

Half-year results
30.06.2017



23.10.2017

Agenda

- **Key Q2 2017 highlights**
- Main events in Q2 2017
- Financial performance BGAAP ¹
- Financial performance IFRS ²
- Solvency II of Ethias SA³
- Investment portfolio ²
- Rating
- Appendix

¹ Figures as per end of June 2017 are based on audited statutory accounts (limited review)

² Figures as per end of June 2017 are based on IFRS non-audited consolidated financial statements of Ethias group (defined as Ethias SA and its subsidiaries)

³ Figures as per end of June 2017 are non-audited

Key Q2 2017 highlights

Key events		<ul style="list-style-type: none"> Fitch IFS rating of BBB+ outlook positive Switch VII operation : redemptions for an amount of €430M for a cost of €107M but with a positive impact on the SII margin of 18% Merger between Ethias and Whestia Agreement with the shareholders providing a prospect of stability in the shareholding for a period of 2 years Formal closing of the EC commitments 			
Financial results	Operating result	BGAAP – Ethias SA		IFRS – Ethias Group	
	Net income	<ul style="list-style-type: none"> ▪ €151M o/w €133M from Non-Life ▪ -€23M taking into account : <ul style="list-style-type: none"> ▪ Cost of Switch VII operation : -€107M ▪ Cost of sale of remaining First A portfolio : -€95M ▪ Other exceptional elements and tax: +€28M 		<ul style="list-style-type: none"> ▪ €169M o/w €144M from Non-Life ▪ €140M taking into account: <ul style="list-style-type: none"> ▪ Cost of Switch VII operation : -€107M ▪ Cost of sale of remaining First A portfolio : -€95M ▪ Shadow & LAT : +€247M ▪ Other exceptional elements and tax: -€74M 	
Business units (IFRS)		Non-Life		Life	
		<ul style="list-style-type: none"> ▪ GWP €863M ▪ Operational result €144M ▪ COR 84.6% 		<ul style="list-style-type: none"> ▪ GWP €543M ▪ Operational result €26M 	
Other key indicators (IFRS)		Equity	Debt ratio	Solvency II	U/R gains (BGAAP)
		<ul style="list-style-type: none"> ▪ €2,362M, from €2,305M in 2016 	<ul style="list-style-type: none"> ▪ 18.0% vs 18.0% end 2016 	<ul style="list-style-type: none"> ▪ 180.2% vs 145.9% end 2016 	<ul style="list-style-type: none"> ▪ €1,507M, down from €1,729M in 2016 more than compensated by a positive impact on the valuation of liabilities under SII vs BGAAP (reduction of the gap between those referentials)
Investment portfolio (IFRS)		<ul style="list-style-type: none"> ▪ €17.3B total investment portfolio o.w. : <ul style="list-style-type: none"> ▪ 79.8% invested in bonds (o.w. 60% government bonds, o.w. 93% rated BBB or higher) ▪ 5.0% held in cash (in order to face the First A surrenders linked to Switch VII operation) ▪ 4.4% in shares (incl. funds & participations) ▪ 2.9% in real estate - office buildings and nursing homes (cash flow guaranteed over the long term) 			

Agenda

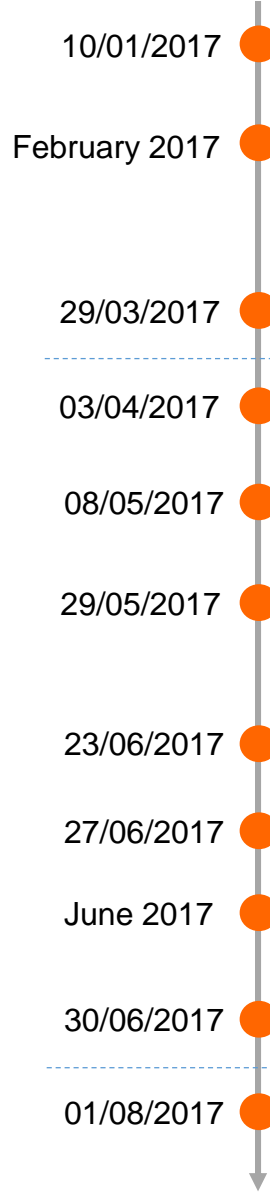
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Key events in Q2 2017

- 
- 10/01/2017 ● Rating for Ethias' financial strength placed at **BBB with positive outlook** by Fitch. Fitch welcomes the improvement in our capital position and the reduction in our sensitivity to interest rates following the success of the "Switch VI" operation
 - February 2017 ● **Solvency improvement programme**
In order to take into account the positive impact of Switch VI on its risk profile, Ethias SA has sent to the NBB :
 - The update of the financial recovery programme, initially submitted to the regulator on September 30, 2016
 - The restoration plan providing for the measures likely to be implemented in the event of a further significant deterioration in the situation of Ethias SA
 - 29/03/2017 ● **Closure of the financial recovery programme confirmed by the NBB** in view of the successful implementation of measures to improve the SII margin
-
- 03/04/2017 ● **Closing of the sale of the shares of Whestia to Ethias SA** (agreement obtained from the NBB on the transaction during the month of March). Ethias, already holding 25.10% of the share capital of Whestia, becomes sole shareholder of the company at the end of the transaction.
 - 08/05/2017 ● **Signing of an agreement with the shareholders** providing a prospect of stability in the shareholding for a period of 2 years. This decision is part of a general agreement (notably on the objective of simplifying legal structures, strengthening governance and maintaining the two company offices (Liege and Hasselt))
 - 29/05/2017 ● **Launch of the operation "Switch VII"**: offering the holders of a "FIRST Account" an exit premium equal to 25% of the mathematical reserve upon full surrender. The remaining FIRST A portfolio will subsequently sold. Success of the Switch VII operation : **redemptions for an amount of €430M** for a cost of €107M but with a positive impact on the **SII margin of 18%**
 - 23/06/2017 ● **Merger between Ethias SA and Whestia**
 - 27/06/2017 ● Rating for Ethias' financial strength placed at **BBB+ with stable outlook** by Fitch, in order to reflect the closure of the financial recovery programme
 - June 2017 ● Approval by the Board of Directors of Ethias DC AAM and of Ethias SA of the **sale of AT67 portfolio** (workers compensation for the public sector) by Ethias DC AAM to Ethias SA. End of the process foreseen for end 2017
 - 30/06/2017 ● **Closing of the EC commitments** confirmed by the EC
-
- 01/08/2017 ● **Reorganization of the competencies of the Executive Committee** linked to the reorganization of the company (business model more focused on the clients) : Benoît Verwilghen remains Deputy CEO and takes the lead of the Client Center, Ms Cecile Flandre has been appointed as CFO (in replacement of B. Verwilghen) and Luc Kranzen takes the lead of the Services Center

