-4,598
Ethias Ventures rue des Croisiers 24, B-4000 Liège BE 0793.497.216	1,000	100					
Expertisebureau Bellefroid NV Kiewitstraat 175 B-3500 Hasselt BE 0429.884.105	13	10		12/31/2022	EUR	567	-29
Foncière du Berlaymont sprl Rue des Croisiers, 24 B-4000 Liège BE 0833.012.640	1,000	100		12/31/2022	EUR	305	108
Green4you SA boulevard du Roi Albert II 7, B-1210 Saint-Josse-ten-Noode BE 0778.652.157	2,600	26	49	12/31/2022	EUR	525	25
Hamsterhuren - location écureuil II Begijnhof 58 3800 Sint-Truiden BE 0761.522.848	38,554	22		12/31/2022	EUR	19,607	1,357
Idelux Développement Drève de l'Arc-en-ciel,98 B-6700 Arlon BE 0205.797.475	75	11		12/31/2022	EUR	78,302	1,360
IMA Benelux square des Conduites d'Eau 11-12, B-4020 Liège BE 0474.851.226	16,500	33		12/31/2022	EUR	2,157	165

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsi-diaries	Financial statements as of	Currency	Equity	Net profit or loss
						(+) or (-)	
	Number	%	%			(in thousands of currency units)	
Immo Hofveld SA rue des Croisiers, 24 B-4000 Liège BE 0889.535.233	1,000	100		12/31/2022	EUR	1,266	34
Immovivegnis SA rue des Croisiers, 24 B-4000 Liège BE 0463.660.394	10,500	100		12/31/2022	EUR	-7	-16
Impulse Microfinance Investment Fund Sneeuwbeslaan, 20/2 B-2610 Wilrijk BE 0870.792.160	1,200	11		12/31/2021	EUR	1,586	1,143
Jan Dockx SA rue des Croisiers, 24 B-4000 Liège BE 0458.920.757	2,500	100		12/31/2022	EUR	2,226	105
Koala SA rue des Croisiers 24, B-4000 Liège BE 0873.412.150	400	100		12/31/2022	EUR	4,856	420
Lothian Developments IV SA rue des Croisiers, 24 B-4000 Liège BE 0463.648.518	1,012,873	100		12/31/2022	EUR	3,078	352
Glasfaser Ostelgien GmbH SRL Klötzerbahn 24 B-4700 Eupen BE 0791.811.295	327,501	50					
Naos SA Rue Léon Laval 12, L-3372 Leudelange B 207.559	670,000	67		12/31/2022	EUR	14,640	1,690
Network Research Belgium SA P.l. des Hauts-Sarts 2ème avenue, 65 B-4040 Herstal BE 0430.502.430	42,530	64		12/31/2022	EUR	116,305	40,808
Palais des expositions congrès de char-leroi rue de robiano, 74 B-7130 Binche BE 0401.553.571	9,856	23		12/31/2022	EUR	-586	-8
Sagitta SA rue des Croisiers 24, B-4000 Liège BE 0812.356.489	240	100		12/31/2022	EUR	2,665	68
NEB Foncière SA rue Louvrex, 95 B-4000 Liège BE 0480.029.838	145	29		12/31/2022	EUR	319	193
NEB Participations SA rue Louvrex, 95 B-4000 Liège BE 0480.029.739	60,503	29		12/31/2022	EUR	66,382	11,325
Real Goed Invest SA rue des Croisiers, 24 B 4000 Liège BE 0872.354.157	1,046	100		12/31/2022	EUR	2,766	107
Veran Real Estate CY SA rue des Croisiers, 24 B-4000 Liège BE 0894.106.012	100	100		12/31/2022	EUR	4,541	270
Weerts Logistic Parks Holding Varnstraat, 2 B-3793 Teuven BE 0837.446.629	46,575,664	33		12/31/2022	EUR	114,743	-5,584
Land Investment Vehicle Avenue Brugmann 27A B-1060 Saint-Gilles BE 0792.292.535	3,500	35					
Ukot Liège SA rue des Anglais, 6A B-4430 Ans BE 0798.942.973	25,000	33					
Ethias Lease Corporation Boulevard Bischoffsheim, 15 B-1000 Bruxelles BE 0802.442.495	540	45					
Zabrixx I Antoon Catriestraat, 8A B-9031 Gent BE 0786.725.725	4,890	49					

Nº 3. Actual value of investments

Asset items	Amounts
C. Investments	**15,048,761,021**
I. Land and properties	200,082,991
II. Investments in associated companies and participations	1,084,289,729
- Associated companies	804,256,053
1. Participating interests	804,256,053
2. Certificates, bonds and receivables	0
- Other companies linked by a participating interest	280,033,676
3. Participating interests	268,249,076
4. Certificates, bonds and receivables	11,784,600
III. Other financial investments	13,760,841,638
1. Equities, shares and other variable-income securities	988,924,994
2. Bonds and other fixed-income securities	11,351,363,434
4. Mortgage loans and mortgage credits	172,224,597
5. Other loans	1,188,576,096
6. Deposits with credit institutions	58,972,340
7. Others	780,177
IV. Deposits with ceding companies	3,546,663

Nº 3bis. Derivative financial instruments not measured at fair value

Estimate of the fair value of each class of derivative financial instruments not measured at fair value in the accounts, with indications on the nature and the volume of the instruments	Net book value	Fair value
Forward swaps, volume: € 95.000.000, rate risk	0	4,083,432
Forward swaps, volume: € 500.000.000, inflation risk	0	-434,204
Forward bonds, volume: € 2.701.492.000, credit risk	0	-40,022,756
Index options, volume: € 246.121.000, market risk	-189,415	549,707

For financial fixed assets included in items C.II. and C.III. carried at an amount in excess of their fair value: the net book value and the fair value of either the individual assets or appropriate groupings of those individual assets	Net book value	Fair value
C.II.1 Investments in associated companies and participations - participating interests	94,411,914	82,202,861
C.II.3 Investments in associated companies and participations - participating interests	55,231,917	42,356,953
C.III.1 Other financial investments - equities, shares and other variable-income securities	285,760,861	260,171,494
C.III.2 Other financial investments - bonds and other fixed-income securities	10,070,476,241	8,611,737,771
C.III.4 Mortgage loans and mortgage credits	177,049,778	172,224,597
C.III.5 Other financial investments - other loans	799,000,615	719,077,100

For each of the financial fixed assets referred to in B., or each of the individual assets or appropriate groupings of those individual assets referred to in B., which is carried at an amount in excess of their fair value, the reasons why the book value has not been reduced must also be stated below, together with the nature of the indications underlying the assumption that the book value will be recoverable:

C.II.1 Investments in associated companies and participations - participating interests: see valuation rules in note 20 (item 2)

C.II.3 Investments in associated companies and participations - participating interests: see valuation rules in note 20 (item 2)

C.III.1 Other financial investments - equities, shares and other variable-income securities: see valuation rules in note 20 (item 2)

C.III.2 Other financial investments - bonds and other fixed-income securities: see valuation rules in note 20 (item 2)

C.III.4 Mortgage loans and mortgage credits: see valuation rules in note 20 (item 2)

C.III.5 Other financial investments - other loans: see valuation rules in note 20 (item 2)

For items C.II.1 and C.II.3 "Investments in associated companies and participations - participating interests", the valuation rules stipulate that these investments are subject to write-downs in the event of lasting impairment. The Valuation Committee analyzed the cases of unrealized losses and concluded that none of these were of a lasting nature.
For item C.III.1 "Other financial investments - equities, shares and other variable-income securities", the unrealized losses on these investments are not of a lasting nature in accordance with our rules, which stipulate that impairments are recorded when the loss is more than 50% compared to the acquisition value or 20% for at least one year. These criteria have not been met for the positions listed in this note.
For item C.III.2 "Other financial investments - bonds and other fixed-income securities", the Valuation Committee's analysis of these positions shows that the decrease in market value is mainly due to the upward fluctuation of interest rates on the market and not to the credit quality of the issuers, which has not deteriorated.
For items C.III.4 "Mortgage loans and mortgage credits" and C.III.5 "Other financial investments - other loans", the unrealized losses are also attributable to the increase in interest rates on the markets and not to a deterioration in the credit quality of the debtors of these loans.

