

## PRESS RELEASE

20 March 2017 – 17:00 CET

Regulated information

# Ethias' net income rises by 60%

## EUR 45 million will be distributed to the shareholder

- **Ethias confirms its operational performance thanks to its unique distribution model in Belgium.**
- **It has significantly increased its Solvency II ratio.**
- **It has embarked on an ambitious plan for technological and organizational transformation.**
- **Ethias is the strongest insurance brand in Belgium and 98 % of its insured in the Public & Corporate Sector are satisfied with the company's services.**

The 2016 normalized earnings of Ethias SA (\*) in accordance with the Belgian accounting standards reaches **EUR 254 million**.

After taking into account non-recurring items (EUR -174 million), the year 2016 ends with a **net profit of EUR 80 million** (against EUR 50 million in 2015).

This result allows the Board of Directors of Ethias SA to propose to the General Assembly the payment of a dividend of EUR 45 million to its parent company, Vitrufin SA; a dividend equivalent to the one paid last year.

Overall Non-Life income (**EUR 1.31 billion**) rises by 0.75 %.

Overall Life income (**EUR 1.14 billion**) decreases by -2.29 %.

Hence, the total income amounts to **EUR 2.45 billion in 2016** (EUR 2.47 billion in 2015), i.e. a slight decrease of -0.69 %.

As for Private Individuals, Non-Life income rises by 2.32 % and reaches EUR 574 million.

With regard to the Public Sector & Companies, Non-Life income (EUR 735 million) and Life income (EUR 1.1 billion) were down slightly (-0.44 % and -1.85%, respectively).

The balance sheet total of Ethias SA stands at **EUR 17.5 billion** at end-2016.

The company registers a very good net CoR ratio (Combined Ratio) which is still well below 95 %.

## Main events 2016

### A major project has been implemented in relation to the new SII standards

The efforts undertaken have allowed the company to substantially increase the Solvency II margin, which stands at 145 % on the basis of the quarterly QRT at the end of December 2016 (margin determined according to the standard formula without taking into account the impact of the transitional measures on technical provisions).

### Switch V and VI

In 2016, Ethias carried out two "Switch" operations in order to accelerate the extinguishment of the Individual Life portfolio (FIRST product) and thus to strengthen its solvency. These two operations resulted in a decrease of more than 57 % in the FIRST A reserves that existed at end-2015. The number of contracts decreased from more than 26,000 to less than 13,000.

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The cost of both operations (EUR 202 million) directly impacts the 2016 result of Ethias, but these initiatives have allowed to significantly and recurrently improve the solvency margin under Solvency II, in force since 1 January 2016 (net impact of about 24 % on the Solvency II margin).

### **Terrorist attacks**

Following the attacks in Brussels of 22 March 2016, many work accidents and civil liability claims were opened. The cost to Ethias amounts to about EUR 10 million after intervention of reinsurance and of the Terrorism Reinsurance and Insurance Pool (TRIP).

### **Fitch rating**

Following the success of the "Switch VI" / "FIRST" operation, the rating agency Fitch updated Ethias' position at the beginning of January 2017. Its rating went from BBB (Positive Watch) to BBB (Positive Outlook). Fitch welcomes the improvement of the company's capital position and the reduction of its sensitivity to interest rates.

## **Digital transformation is afoot**

To support its growth and to strengthen its unique direct insurer's model, the company has embarked on **an ambitious plan for technological transformation..**

This digital transformation has reached its cruising speed through the "Century" project. Internally, there is a hive of activity going on to create the insurance products factory of the 21<sup>st</sup> century. The first branch, viz. car insurance, is expected for the fourth quarter of 2017.

At the same time, the company's **organizational architecture** will be modernized to meet the new challenges (technological transformation, regulatory changes, etc.).

## **Ethias, a strong and appreciated brand**

**The strength of the Ethias brand** remains an asset for attracting new customers. Based on an analysis of 16 insurance brands carried out by the independent consultancy agency "The Benchmark Company", it stands out that **Ethias is the strongest insurance brand in Belgium.**

On the other hand, a study carried out by a specialized agency among a representative sample of insured in the Public and Social Profit Sector shows that **98 % of these insured are satisfied with the services of Ethias.** The majority of the respondents consider Ethias to be an easy-to-access, solution-oriented insurer providing an efficient service. The company's Belgian identity and anchorage are also highlighted and appreciated by these insured.

## **Innovations and Rewards 2016**

- By introducing the **"Pay Direct"** process, Ethias has been able to significantly reduce indemnity payment delays and this for the benefit of its clients. This procedure allows the company to immediately indemnify the insured as soon as the settlement paper is signed.
- In order to support young people who are entering working life, Ethias launched in 2016 **"startlife.be"**, a fully innovative digital content platform specially designed for young people. The platform provides useful and relevant articles, fun facts, practical tips and contests. Thanks to this platform, significant traffic could be quickly generated to the Ethias.be website.

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- **Autonomia:** Ethias anticipates the societal challenges of the years to come. To this end, it has developed an innovative and flexible pension annuity product (of branch 21) that meets the needs of people aged 50 to 70.
- **Assurpharma:** Ethias has offered a new service to its "health care" policyholders, namely access to the Assurpharma system. This is a project in the healthcare sector (Assuralia) which aims to facilitate the reimbursement of pharmaceutical costs by allowing the transmission of BVAC certificates by electronic means.
- **Ethias Pension Corner:** a platform for sharing knowledge on legal pensions (1<sup>st</sup> pillar) and on supplementary pensions (2<sup>nd</sup> pillar), which includes in particular all current legislation, books and reference notes, etc. In the field of pensions, one can certainly say that it is one of the most advanced and innovative initiatives in recent years.

### **Ethias won 3 DECAVI trophies for:**

1. **Best Tenant Insurance.**
2. **Best Civil Liability Car Insurance** with the "Ethias Young Drivers", an insurance that is very successful (second year in a row).
3. **Autonomia: Life Insurance Innovation Trophy.**

The new **Flagship Store** in the centre of Brussels was awarded the Brussels Commerce Design Award.

In order to support the continued growth of Internet sales, Ethias obtained in 2016 the **BeCommerce certification**, guaranteeing the reliability and security of online purchases.

*(\*) The 2016 financial statements were approved by the Board of Directors of Ethias SA on 20 March. They will be presented for approval to the General Assembly on 17 May.*

*Ethias is a Life and Non-life insurer committed to engage in a mutually profitable relationship with public institutions, civil servants, corporate and related retail client segments.*

*Ethias provides premium value-for-money products and services generating sustainable profits while leveraging its core values of humanism, ethics, commitment and proximity.*