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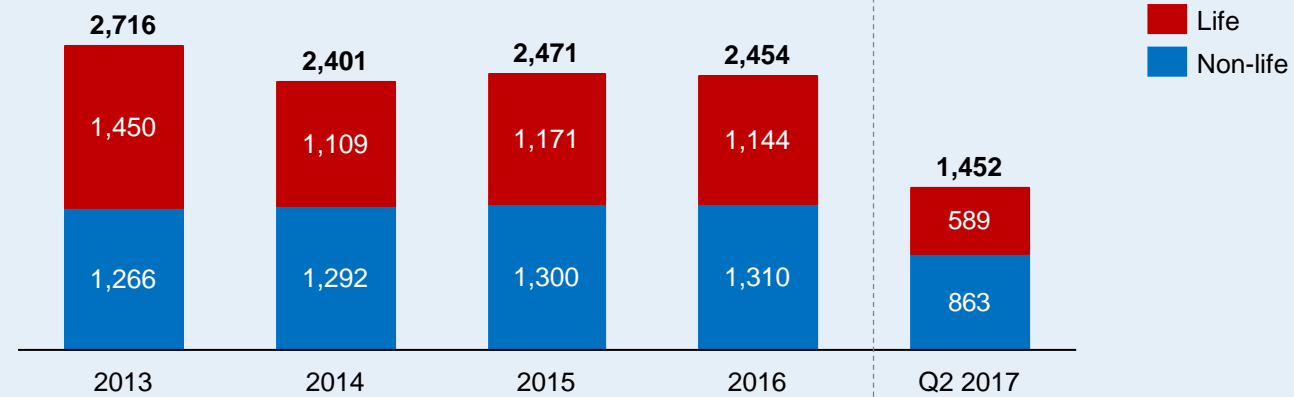
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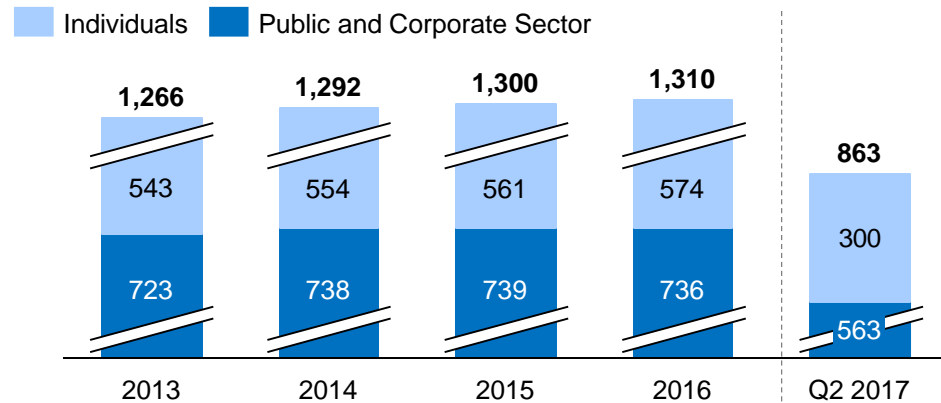
BALANCED NON-LIFE/LIFE INFLOWS DESPITE DISCONTINUATION OF LIFE INDIVIDUALS

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Evolution of GWP (€M)

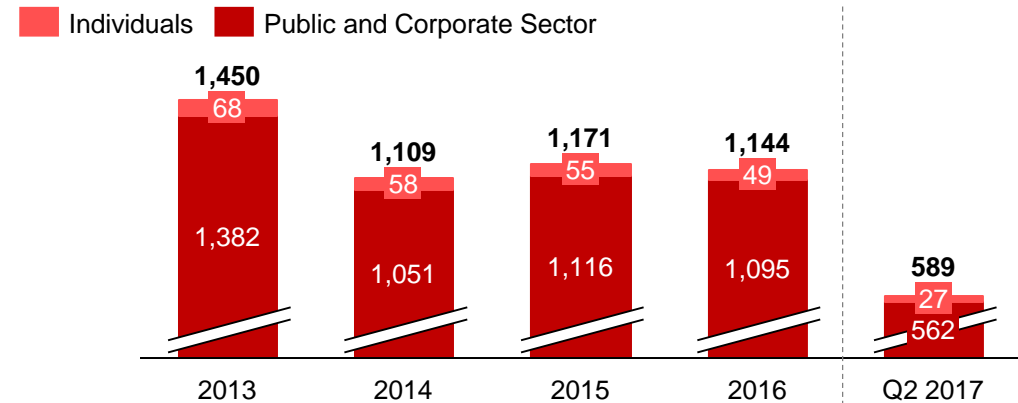


Evolution of Non-Life GWP (€M)



- Steady increase of Non-Life GWP between 2013-2016

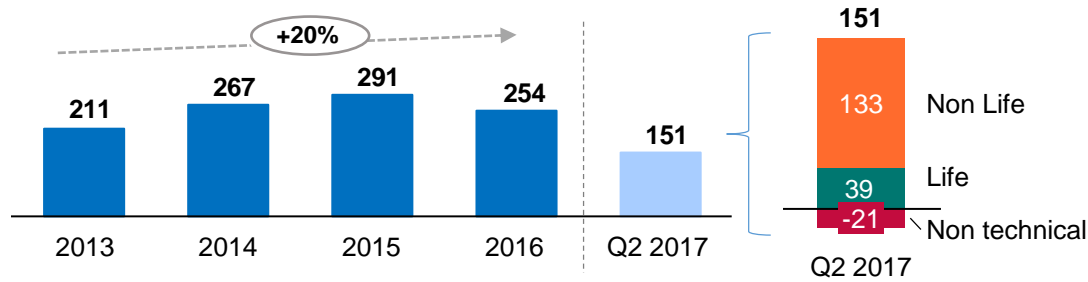
Evolution of Life GWP (€M)



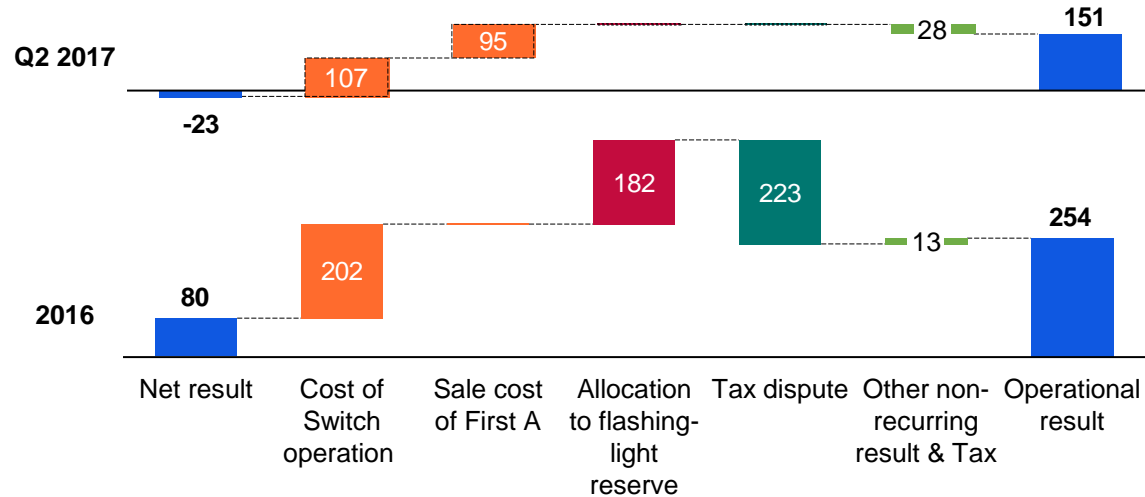
- High 2013 GWP of €1.4 billion of Life for Public & Corporate Sector impacted by one-offs (unique premiums)
- Few new business: life individuals in run-off and life group impacted by low interest rates environment