Nº 5. Statement of capital

	Amounts	Number of shares
A. Share capital		
1. Subscribed capital (item A.I.1. of the liabilities)		
- Previous year end	1,000,000,000	xxxxxxxxxxxxxxx
- Changes during the year		
- Year end	1,000,000,000	xxxxxxxxxxxxxxx
2. Structure of the capital		
2.1. Classes of shares under company law	1,000,000,000	20,000,000
2.2. Registered or dematerialized shares		
Registered	xxxxxxxxxxxxxxx	20,000,000
G. Ownership structure of the company at the closing date of the accounts		
EthiasCo SRL	xxxxxxxxxxxxxxx	1,000,010
Flemish Region	xxxxxxxxxxxxxxx	6,333,330
Wallonie Entreprendre	xxxxxxxxxxxxxxx	6,333,330
Federal State (SFPIM)	xxxxxxxxxxxxxxx	6,333,330

Nº 6. Statement of provisions for other risks and charges - Other provisions

Breakdown of the liability item E.III	Amounts
Provision retirement plan	14,766,456
Other provisions for risks and charges	5,313,422
Provision for disputes	10,789,128

Nº 7. Statement of technical provisions and debts

Liability items concerned	Amounts
a) Breakdown of the debts (or a part of the debts) with a residual maturity of more than 5 years.	
B. Subordinated debts	535,899,519
II. Non-convertible loans	535,899,519
Total	**535,899,519**
b) Debts (or part of the debts) and technical provisions (or part of the technical provisions) guaranteed by collaterals or irrevocably promised on the assets of the company.	
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	2,161,659,451
G. Debts	343,310,012
IV. Debts toward credit institutions	343,310,012
Total	**2,504,969,463**
c) Debts with regard to taxes, remunerations and social security costs.	
1. Taxes (item G.V.1.a) of the liabilities)	
b) Non due tax debts	65,566,019
2. Remunerations and social security costs (item G.V.1.b) of the liabilities)	
b) Other debts with regard to remunerations and social security costs	41,764,087
Total	**107,330,106**

N° 8. Statement of accruals for liabilities

Breakdown of the liability item H	Amounts
Financial income to be carried forward	801,926
Result on other derivatives to be reallocated	42,951,077
Financial charges to be allocated (Bond Issue and REPO)	968,480

N° 10. Information on technical accounts

I. Non-Life insurance

Content	Total	Direct business			
		Total	Accidents and disease (branches 1 and 2)	Automobile Civil Liability (branch 10)	Automobile Other branches (branches 3 and 7)
1) Gross premiums	**1,668,661,622**	1,667,583,537	684,157,066	267,542,994	199,279,997
2) Earned gross premiums	**1,656,272,342**	1,655,194,257	684,049,095	264,519,045	197,154,642
3) Gross damages	**1,146,943,361**	1,146,939,062	560,893,072	234,768,981	119,120,889
4) Gross operating costs	**276,528,264**	276,375,784	63,491,316	58,528,371	40,831,038
5) Reinsurance balance	**-85,605,573**	-85,605,573	-4,777,706	-10,087,271	-4,154,918
6) Commissions (art. 37)		36,318,097	0	0	0

Content	Direct business				
	Marine Aviation Transport (branches 4, 5, 6, 7, 11 and 12)	Fire and other damages to properties (branches 8 and 9)	General Civil Liability (branch 13)	Credit and Bonding (branches 14 and 15)	Miscellaneous financial losses (branch 16)
1) Gross premiums	297,372	291,529,028	110,836,038	17,498	16,899,994
2) Earned gross premiums	293,571	282,220,066	109,361,609	17,499	23,711,740
3) Gross damages	-381,723	103,134,772	48,457,444	108	14,115,864
4) Gross operating costs	60,272	63,071,652	22,433,667	2,806	5,033,964
5) Reinsurance balance	0	-30,475,395	-36,110,283	0	0
6) Commissions (art. 37)	0	0	0	0	0

Content	Direct business		Accepted cases
	Legal protection (branch 17)	Assistance (branch 18)	
1) Gross premiums	46,974,630	50,048,920	1,078,085
2) Earned gross premiums	45,908,563	47,958,427	1,078,085
3) Gross damages	38,892,922	27,936,733	4,299
4) Gross operating costs	8,681,599	14,241,099	152,480
5) Reinsurance balance	0	0	0
6) Commissions (art. 37)	0	0	0

II. Life insurances

Content	Amounts
A. Direct business	
1) Gross premiums	1,705,466,106
a) Individual premiums	43,060,878
Premiums under group insurance contracts	1,662,405,228
b) Periodic premiums	1,567,285,602
Single premiums	138,180,504
c) Premiums for non-bonus contracts	28,787,841
Premiums for bonus contracts	1,604,308,087
Premiums from contracts where the investment risk is not borne by the company	72,370,178
2) Reinsurance balance	-1,282,995
3) Commissions (art. 37)	3,261,020
B. Accepted cases	
Gross premiums	0

III. Non-Life insurance and Life insurance, direct business

Content	Amounts
Gross premiums	
- in Belgium	3,362,828,908
- in the other states of the EEC	10,220,735

Nº 11. Statement on personnel employed

A. The following information relating to the financial year and to the previous financial year, concerning employees entered in the personnel register and connected to the enterprise by an employment contract or by a first employment agreement	2023	2022
a) Their total number at the financial year's closing date	1,954	1,952
b) The average number of personnel employed by the company during the previous financial year, calculated in full-time equivalents in accordance with Article 15, §4 of the Belgian Company Code, and broken down according to the following categories:	1,800	1,805
- management staff	26	28
- clerical staff	1,774	1,777
c) The number of hours worked	2,635,981	2,590,757

B. The following information relating to the financial year and the previous financial year, concerning temporary staff and persons made available to the company	2023	2022
a) Their total number at the financial year's closing date	0	0
b) Average number of full-time equivalents calculated in a similar way to employees registered in the personnel register	1	4
c) The number of hours worked	1,831	7,496

Nº 12. Statement on all administrative and management costs, broken down by type

Name	Amounts
I. Employee benefit expenses	**208,056,792**
1. a) Remunerations	125,168,812
b) Pensions	0
c) Other direct social benefits	43,963,520
2. Employers' social security contributions	38,612,695
3. Employers' allowances and premiums for extra-legal insurances	172,263
4. Other employee benefit expenses	139,502
5. Provisions for pensions, remuneration and social security costs	0
a) Appropriations (+)	0
b) Expenditures and reversals (-)	0