EVOLUTION IN OPERATIONAL RESULT

Evolution in operational result under BGAAP (€M)



Evolution in operational result under BGAAP (€M) - Breakdown

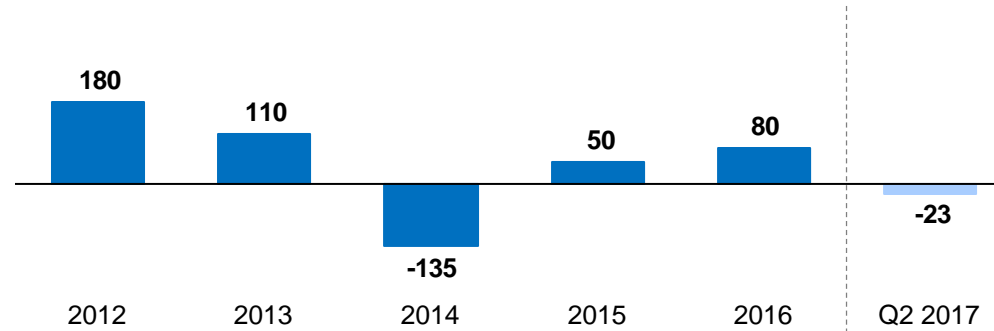


- **Strong operational 2016 result of €254M**, after adjusting the reported net result of €80M by the following elements :
 - €(182)M allocation to the flashing-light reserve (*)
 - €(202)M gross costs related to Switch V and Switch VI
 - €223M of recovery on tax dispute
 - €(13)M of other non-recurring items and tax, among others the cost for the 60+ retirement plan (€ (50)M), the cost of terrorist attack (€(10)M), premiums paid for the redemption of group Life contracts (€(20)M) and the non-recurring financial revenue (€60M)
- **Strong operational Q2 2017 result of €151M**, after adjusting the reported net result of €(23)M by the following elements:
 - €(107)M gross costs related to Switch VII
 - €(95)M cost of sale of First A
 - €28M of non-recurring items and tax (namely non-recurring financial revenue (€23M)).
- **No allocation to flashing-light reserve** since 1st January 2017 (*)
- Ethias expects to maintain its operational result in this range by implementing its strategy and continuing the following actions :
 - Cost reduction (except investments to increase efficiency and to go digital)
 - Operational and technical excellence
 - Improvement of underwriting
 - Reduction of claim handling costs
 - Strengthening of sales force (omnichannel, digital strategy)

(*) The financial statements as per 31st of December of 2016 have been established taking into account the allocation to the flashing-light provision, in compliance with the circular NBB_2016_39 issued in October 2016 as Ethias did not submit to the NBB a request for exemption, its intention being to limit the distribution of dividends to what Vitrufin needs to serve its senior debt.

EVOLUTION IN NET RESULT

Evolution in net result under BGAAP (€M)



Evolution in net result under BGAAP (€M) - Breakdown

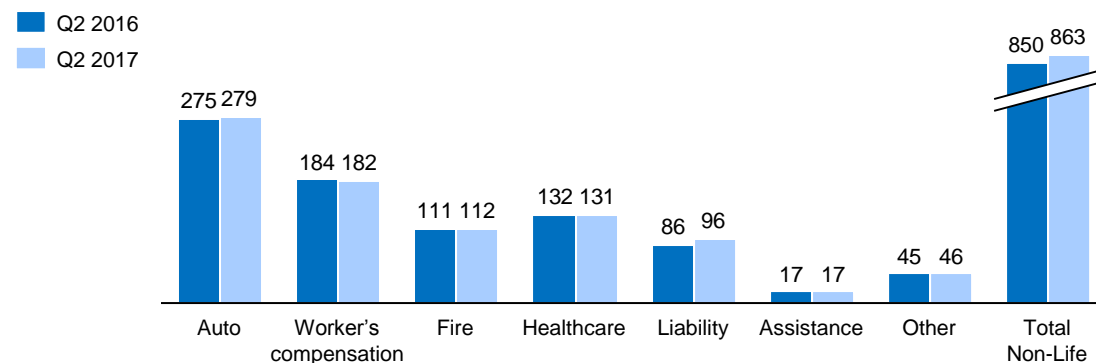
	2012	2013	2014	2015	2016	Q2 2017
Technical result pre-allocation	251	235	401	164	117	94
o/w Non-Life	193	208	272	310	272	154
o/w Life	58	27	129	(146)	(155)	(60)
Allocation to the flashing-light reserve	(40)	(116)	(166)	(166)	(182)	
Technical result post-allocation	211	119	235	(2)	(65)	94
o/w Non-Life	189	202	263	298	255	154
o/w Life	22	(83)	(28)	(300)	(320)	(60)
Non-technical result	(28)	(24)	(366)	56	148	(114)
o/w recurring items	(28)	(24)	(8)	(5)	(20)	(20)
o/w financial non-recurring items	0	0	20	17	3	1
o/w non-recurring items (tax dispute)	0	0	(378)	44	223	0
o/w other non-recurring items	0	0	0	0	(58) ¹	(95) ²
Tax	(1)	15	(1)	(3)	(3)	(3)
Transfers and withdrawals from untaxed reserves	(2)	0	(3)	(1)	0	0
Net result¹	180	110	(135)	50	80	(23)

¹ Mainly the cost of the 60+ retirement plan

² Mainly the cost of First A sale

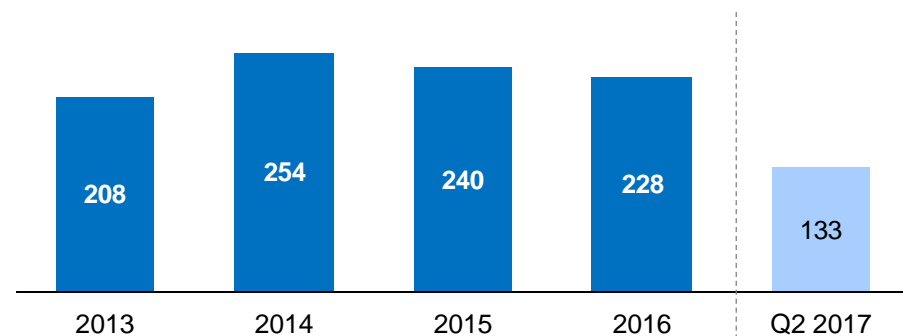
FOCUS ON NON-LIFE BUSINESS

Evolution in Non-Life GWP of Ethias (€M)