Name	Amounts
II. Services and other goods	**186,652,297**
III. Depreciation and write-down on intangible and tangible assets other than investments	**27,629,143**
IV. Provisions for other risks and expenses	**0**
1. Allocation (+)	0
2. Expenditures and reversals (-)	0
V. Other current expenditure	**9,759,306**
1. Fiscal operating costs	1,926,662
a) Property tax	1,777,613
b) Others	149,049
2. Contributions to public bodies	3,683,412
4. Others	3,971,947
VI. Administrative costs recovered and other current income (-)	**-6,323,786**
1. Recovered administrative costs	6,323,786
b) Others	6,323,786
Total	**425,773,752**

Nº 13. Other income, other costs

	Amounts
A. Breakdown of the other income (item 7 of the non-technical account)	
Reversals of write-downs on litigations	14,513,048
Capital gains realized on tangible assets	27,183
Others	343,515
B. Breakdown of the other costs (item 8 of the non-technical account)	
Amortizations	250,441
Impairments on receivables	18,649,338
Capital losses realized on assets	3,267,015
Others	5,905,597

Nº 15. Income taxes

	Amounts
A. Breakdown of item 15 a) 'Taxes'	**60,000,000**
1. Income taxes for the financial year	60,000,000
a) Refundable advance payments and prepayments	50,892,460
b) Other attributable items	0
c) Excess of advance payments and / or capitalized refundable withholding taxes (-)	0
d) Estimated tax supplements (included in heading G.V.1.a) of liabilities)	9,107,540
2. Income taxes on previous periods	0
a) Additional income taxes due or paid	0
B. Main sources of differences between the profit before tax, as stated in the accounts, and the estimated taxable profit	
- Changes in reserves, provisions and taxable impairments (excluding shares)	14,490,588
- Income exempt and non-allowable losses on shares	-3,847,734
- Disallowed expenses (excluding shares)	11,124,229
- Miscellaneous deductions (DTI, income from innovation)	-38,201,260
D. Sources of deferred tax assets	
1. Deferred tax assets	**1,111,281,186**
- Accumulated tax losses and definitively taxed income ("RDT") (carry-forward)	0
- Taxed technical provisions	1,095,008,818
- Taxed impairments and other taxed reserves	16,272,368
2. Future tax liabilities	**0**
Surplus value (spread taxation)	0

Nº 16. Other taxes and charges borne by third parties

	2023	2022
A. Charges		
1. Charges on insurance contracts borne by third parties	277,315,345	262,916,042
2. Other charges borne by the company	1,045,521	918,016
B. Amounts retained on behalf of third parties in respect of		
1. Withholding tax on earned income	384,935,259	364,011,049
2. Withholding tax (on dividends)	1,722,923	5,266,463

Nº 17. Off-balance sheet rights and commitments

	Amounts
A. Guarantees given or irrevocably promised by third parties on behalf of the company*	
B. Personal guarantees given or irrevocably promised on behalf of third parties:	
C. Real guarantees given or irrevocably promised by the company on its own assets as security for debts and commitments	
a) of the company	373,134,879
D. Collateral received (others than in cash):	
a) securities and values of reinsurers	258,023,747
b) others	531,122,228
G. Nature and business purpose of off-balance sheet transactions	
H. Others	**6,490,464,607**
Commitments to acquire real estate	57,585,351
Infrastructure lending commitments	49,458,356
Financial lending commitments	41,767,784
Public Bodies lending commitments	0
Mortgage lending commitments	40,138,450
Participating interest commitments	90,312,498
Equity commitments	0
Bond fund commitments	103,833,828
Equity fund commitments	40,784,043
Infrastructure fund commitments	27,199,150
Commitments to acquire other securities	2,105,274,500
Commitments to dispose of other securities	2,907,393,798
IT projects commitments	15,536,000
IRS swap - Receive leg	500,000,000
IRS swap - Pay leg	500,000,000
Property lending commitments	8,180,849
Estimate of additional compensation - flooding	0
Fund of Funds commitments	3,000,000
Agency lending commitments	0
Commitments to dispose of real estate	0
CDS - Receive	0
CDS - Pay	0
Caps/floor	0
Swaptions	0

N° 18. Relationships with associated companies and companies linked by a participating interest

Relevant items of the balance sheet	Associated companies		Companies linked by a participating interest	
	2023	2022	2023	2022
C. II. Investments in associated companies and participations	**348,104,997**	**357,169,140**	**164,779,616**	**159,915,539**
1 + 3 Participating interests	348,104,997	357,169,140	152,329,254	146,863,129
2 + 4 Certificates, bonds and receivables	0	0	12,450,362	13,052,410
- Others	0	0	12,450,362	13,052,410
D. II. Investments in associated companies and participations	**3,896,029**	**3,271,915**	**0**	**0**
1 + 3 Participating interests	3,896,029	3,271,915	0	0
E. Receivables	**10,058**	**2,535**	**911,932**	**619,019**
I. Receivables arising from direct insurance operations	10,058	2,535	305,301	341,943
III. Other receivables	0	0	606,631	277,076
B. Subordinated debts	**3,500,000**	**3,500,000**	**0**	**0**
G. Debts	**14,129,749**	**8,681,097**	**0**	**0**
I. Receivables arising from direct insurance operations	0	0	0	0
V. Other debts	14,129,749	8,681,097	0	0

	Associated companies	
	2023	2022
Other significant financial commitments	90,312,498	95,473,000

N°18bis. Relations with associated companies

Relations with the associated companies (*)	2023	2022
1. Amount of the financial fixed assets	**131,418,927**	**123,183,506**
- Participating interests	131,418,927	123,183,506
2. Receivables on associated companies	**1,812,500**	**1,812,500**
- Within one year	1,812,500	1,812,500
5. Other significant financial commitments	**389,768,848**	**337,225,893**

(*) Associated companies in accordance with article 12 of the Belgian Company Code

N° 19. Financial relations with

	Amounts
A. Guarantees given or irrevocably promised by third parties on behalf of the company*	
1. Outstanding receivables on these persons	0
4. Direct and indirect remunerations and allocated pensions charged to the income statement	
- to directors and managers *	341,285

* For non-executive directors and without remunerations and other benefits of the Management Committee (Pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge)

N° 19bis. Financial relations with

The statutory auditor and the persons with whom he is linked	Amounts
1. Remuneration of the statutory auditor	**800,000**
2. Fees for exceptional services or special missions accomplished within the company by the statutory auditor	**505,790**
- Other control missions	**505,790**
- Other missions outside the audit missions	0
3. Fees for exceptional services or special missions accomplished within the company by the persons with whom the statutory auditor is linked	0
- Tax advice missions	0
- Other missions outside the audit missions	0

N° 20. Valuation rules

The valuation rules applicable on the income statement are mentioned below.

Asset side of the balance sheet

Intangible assets (heading B)

Intangible assets are capitalised at their purchase or cost price, including incidental expenses.

Software and development costs are capitalised if they relate to investment projects, i.e. large-scale projects that introduce or replace an important business objective or model.

Computer software and licences that have been purchased or internally created for own use are stated at historical cost, less depreciation and any impairment of assets. Internally created software and licenses are only recognised as intangible assets when the following conditions are met: identification criteria for the asset, control of resources, probability of future economic profits and the ability to measure cost reliably.

Software developed by third parties, as well as internal and external development costs for investment projects, are amortised on a straight-line basis over 5 years from the time the software or developments are ready for use, while for "core" systems with a longer useful life, the term is 10 years.

Internal and external research costs related to these projects, as well as all costs related to ICT projects other than investment projects, are directly included in the income statement.

Intangible assets other than IT investment projects are amortised on a straight-line basis at a rate of 20%, except for amortisation of development costs and goodwill when the useful life cannot be reliably estimated, which is spread over a maximum period of ten years. The amortisation period of goodwill is justified in the note to the financial statements.

Investments (heading C)

Land and properties (sub-heading C.I.)

They are capitalised at their purchase or cost price, including incidental expenses.

Land is not depreciated.

Immovable properties acquired before 1 January 2011 are depreciated using the linear method at the following rates:

- Immovable properties: 2%
- Alterations: 10%

Immovable properties acquired after 1 January 2011 are divided in the following categories:

- Structural work
- Roof
- External woodwork
- Special techniques
- Finishing

These immovable properties are depreciated on a straight-line basis over the expected useful life of each component, after deduction of their residual value, provided that they can be determined reliably.

Investments in associated companies and participations (sub-heading C.II)

These investments are subjected to depreciation in case of durable impairments. This depreciation will on the one hand be justified, case by case, according to the financial situation, the profitability or the prospects of the company in which the participating interests or shares are held and will on the other hand be recorded on the basis of a proposal from the Executive Committee.

Other financial investments (sub-heading C.III.)

Equities, shares and other variable-income securities (C.III.1)

These investments are subjected to impairments in case of durable capital loss. The existence of a significant unrealised loss with regard to the purchase price, determined on the basis of the weighted average price over a period of 12 consecutive months preceding the closing, is a criterion of durable impairment. The capital loss is qualified as important when it exceeds the purchase price by 20% in a normal market context. This criterion can be submitted to the Management Committee for consideration when the markets are more volatile.

Additional or exceptional impairments can be recognised on a proposal from the Executive Committee. The impact of these impairments is included in the notes accompanying the income statement provided that they represent an important amount.

In case of disposal of securities, the book value, used to calculate the realised gains and losses, is determined on the basis of the weighted average price.

Bonds and other fixed-income securities (C.III.2)

These investments are recognised in the balance sheet at their purchase price.

However, when their actuarial yield, calculated at the time of the purchase (taking into account their redemption amount at maturity) differs from their nominal yield, the difference between the purchase and the redemption amount is recognised through profit or loss, pro rata temporis for the remaining duration of the securities, as elements of the interest yields on these securities and is recorded as increase or decrease of their purchase price. Taking into account the actuarial yield at the time of the purchase, this difference is recognised through profit or loss on a discounted basis.

In accordance with the principles of Article 19 paragraph 1, impairments are systematically applied to the bonds, mentioned in the item C.III.2. of assets, in order to reflect the risk that the counterparties of such securities and receivables do not fully or partially honour their commitments relating thereto, including, but not limited to, the probability that the reimbursement of these securities and receivables is in whole or partly uncertain or compromised. When the market value of these securities and receivables is permanently lower than their net book value, this circumstance is, unless proved otherwise, presumed to be an other-than-temporary impairment which is to be considered for the application of this provision.

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

Criteria for determining durable losses in value

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

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

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

With regard to the perpetual loans, the difference between their purchase price and their lower market value is to be considered as a permanent impairment so that these securities are valuated at the lowest value between their book value and their market value.

In case of disposal of securities, the book value, used to calculate the realised gains and losses, is determined on the basis of the weighted average price.

Within the framework of an arbitrage operation, the realised gains and losses on the balance sheet are maintained and recognised through profit or loss over the term of the re-investment.

Mortgage loans and mortgage credits - Other loans (C.III.4 & C.III.5)

Impairments are applied to this loans according to the same rule as the one applied to item C.III.2 above.

Investments related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These investments are recognised in the balance sheet at their actual value (market value).

Deposits with credit institutions (sub-heading C.III.6)

Receivables (heading E)

These items are recognised at their nominal of purchase price.

For insurance receivables related to Non-Life premiums, impairments are made after one year (accounting date). Furthermore, impairments are registered to take into account the uncertainties of their recovery.

Available values (sub-heading F.II)

These items are recognised at their nominal of purchase price.

Reinsurers' share of technical provisions (heading D. bis)

This item shows the reinsurers' commitment. The amounts recorded are obtained in accordance with the various applicable reinsurance treaties.

Other asset elements (heading F)

Tangible assets (sub-heading F.I)

The tangible assets are capitalised at their purchase or cost price, including incidental expenses.

The depreciations are carried out using the linear method at the following rates:

- Plant, machinery, electronic equipment: 33 1/3%
- Rolling stock: 25%
- Office furniture and equipment: 10%

The office furniture and equipment of which the purchase price is lower than 250 euros are depreciated within the first year.

- Medical devices: 20%

Liability side of the balance sheet

Technical provisions (heading C)

These provisions are calculated with prudence, taking into account the statutory and regulatory dispositions established by different control organisations.

The equalisation and catastrophe provision is valuated using the actuarial method.

Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These provisions are estimated based on the actual value of the assets under heading D.

Provisions for other risks and expenses (heading E)

The provisions for foreseeable risks and expenses are determined with prudence, sincerity and good faith.

The provisions with regard to the previous financial years are regularly reviewed and recognised through profit or loss if they serve no longer any purpose.

Deposits received from reinsurers (heading F) and debts (heading G)

These items are recognised at their nominal value.

Other particular rules

Accounts denominated in currencies

The monetary items are valorised in euro at the spot price at the closing date of the financial year.

The non-monetary items are maintained in euro at their purchase price.

The balance of the negative differences resulting from the conversion of monetary items, other than the technical provisions, is recognised through profit or loss. The balance of the positive differences is recognised in the accruals as deferrable proceed.

Derivatives

The derivative financial instruments, used on a speculative basis, follow the prudence principle. This means that the unrealised losses are subjected to impairments of are used to constitute provisions for financial risks. However, the unrealised gains are not recognised through profit or loss.

The forward transaction in micro hedging or concluded within the framework of the ALM management are symmetrically valuated with the allocation of costs and income of the hedged items for the residual lifetime of these items. Forward transactions for hedging purposes are forward transactions having the purpose of the effect to compensate or to reduce the risk on an asset, a liability, a right, an obligation, an off-balance sheet commitment or a set of items that are homogeneous in nature with regard to their sensitivity to interest rate variations.

Finally, the hedging transactions or the transactions concluded within the framework of the ALM management must be recognised as such and this, from the conclusion of the transaction.