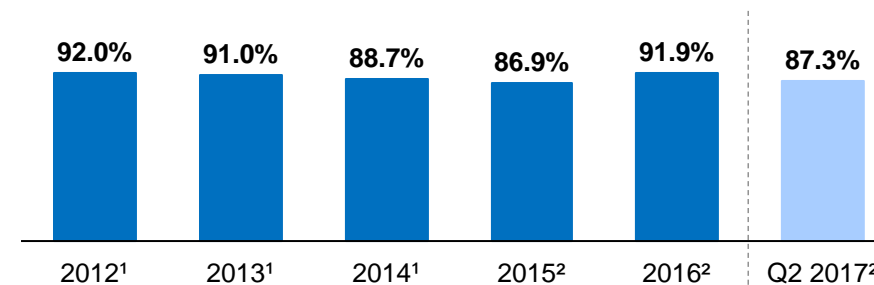
The income collection at end-June 2017 benefits from the increase in prices at end-2016 in Car and from a volume effect in Liability and Worker's compensation for the private sector (increase in new business) that has been offset by the loss of certain contracts in Worker's compensation for the public sector

Non-Life operational result BGAAP (€M)



- Robustness of the Non-Life model given the significant and recurring profitability for several years now

Net combined ratio of Ethias (BGAAP)

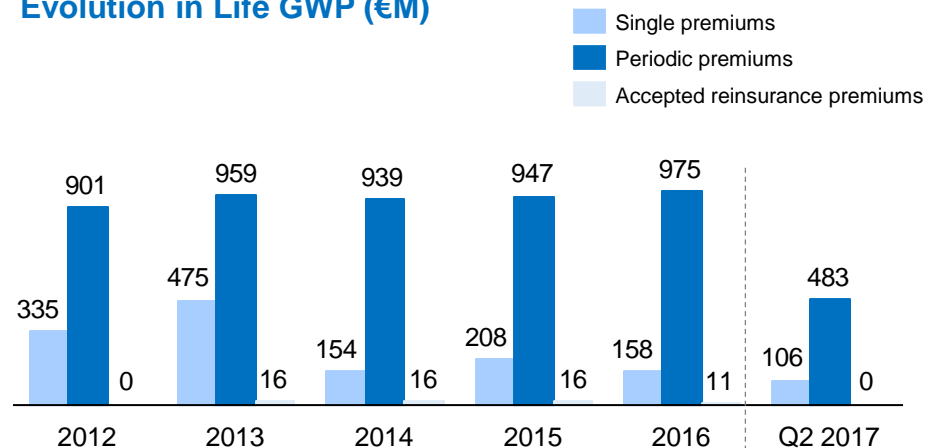


- Net CoR among the best of the Belgian market resulting, on the one hand, from the various optimizations operated since several years in terms of pricing, claims management and management of overheads and, on the other hand, from our distribution model which is primarily direct.
- Net CoR of 2015 impacted by exceptional technical elements

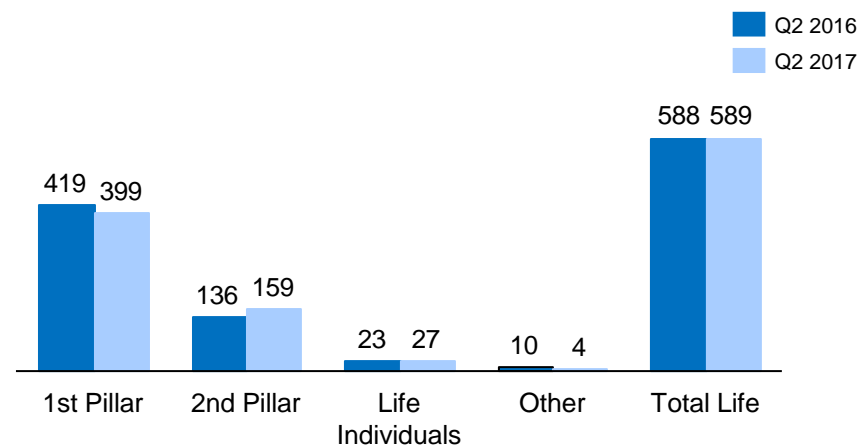
¹ Based on internal calculations ; ² Based on Assuralia formula

FOCUS ON LIFE BUSINESS (1/2)

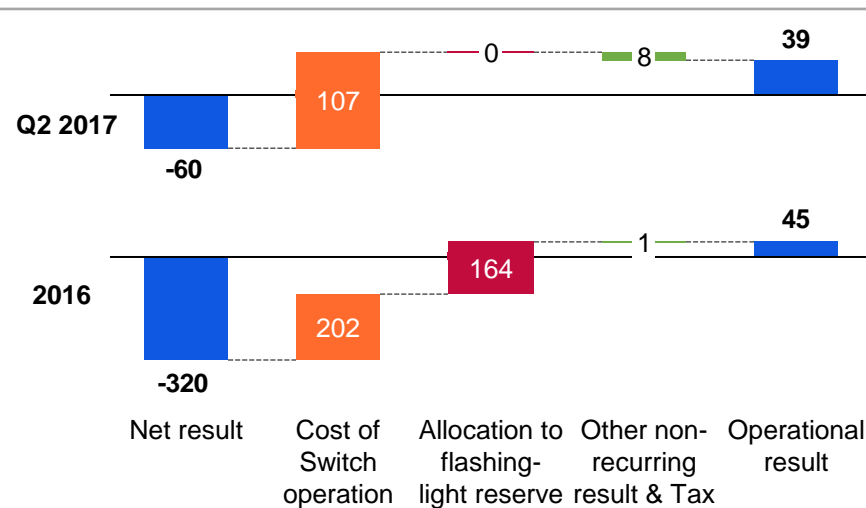
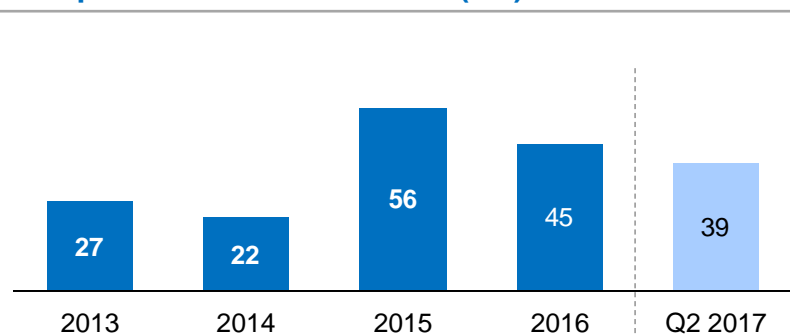
Evolution in Life GWP (€M)



Evolution in Life GWP (€M)