N° 22. Declaration regarding the consolidated income statement

The company prepares and publishes a consolidated income statement and a consolidated annual report in accordance with the Royal Decree on the consolidated income statement of insurance and reinsurance companies: yes / no (*): Yes

N° 23. Additional information to be provided by the company on the basis of the decree of 17/11/1994

Art. 27 bis § 3, last paragraph	Amounts
2. Bonds and other fixed-income securities	-11,191,366

Derivative financial instruments used	
Forward bonds coupled with forward swaps	81 acquisition transactions and 14 financial year transactions
Forward bonds sell	38 acquisition transactions and 68 financial year transactions
Forward swap	6 acquisition transactions
Inflation swap	
Index Put/Call	73 acquisition transactions and 94 disposal transactions

Profit and loss accounts	Result	Reversal of impairment losses	Provision for impairment losses	Accrued interests not yet due
Forward bonds coupled with forward swaps	214,885		-1,234,647	
Forward bonds sell	4,220,251			
Forward swap				
Inflation swap			-493,538	
Index Put/Call	-1,265,563		-1,792,267	

Goodwill

The amount of EUR 21,3 million shown on the assets side of the balance sheet under the heading "II.1 Intangible assets - Goodwill" includes:

- Goodwill resulting from the merger with Whestia in 2017, for a net amount of EUR 7,9 million (gross value of EUR 26 million), amortised over the duration of the commitments, vis. 10 years;
- Goodwill resulting from the acquisition of the "Work Accidents Law 1967" portfolio as at 31 December 2017, for an amount of EUR 13,4 million (gross value of EUR 34 million), amortised over 10 years, based on the duration of the commitments

Allocation to the flashing-light provision

On 22 November 2023, the National Bank confirmed, pursuant to Article 34quinquies, § 4 of the Royal Decree of 1 June 2016 amending the Royal Decree of 17 November 1994 on the annual accounts of insurance and reinsurance companies, that it granted to Ethias SA the exemption from the obligation to provide additional provisions for the 2023 financial year, as the solvency requirements were met.

Ethias Lease

When Ethias Lease was set up as a subsidiary of Ethias Lease Corporation, 45% of which is owned by our company, Ethias Lease Corporation arranged for the financing of Ethias Lease to be provided by each of the parent companies, namely Ethias SA, Ethias Venture and Ethias Patrimoine (Commitment Letter signed on 14/9/23 and Joint Venture agreement signed on 13/9/23).

To date, no loans have been granted.

On the other hand, Ethias SA, as the group's mother company, undertook on 8/02/24 to take responsibility for any financing request sent to it by Ethias Lease on the basis of the comfort letter signed when the latter was set up.

Pursuant Art 27 bis § 3, last paragraph

- 2 Bonds and other fixed-income securities: -11,191,366.24

Derivative instruments used

- Forward bonds coupled with forward swaps: 81 acquisition transactions and 14 financial year transactions
- Forward bonds sell: 38 acquisition transactions and 68 financial year transactions
- Forward swap: 6 acquisition transactions
- Put/Call on index: 73 acquisition transactions and 94 maturity transactions

Profit and loss accounts

- Forward bonds coupled with forward swaps:
  - Result: 214,885
  - Provision for impairment losses: -1,234,647
- Forward bonds sell:
  - Result: 4,220,251
- Inflation swap:
  - Provision for impairment losses: -493,538
- Put/Call on index:
  - Result: -1,265,563
  - Provision for impairment losses: -1,792,267

22.4. Social balance sheet

Number of the joint committee competent for the company: 306

Situation of the persons employed

Employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.

2023 (During the year)	Total	Men	Women
Average amount of employees			
Full-time	1,550	836	714
Part-time	380	112	268
Total in full-time equivalents (FTE)	1,800	901	899
Number of hours actually worked			
Full-time	2,264,366	1,244,043	1,020,323
Part-time	371,615	103,834	267,781
Total	2,635,981	1,347,877	1,288,104
Employee benefit expenses			
Full-time	178,725,388	98,191,753	80,533,635
Part-time	29,331,404	8,195,571	21,135,833
Total	208,056,792	106,387,324	101,669,468
Amount of benefits granted in addition to wages	2,077,634	1,062,373	1,015,261

2022 (During the year)	Total	Men	Women
Average amount of employees	1,805	908	897
Number of hours actually worked	2,590,757	1,333,431	1,257,326
Employee benefit expenses	169,123,522	84,578,112	84,545,410
Amount of benefits granted in addition to wages	1,570,135	756,047	814,088

2023 (At the financial year's closing date)	Full-time	Part-time	Total (FTE)
Number of employees	**1,593**	**361**	**1,834**
By type of employment contract			
Permanent contract	1,540	357	1,778
Fixed-term contract	51	4	54
Replacement contract	2		2
By sex and educational level			
Men	855	102	916
secondary education	111	36	131
higher non-university education	440	48	470
university education	304	18	315
Women	738	259	918
secondary education	83	59	118
higher non-university education	379	123	469
university education	276	77	331
By professional category			
Management staff	25	1	25
Clerical staff	1,568	360	1,809

Temporary staff and persons made available to the company

2023 (During the year)	Temporary staff
Average number of persons employed	1
Number of hours actually worked	1,831
Costs for the company	77,176

Table of the staff turnover during the financial year

Entries	Full-time	Part-time	Total (FTE)
Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.	**144**	**5**	**147**
By type of employment contract			
Permanent contract	92	3	94
Fixed-term contract	51	2	52
Replacement contract	1	0	1

Exits	Full-time	Part-time	Total (FTE)
Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.	**94**	**53**	**123**
By type of employment contract			
Permanent contract	69	52	97
Fixed-term contract	24	1	25
Replacement contract	1	0	1
By reason of termination of the contract			
Retirement	6	43	27
Unemployment with company allowance			
Dismissal	14	2	16
Other reason	74	8	80

Information about training for employees during the financial year

2023	Men	Women
Formal initiatives of continuing vocational training paid by the employer		
Number of employees involved	732	764
Number of hours of training	22,627	18,111
Net costs for the company	2,219,467	1,884,705
of which gross costs directly linked to trainings	2,129,516	1,790,821
of which contributions and deposits paid to collective funds	99,629	103,985
of which allowances and other financial benefits received (to be deducted)	9,678	10,101
Less formal or informal initiatives of continuing vocational training paid by the employer		
Number of employees involved	892	939
Number of hours of training	3,806	3,690
Net costs for the company	298,543	289,404

22.5. Statutory auditor's report on the financial statements for the year ended 31 December 2023

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ETHIAS SA/NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

We have been appointed as statutory auditor by the general meeting *d.d.* 17 May 2023, following the proposal formulated by the board of directors and following the recommendation by the audit and risk committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2025. We have performed the statutory audit of the Company's annual accounts for sixteen consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2023, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 19.423.500.891 and a profit and loss account showing a profit for the year of EUR 199.702.701.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2023, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

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

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

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

Key audit matters

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

Adequacy of technical provisions

Description of the key audit matter

As of 31 December 2023, technical provisions amount to EUR 13.705 and represent 71% of the total balance sheet.

The adequacy test of these provisions is complex and relies on a significant degree of judgement. The assumptions used may be influenced by economic conditions, future management actions as well as by the laws and regulations applicable to the Company.

Given the materiality of these technical provisions in the annual accounts as well as the risk of inadequacy, we consider the adequacy of the technical provisions to be a key audit matter.

How our audit addressed the key audit matter

Assisted by our internal actuarial experts, we reviewed the design and tested the operational effectiveness of the key controls put in place by the Company to guarantee the adequacy of technical provisions. We have also paid particular attention to the controls implemented by the Company to ensure the quality of the data used in the framework of the technical provisions adequacy test.

We also assessed the relevance of the technical provisions adequacy test, considering the current market conditions, as well as its adequacy in relation to the technical results observed during the past financial year.

Finally, we performed an independent test on the adequacy of technical provisions and compared it with the amounts determined by the Company.

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

Based on our audit, we believe that the assumptions used to determine the adequacy of technical provisions are reasonable. The independent tests we carried out did not reveal any exceptions as to the adequacy of the technical provisions.

Valuation of investments for which a price quoted on an active market is not available

Description of the key audit matter

The Company holds investments for which there is no quoted price in an active market. Indeed, the fair value of a certain number of these investments is determined using valuation techniques which are not based on observable market data (so-called level 3).

As of 31 December 2023, the Company held assets valued by a third party (share funds, debt funds and non-quoted shares) and valued internally (corporate bonds) for a significant book value.

The valuation of these investments is a key audit matter due to the importance of the estimates made and the impact that the valuation may have on note 3 of the annual accounts and the determination of the impairments to be accounted for.

How our audit addressed the key audit matter

We have reviewed the design and operational effectiveness of the key controls put in place by the Company to ensure the accuracy of the valuation of these investments.

For a sample of investments, we also reviewed the estimates made and the key assumptions applied in determining the fair value. We also tested the standing data used in determining the fair value.

Finally, we involved experts in the valuation of financial instruments who independently recalculated the fair value of a sample of investments.

Based on our procedures we believe that the retained fair values of these investments are reasonable.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- Conclude on the appropriateness of the board of directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report and of the documents required to be deposited by virtue of the legal and regulatory requirements as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code and the Company's articles of association.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code, and to report on these matters.

Aspects related to the directors' report

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:6, §4 of the Companies' and Associations' Code is included in the directors' report. The Company has prepared the non-financial information, based on the internationally recognized reference framework "UN Global Compact". However, in accordance with article 3:75, §1, 6° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the internationally recognized reference framework as disclosed in the directors' report to the annual accounts.

Statement related to the social balance sheet

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required under this Code, including, but not limited to, in relation to salaries and education, and does not present any material inconsistencies with the information we have at our disposition in our engagement.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

Other statements

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.

- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code that we have to report to you.

- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

- We have evaluated the property effects resulting from the decisions of the board of directors dated 30 March 2023 and dated 20 December 2023 as described in section 11.2.4 of the directors' report and we have no remarks to make in this respect.

Diegem, 5 April 2024

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

Tom Meuleman*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Tom Meuleman BV

23. About this report[1]

23.1. SDG framework

The 17 Sustainable Development Goals (SDGs) were adopted by all Member States of the United Nations in 2015, as part of the 2030 Agenda for Sustainable Development which sets out a 15-year plan to achieve these goals.

Each of these sustainability goals plays an important role in Ethias' Sustainability strategy. **6 of these are the focus of particular attention, as they represent areas where the company has the potential to make a real impact on society**. Below, Ethias lists its actions and commitments based on this reference framework, which also contains targets and sub-goals that define the priorities to be achieved by 2030.

Related SDGs	Targets and sub-goals	Ethias contributions
	End poverty in all its forms everywhere	
1 PAS DE PAUVRETÉ	To eradicate extreme poverty worldwide	Ethias and its employees are involved in numerous initiatives to combat poverty.
	Ensure that all men and women, especially the poor and vulnerable, have equal rights to economic resources and access to basic services, land ownership, control over land and other forms of property, inheritance, natural resources, and new technologies and financial services appropriate to their needs, including microfinance	Ethias is committed to partnerships that promote access to basic needs and services for all. It is also developing a range of products and services accessible to all, to provide adequate minimum protection.
	Build the resilience of the poor and vulnerable and reduce their exposure to and vulnerability to extreme weather events and other economic, social and environmental shocks and disasters	Ethias has adopted a proactive approach to climate risk management, developing new products and services to reduce its customers' vulnerability.
	Implement sustainable national, regional and international policy frameworks based on pro-poor and gender-sensitive development strategies to accelerate investment in poverty eradication measures	Ethias has set up a social and societal corporate fund that aims to create a concrete, visible and measurable impact for society through a structured philanthropic policy.

[1] This section addresses sustainability within Ethias SA, the parent company and the group's main contributor.

Ethias' actions and commitments include	References, chapters and sections of this report
• Fondation Pelicano (donations) • Red Touch Challenge (call for projects co-organised with the Red Cross on the following themes: povrty, intergenerational, intercultural, mental health) • CharEthi Hours (Warmste Week and Viva For Life) • Digital For Youth (donation of ICT equipment) • Association Sint-Vincentius Genk and Restos du cœur Seraing (organisation of collection activities at Ethias during working hours)	• Social impact • Social partnerships and sponsoring • Social partnerships and sponsoring • Social partnerships and sponsoring • Social partnerships and sponsoring
• Second edition of the Ethias Youth Solidarity Awards (call for projects from CPAS) • Partnerships with social housing companies for adapted rates • Land ownership: partnerships with the housing fund for large families in Wallonia (home insurance for borrowers) and Vlaams Huurdersplatform in Flanders (tenant insurance at lower price) • Whestia (outstanding balance insurance label) • Partnership with YouthStart to help young people integrate into the business world, and mentoring projects • Ethias Pensions' Chair at UCL to reflect on the design of fair and sustainable pension systems • Flory by Ethias co-tenant insurance without deductibles • Sustainable and responsible pensions through the Global 21 Ethical Fund	• Social impact – Ethias Youth Solidarity Awards • An increasingly sustainable product range – Home • An increasingly sustainable product range – Home • An increasingly sustainable product range – Home • Human impact - Generational inclusion • Social partnerships and sponsoring - Academic partnerships • An increasingly sustainable product range – Home • Responsible investment products in life insurance contracts
• Comprehensive, integrated approach to prevention: personal injury, property damage and emerging risks • New prevention services to manage emerging risks, including climate-related risks • Integration of climate risks in our products and activities	• Products and services - Prevention • Environmental impact - Managing climate opportunities • Environmental impact - climate risk management - managing climate opportunities climatiques
• Ethias Impact Fund and "fight against child poverty" component	* Social impact

Ensure healthy lives and promote well-being for all at all ages	
Promoting mental health and well-being	Ethias promotes the mental health and well-being of its employees and of society as a whole, whether through its HR policies and practices, its products and services or its philanthropic policy.
Reduce by half the number of road traffic deaths and injuries worldwide	Ethias raises awareness of road safety through its communication campaigns and its range of services.
Ensure that everyone has universal health coverage, including financial risk protection and access to quality essential health services and safe, effective, quality and affordable essential medicines and vaccines	Ethias offers a range of high-quality, affordable hospitalisation products that go beyond minimum guarantees to ensure comfort and access to services in difficult times.
Make cities and human settlements inclusive, safe, resilient and sustainable	
Ensure access to adequate, safe, and affordable housing and basic services for all, and clean up slum areas	Ethias multiplies partnerships to offer its home insurance products at appropriate rates.
Ensure access for all to safe, accessible and sustainable transport systems at an affordable cost by improving road safety, including the development of public transport, with particular attention to the needs of the vulnerable, women, children, the disabled and the elderly	Through its mobility catalog, Ethias encourages soft mobility and offers affordable insurance for greater solidarity.
To significantly reduce the number of casualties and people affected by disasters, including water-related disasters, and to significantly reduce the amount of economic loss that is directly attributable to such disasters as a proportion of global gross domestic product, with an emphasis on protecting the poor and vulnerable	Ethias integrates prevention as a default approach in its products and services (upstream), and offers products to limit economic losses due to disasters (downstream).
Reduce the negative environmental impact of cities on a per capita basis, paying particular attention to air quality and waste management, especially at municipal level	Ethias invests in sustainable infrastructure and real estate projects.
Promote positive economic, social and environmental linkages between urban, suburban and rural areas by strengthening development planning at the national level.	Through its services, networks and communities, Ethias encourages the establishment of social ties.