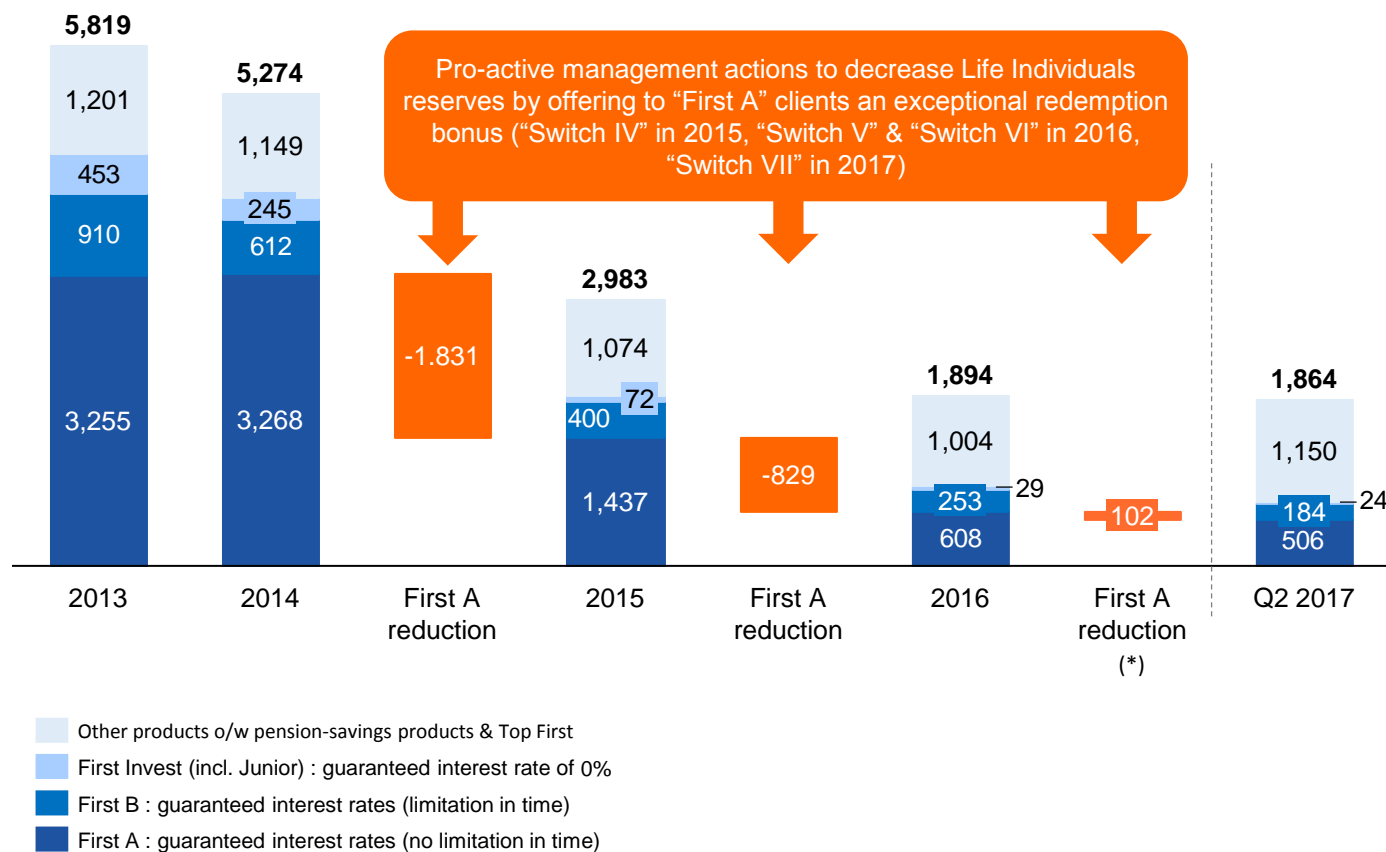
Life operational result BGAAP (€M)



- Life operational result (before allocation to the flashing-light reserve and non-recurring items) has been positive since several years
- Life result mainly impacted by the cost of Switch operation (for 2015 – 2016 - 2017) and the allocation to flashing-light reserve (for 2013-2016)

FOCUS ON LIFE BUSINESS (2/2)

Evolution in Life Individuals reserves (€M)



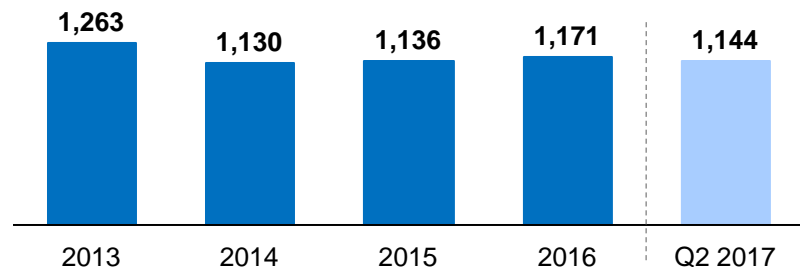
Impact of redemption offers on First A :

- In Q1 2015 : Switch IV operation (exceptional redemption bonus of 4 years' interest, equivalent to an exit premium of c.14%) with surrenders of €1.9 billion (for a cost of €243M)
- In Q2 2016 : Switch V operation (redemption bonus of 10%) with surrenders of €65M (for a cost of €6M)
- In Q4 2016 : Switch VI (redemption bonus of 25%) with surrenders of €785M (for a cost of €196M)
- In Q2 2017 : Switch VII (redemption bonus of 25%), with surrenders of €430M (for a cost of €107M) o/w €167M recorded end of June and €263M in July
- The surrenders recorded as per end of June 2017, combined with the interest capitalization on existing contracts and with the cost of 25% to be paid on the surrenders of July, involve a reduction of reserves for an amount of €102M compared to end 2016. Since 2014, First A reserves have been reduced by more than 84%
- All those Switch operations impact positively our SII ratio (+25% for Switch IV, +24% for Switch VI and +18% for switch VII) and our duration gap
- Slight decrease in the average guaranteed interest rate of First A : from 3,46% at end 2016 to 3.02% as per end of June 2017
- Note that the increase in the level of reserves for other products is linked to the takeover of Whestia

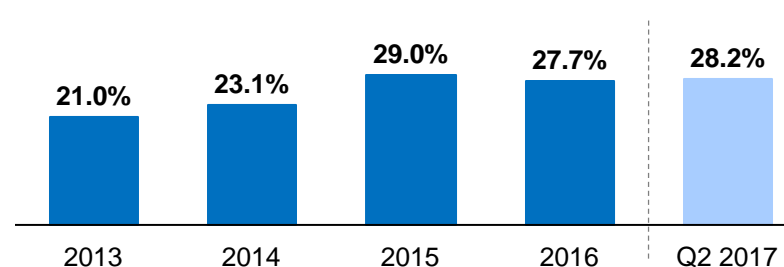
(*) Total surrenders of €430M (main part of the surrenders recorded in July)

OTHER KEY ELEMENTS

Evolution in equity (€M)