• Employee Value Proposition & Strategy, Top Employer certification for the 3rd consecutive year • Well-being Charter, collaboration with Pulso and its "Re-boost" app as employee assistance programs and wellbeing modules • Solutions for the prevention and protection of physical and mental health: Care4You, App4You, Home Services • Ethias Services 'Beyond Insurance': mental health support, psychosocial risk management, skills management, etc. • Ethias Impact Fund (particularly its "health and environment" component) • Sports, cultural and social partnerships • Red Touch Challenge (youth mental health)	• Human impact - HR strategy • Human impacts - Implementing Ethias' values in HR management • Beyond Insurance: the Ethias range of services - For individuals - Health - Home • Beyond Insurance: Ethias' services - For public bodies and companies • Prevention - personal injury - psychosocial risk services (PRS) • Social impact • Sponsoring & Partnerships • Social partnerships and sponsoring
• Prevention solutions on the road: Liberty Rider (free with motorcycle insurance), Assist on Demand	• An increasingly sustainable product range – Mobility • Beyond Insurance: the Ethias range of services - For individuals - Mobility
• Healthcare catalog (Hospi Quality, Garantie Servi+ for Hospi Quality+ and Hospi Next+ products)	• An increasingly sustainable product range – For individual clients - Mobility
• Partnerships with social housing companies for adapted rates • Land ownership: partnerships with the housing fund for large families in Wallonia (home insurance for borrowers) and Vlaams Huurdersplatform in Flanders (tenant insurance at lower price) • Whestia (outstanding balance insurance label)	• An increasingly sustainable product range – For individual clients - Home • An increasingly sustainable product range – For individual clients - Home • An increasingly sustainable product range – For individual clients - Home
• Free coverage for soft mobility in family insurance, special rate for green vehicles, "less than 10,000 km" insurance, unique Young Drivers offer • New version of Ethias Bike & More, awareness and promotional campaign on loss and theft prevention, partnership with Cyclecure for maintenance and repair • Motorcycle insurance and partnership with Liberty Rider for a free fall prevention service for motorcyclists • Collaboration with Blue Bike for shared bikes • Mobility & More and Bike & More insurance for public bodies	• An increasingly sustainable product range – For individual clients - Mobility • An increasingly sustainable product range – For individual clients - Mobility • An increasingly sustainable product range – For individual clients - Mobility • An increasingly sustainable product range – For individual clients - Partnerships • An increasingly sustainable product range – For individual clients - Mobility
• Comprehensive and integrated approach to prevention and focus on emerging risks • New prevention services to manage emerging risks, including climate-related risks	• Products and services - Prevention • Environmental impact - Managing climate opportunities
• Investments made to develop or improve transport, renewable energies, telecommunications networks, etc., including Green4You, a joint venture created by Ethias and Luminus • Sustainable commitment to the construction and management of its real estate portfolio: notably through the acquisition of Wood Hub • Economic support to all Belgian public players to fulfil the financing needs of infrastructure, real estate and private-public partnerships projects in Belgium.	• Concrete examples of sustainable and responsible investment – Sustainable infrastructure • Concrete examples of sustainable and responsible investment - Sustainable real estate (direct or indirect) • Sustainable and responsible investments - Investments in the Belgian economy
• * Ethias provides free insurance for volunteers on this platform: App4You	• Beyond Insurance: the Ethias range of services - For individuals

12 CONSOMMATION ET PRODUCTION RESPONSABLES	**Ensure sustainable consumption and production patterns**	
	Significantly reduce waste generation through prevention, reduction, recycling and reuse	Ethias aims to prevent pollution (air, water and soil, and to protect the health and well-being of people).
	Promote sustainable procurement practices in accordance with national policies and priorities	By including sustainability in all processes, the Ethias Procurement Department is looking for the best guarantees for the supply of goods and services.
	Ensure that all people, everywhere in the world, have the information and knowledge necessary for sustainable development and a lifestyle in harmony with nature	Raising awareness of sustainability issues is an integral part of Ethias' strategy and considered by all to be indispensable.
	Rationalise wasteful fossil fuel subsidies, eliminating market distortions, as appropriate to the national context, including through fiscal restructuring and the phasing out of harmful subsidies, to reflect their environmental impact, taking full account of the specific needs and circumstances of developing countries and minimising potential adverse effects on their development while protecting the poor and affected communities	Ethias goes beyond the exclusion of certain sectors and develops a comprehensive sustainable and responsible investment framework to incorporate ESG factors into its strategy.
13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES	**Take urgent action to combat climate change**	
	Incorporate climate change measures into national policies, strategies and planning	Ethias contributes to major environmental challenges through its products and services, its ambitious environmental action plan and its investments.
	Improve education, awareness, and individual and institutional capacity for climate change adaptation, mitigation and impact reduction, and early warning systems	Whether through its internal actions for the benefit of its employees or externally, as well as through its range of products and services, Ethias considers raising awareness of sustainability issues to be an indispensable element.
17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS	**Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development**	
	• Structural issues Multi-stakeholder partnerships: Encourage and promote public, public-private, and civil society partnerships, building on past experience and funding strategies	At Ethias, sustainability is a fundamental pillar of our corporate strategy, which is also implemented through strong external policies, commitments and partnerships.

• Project Zero Plastic and raising awareness of pollution issues among portfolio policyholders • Donation of Ethias laptops to schools and non-profit organisations as part of the partnership with Digital For Youth • Reducing the environmental impact of IT solutions	• Ethias' environmental strategy - Beyond Carbon • Ethias' environmental strategy - Beyond Carbon - Circular economy • Environmental strategy - Beyond Carbon - Green IT, a cross-functional field of action
• Responsible procurement policy and charter, inclusion of ESG components in calls for tender • Integrating ESG criteria into supplier selection	• Governance - Procurement practices • Governance - Procurement practices
• Training of the Executive Committee and Board of Directors, "Fresques du Climat", conference-debates and information lunches • ReGeneration Movement, which brings employees together to develop sustainable activities	• Human impacts - HR strategy - Re- and upskilling skills • Human impacts - Implementing Ethias' values in HR management - The ReGeneration Movement: every day is an impact day
• Strict investment exclusion policy, more ambitious than the norm (Towards Sustainability label minimum requirements and even more stringent rules) • A transparent ESG integration policy for all asset classes • Our own impact investment policy to generate positive, measurable social and environmental impacts	• Sustainable and responsible investment framework - Exclusion Policy • Sustainable and responsible investment framework - integrating ESG criteria into investment processes • Sustainable and responsible investment framework - Impact investment approach
• Ethias' environmental strategy developed around Net Zero 2050, Nature and Climate Risks • Rationalization of its real estate and building management (closed on Mondays) + 100% green electricity • Shared mobility and fleet electrification • A range of sustainability services (energy, air quality) • The home insurance automatically covers green installations (solar panels, photovoltaic panels, heat pumps, etc.) without any premium increase • Range of products and tariffs to encourage green and/or soft mobility and multimodality • Creation of the subsidiary Ethias Lease to meet the challenges of Belgian companies and local authorities in their transition to electrification of vehicle fleets. • Partnership with Natuuprunt to preserve the Zwaarte Beek valley (Lumen) as an ecosystem that can help slow climate change. • Decarbonisation plan to achieve Net Zero by 2050, aligned with the goals of the Paris Agreement and based on recognised scientific methods (Science-based Target Initiative): submission scheduled for the end of 2024	• Ethias' environmental strategy - Climate change: achieving Net Zero in 2050 • Change Over - Reduce carbon footprint of Buildings • Reduce carbon footprint of Mobility • Beyond Insurance: Ethias' service offering - Range of sustainability-related services • Products and services - An increasingly sustainable product range • Products and services - An increasingly sustainable product range • Environmental impact - Managing climate opportunity • Environmental impact - Managing climate opportunity • Environmental impacts • Ethias' environmental strategy - Beyond Carbon - Biodiversity and ecocystem • Ethias' environmental strategy - Climate change: achieving Net Zero in 2050 • Sustainability at the heart of our investments
• Internal awareness-raising, training and sustainable actions around the theme of Regeneration (Ma Petite Planète challenge, "Forest in One Day" reforestation day, etc.) • Climate Fresco for 150 employees and deployment of 22 in-house trainers • "Ethias Prevention Reporter" as a digital application to enable affiliates to analyse their risks and manage the transition in case of renovation, transformation, greener infrastructures, etc	• Human impacts - Implementing Ethias' values in HR management - The ReGeneration Movement: every day is an impact day • Human impacts - HR strategy - Re- and upskilling skills • Prevention - Material damage - Additional benefits
• Promoting sustainability by joining networks and communities of experts • Partnerships, memberships and frames of reference • Ethias is an institutional investor with close ties to local, regional and federal government, and is also the leading insurer of local public bodies. • Issuance of the first Green Bond by Ethias, which will enable the company to continue investing in the Belgian economy while strengthening its alignment with its ESG strategy	• Corporate strategy - Sustainability at Ethias - 10 essentials • Sustainable and responsible investments - Investments in the Belgian economy • Key facts of 2023 • Sustainable and responsible investment - Green bond issue

23.2. Entry into the United Nations Global Compact

In 2023, Ethias renewed its membership to the UN Global Compact (became a member in 2006). The Pact is fully integrated into the company's strategy, and its main references are listed in the table below.

Detailed reporting on its progress in implementing the Ten Principles is available here:
https://unglobalcompact.org/what-is-gc/participants/3481-Ethias

10 UN Principles for engaging business to	Ethias' answers
Support and respect the protection of internationally proclaimed human rights	• Human impacts for our employees • Ethias' impacts on society • Joint Ethics Committee • Integrity policy • Social-Ethical Code • Sustainable and responsible investment policy • UN PRI / UN PSI
Make sure that they are not complicit in human rights abuses	• Responsible procurement charter and policy • Sustainable and responsible investment policy • UN PRI / UN PSI
Uphold the freedom of association and the effective recognition of the right to collective bargaining;	• Social governance (social code of ethics) • UN PRI / UN PSI
Contribute to the elimination of all forms of forced or compulsory labour	• Responsible procurement charter and policy • UN PRI / UN PSI
Contribute to the effective abolition of child labour	• Responsible procurement charter and policy • UN PRI / UN PSI
Contribute to the elimination of discrimination in respect of employment and occupation.	• Diversity Charter • "Women in Finance" charter • Talent Management policies (mylife@Ethias, young talents, senior talents, toolbox absenteeism policy, generational inclusion, disability, culture, etc.)
Support a precautionary approach to environmental challenges	• Decarbonisation plan to achieve Net Zero by 2050 • * New prevention services to manage emerging risks, including climate-related risks • Sustainable investment policies • UN PRI / UN PSI / PBAF / Climate Action 100+ / BACA / SBTi / Natuurpunt Partnership • Projet Zero Plastic
Take initiatives to promote greater environmental responsibility	• Ethias' environmental strategy developed around Net Zero, Nature and Climate Risks • Awareness-raising, training and sustainable actions around the topic of Regeneration • Ethias develops increasingly sustainable products and services to reduce its customers' vulnerability • SBTi • UN PRI / UN PSI
Encourage the development and diffusion of environmentally friendly technologies	• Responsible suppliers • Strategic renovation choices • Concrete examples of sustainable and responsible investment (infrastructure, real estate, corporate finance) • UN PRI / UN PSI
Work against corruption in all its forms, including extortion and bribery	• Anti-corruption, integrity and whistleblowing policy • Sustainable investment policies: beyond the exclusion of certain sectors, development of a comprehensive sustainable and responsible investment framework • UN PRI / UN PSI

	References
	• See chapter "Human impacts" • See chapter "Societal impacts" • See chapter on "Governance - a cross-company and participatory approach to sustainability" • See chapter "Governance - Business conduct" • See chapter "Governance - Business conduct" • See chapter “Sustainable and responsible investment policy” • See chapter “Sustainable and responsible investment policy”
	• See chapter "Governance - Procurement practices" • See chapter “Sustainable and responsible investment policy” • See chapter “Sustainable and responsible investment policy”
	• See chapter "Governance - Business conduct" • See chapter “Sustainable and responsible investment policy”
	• See chapter "Governance - Procurement practices" • See chapter “Sustainable and responsible investment policy”
	• See chapter "Governance - Procurement practices" • See chapter “Sustainable and responsible investment policy”
	• See chapter “Human impact - diversity, equity and inclusion” • See chapter “Human impact - diversity, equity and inclusion” • See chapter “Human impact - re- and upskilling competencies” - “sustainable career” - “diversity and inclusion”
	• See chapter “Ethias' environmental strategy - Climate change: achieving Net Zero” • See chapter “Environmental impact - opportunity management” • See chapter “Sustainable and responsible investment policy” • See chapters "Corporate strategy - Sustainability at Ethias - Partnerships, memberships and frameworks" and "Sustainable and responsible investment - Ethias, an active shareholder"
	• See chapter “Ethias' environmental strategy - Climate change: achieving Net Zero” • See chapter “Human impacts - Implementing Ethias' values in HR management - The ReGeneration Movement: every day is an impact day” • See chapter “Products and services - An increasingly sustainable product range” • See chapters on “environmental impacts”, “Ethias' environmental strategy - Beyond Carbon - Biodiversity and ecosystems”, “climate change: achieving Net Zero”, “investments - sustainability at the heart of our investments” • See chapter “Sustainable and responsible investment policy”
	• See chapter “Governance - Procurement practices" chapter • See chapter “Environmental impact - reducing the carbon footprint of buildings" • See chapter “Sustainable and responsible investment policy” • See chapter “Sustainable and responsible investment policy”
	• See chapter "Governance - Business conduct" • See chapter “Sustainable and responsible investment policy” • See chapter “Sustainable and responsible investment policy”

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