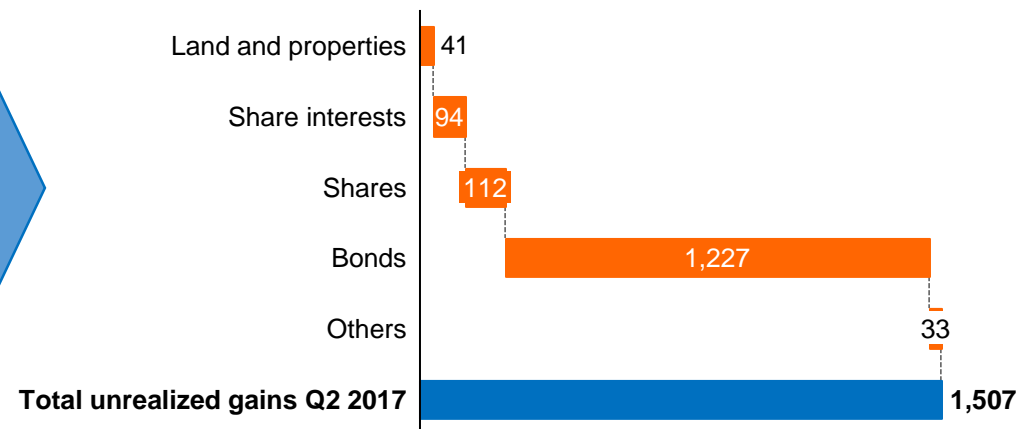
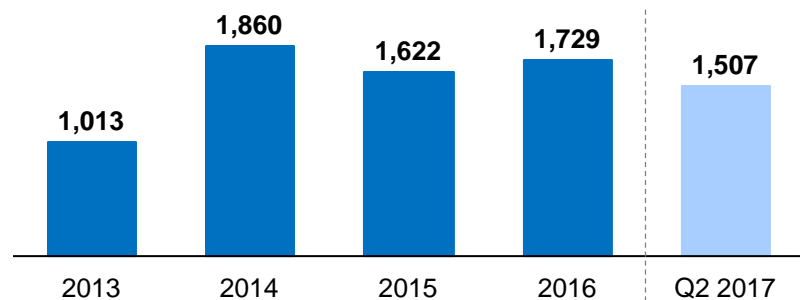


Evolution in debt ratio



- Deterioration of debt ratio in 2015 following the issuance of additional bonds for an amount of € 170.8M in par value
- Increase in the debt ratio in Q2 2017 due to the decrease in equity. Note that this ratio does not include the collateral received (€41M) in guarantee of hedging operations (acquisition of forward bonds and swaptions) against a decrease in interest rates (same amount on the asset side) and the repos (€155M) concluded in the context of liquidity management for Switch operations

Evolution in unrealized gains (€M)



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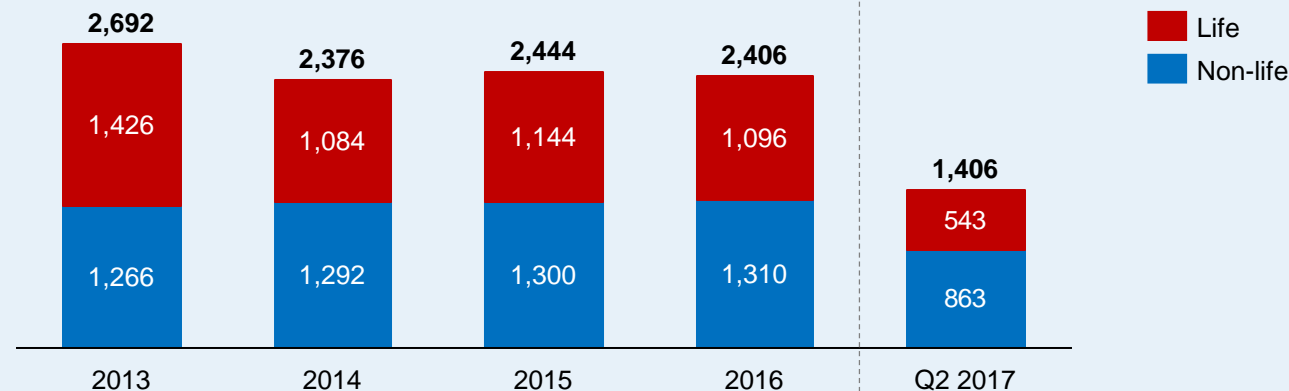
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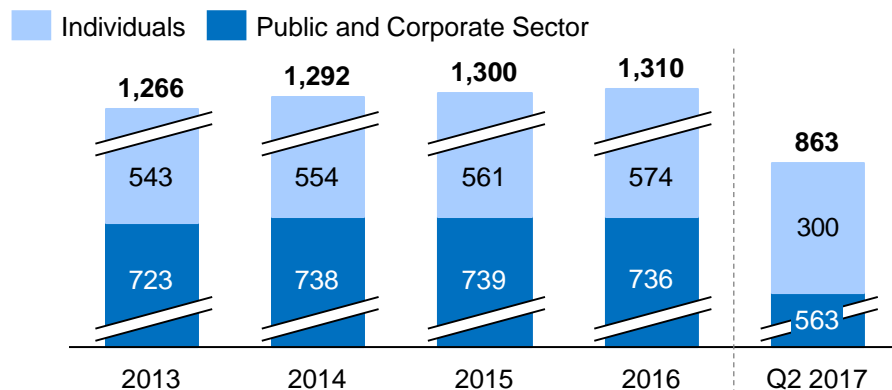
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BALANCED NON-LIFE/LIFE INFLOWS DESPITE DISCONTINUATION OF LIFE INDIVIDUALS

Evolution in GWP (€M)

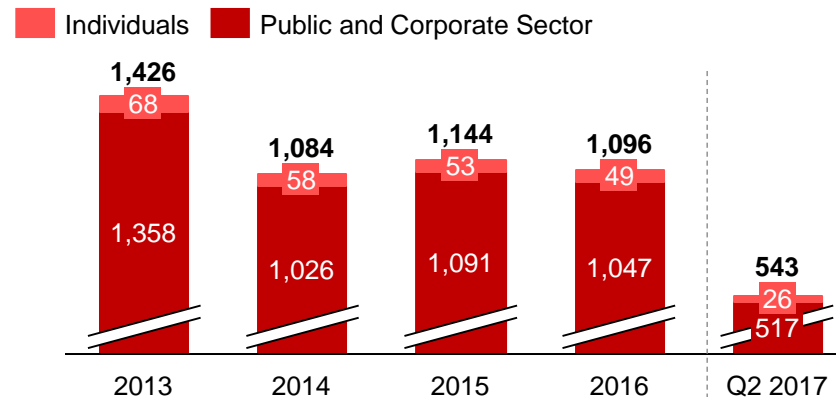


Evolution in Non-Life GWP (€M)



- Steady increase of Non-Life GWP

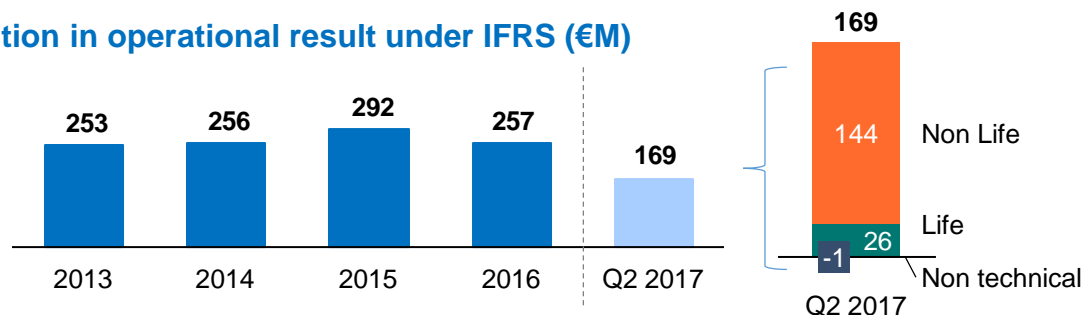
Evolution in Life GWP (€M)



- High 2013 GWP of €1.4 billion of Life for Public & Corporate Sector impacted by one-offs (unique premiums)
- Few new business: life individuals in run-off and life group impacted by low interest rates environment

EVOLUTION IN OPERATIONAL RESULT

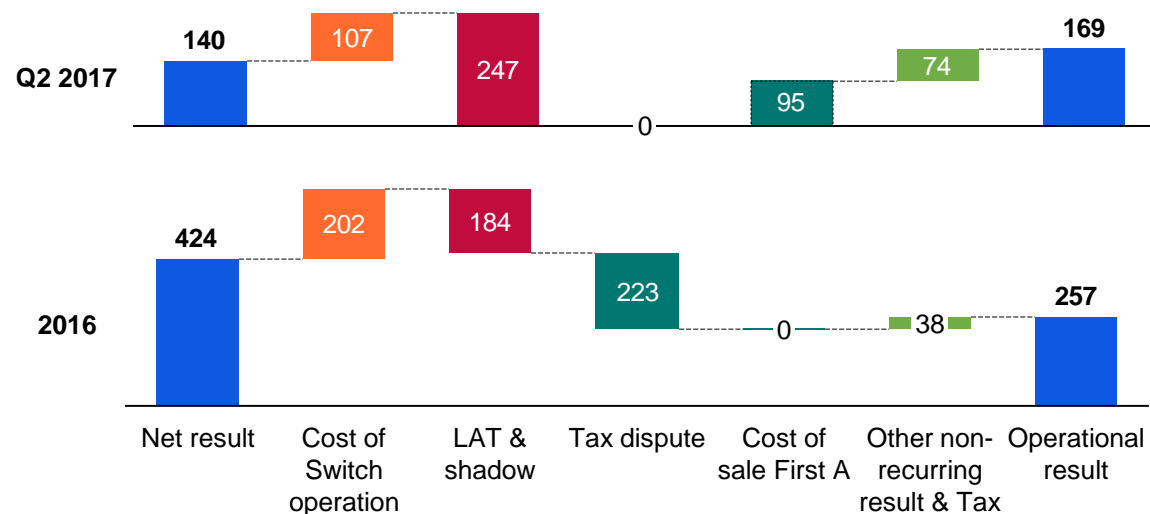
Evolution in operational result under IFRS (€M)



- **Strong operational 2016 result of €257M**, after adjusting the reported net result of €424M by the following elements :

- The reversal of Life insurance provisions following the increase in interest rates (impact of €160M)
- The valuation of some securities in market value – shadow FVPL (impact of €24M)
- The recovery of €223M on tax dispute
- The gross costs related to “Switch V” and Switch VI (impact of -€202M)
- Other non-recurring items (+€60M), essentially financial non-recurring items
- Taxes of -€98M

Evolution in operational result under IFRS (€M) - Breakdown



- **Strong Q2 2017 operational result of €169M**, after adjusting the reported net result of €140M by the following elements:

- The reversal of Life insurance provisions (impact of €251M), mainly due to the new horizon of projection of the First A (from 30 years to 1 year)
- The valuation of some securities in market value – shadow FVPL (impact of -€4M)
- The gross cost related to “Switch VII” (impact of -€107M)
- The assessed cost relative to the sale of First A portfolio (-€95M)
- Other non-recurring items (+€29M), essentially financial non-recurring items
- Taxes of -€103M

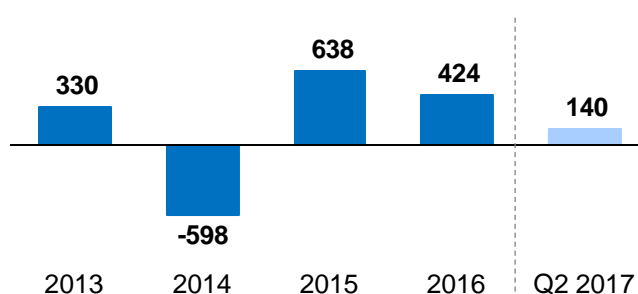
The result is favourably impacted by a low loss ratio, by the increase in Automotive tariffs at end-2016 as well as by an increase in new business in Non-Life (mainly in private sector Workers' compensation, in Healthcare and in Civil Liability)

- Ethias expects to maintain its operational results in this range by implementing its strategy and continuing the following actions :

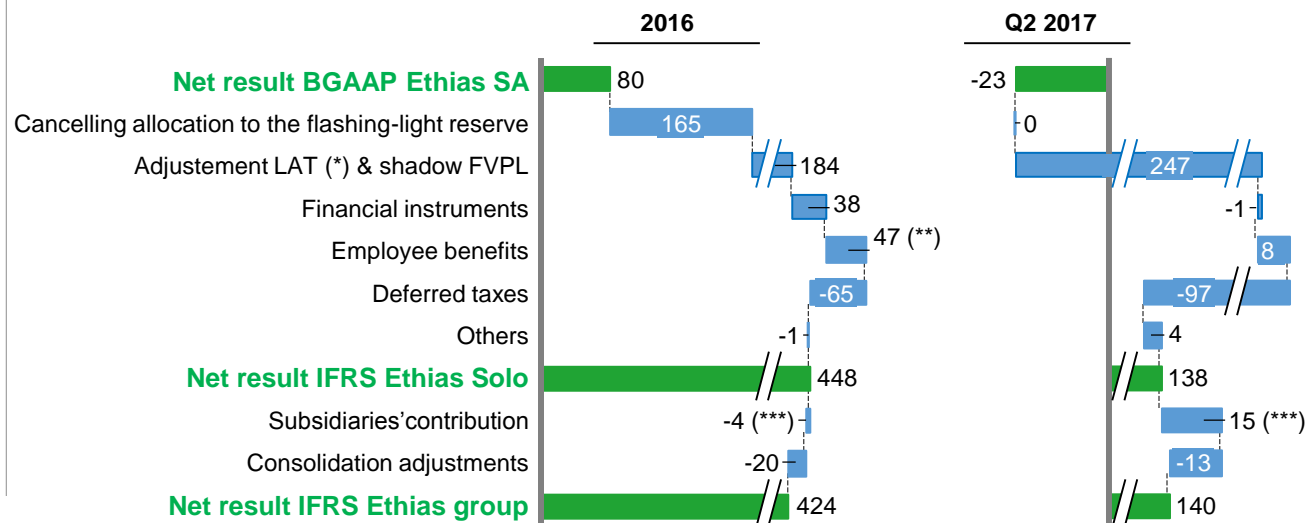
- Cost reduction (except investments to increase efficiency and to go digital)
- Operational and technical excellence
- Improvement of underwriting
- Reduction of claim handling costs
- Strengthening of sales force (omnichannel, digital strategy)

EVOLUTION OF NET RESULT UNDER IFRS (€M)

Evolution in net result under IFRS (€M)



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



The BGAAP financial statements as per 31th of December of 2016 have been established taking into account the allocation to the flashing-light provision, in compliance with the circular NBB_2016_39 issued in October 2016 as Ethias did not submit to the NBB a request for exemption, as its intention is to limit the distribution of dividends to what Vitrufin needs to serve its senior debt.

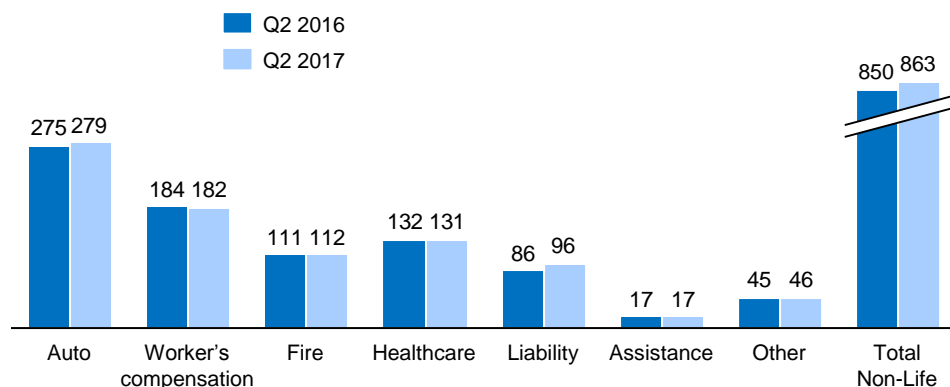
Breakdown of net result under IFRS (€M)

	2012	2013	2014	2015	2016	Q2 2017
Technical result	200	366	(439)	630	340	341
o/w Non-Life	171	233	242	306	278	180
o/w Life	29	133	(681)	324	62	161
Non-technical result	6	(6)	(326)	95	182	(98)
o/w recurring items	6	(6)	32	30	(19)	(1)
o/w financial non-recurring items	0	0	20	17	2	(2)
o/w non-recurring items (tax dispute)	0	0	(378)	44	225	0
o/w other non-recurring items	0	0	0	4	(26)	(95)
Tax	(59)	(30)	167	(87)	(98)	(103)
Net result	147	330	(598)	638	424	140
For reference :						
Net result BGAAP	180	110	(135)	50	80	-23

(*) impact of changes in interest rates; (**) Namely includes the provision for the 60+ retirement plan (different valuation rules between BGAAP & IFRS); (***) Mainly NRB, Ethias Sustainable Investment Fund and Real estate subsidiaries

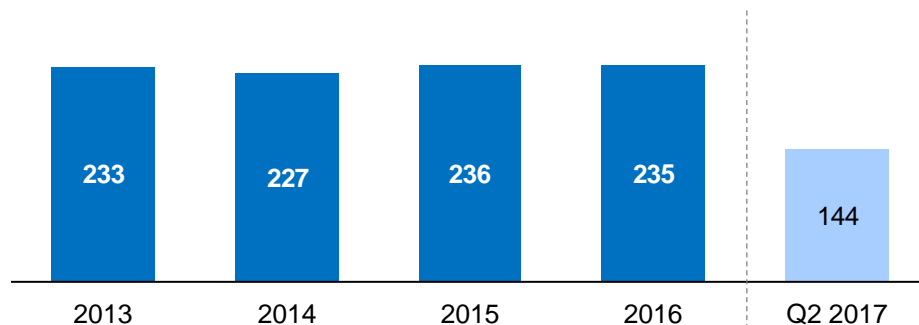
FOCUS ON NON-LIFE BUSINESS

Evolution in Non-Life GWP of Ethias Group (€M)



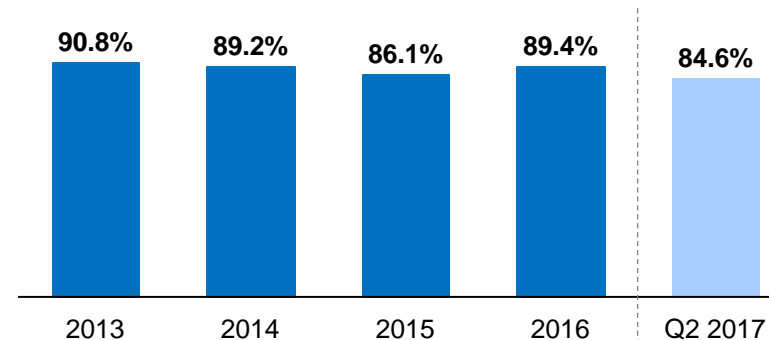
The income collection at end-June 2017 benefits from the increase in prices at end-2016 in Car and from a volume effect in Liability and Worker's compensation for the private sector (increase in new business) that has been offset by the loss of certain contracts in Worker's compensation for the public sector

Non-Life operational result IFRS (€M)



- Robustness of the Non-Life model given the significant and recurring profitability for several years now

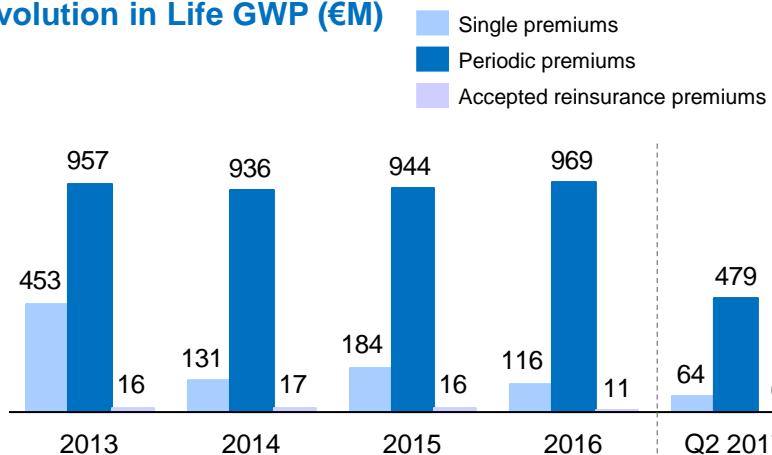
Net combined ratio (IFRS)



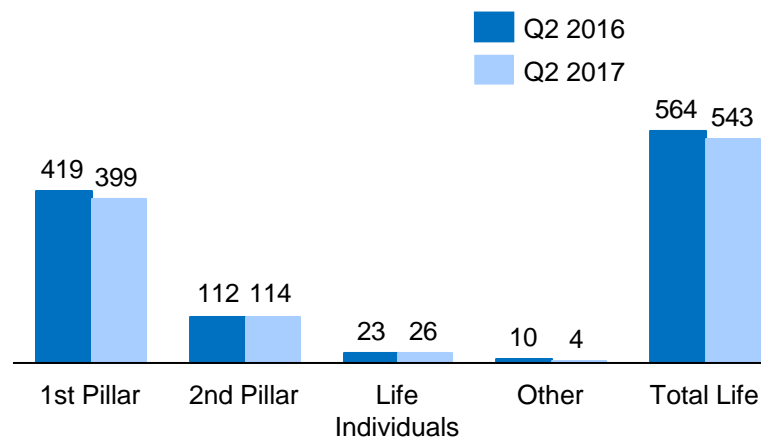
- Net CoR among the best of the Belgian market resulting, on the one hand, from the various optimizations operated since several years in terms of pricing, claims management and management of overheads and, on the other hand, from our distribution model which is primarily direct
- Net CoR of 2015 impacted by exceptional technical elements
- Net CoR generally lower than the one under BGAAP mainly due to a different accounting process of payroll costs (IAS19)

FOCUS ON LIFE BUSINESS (1/3)

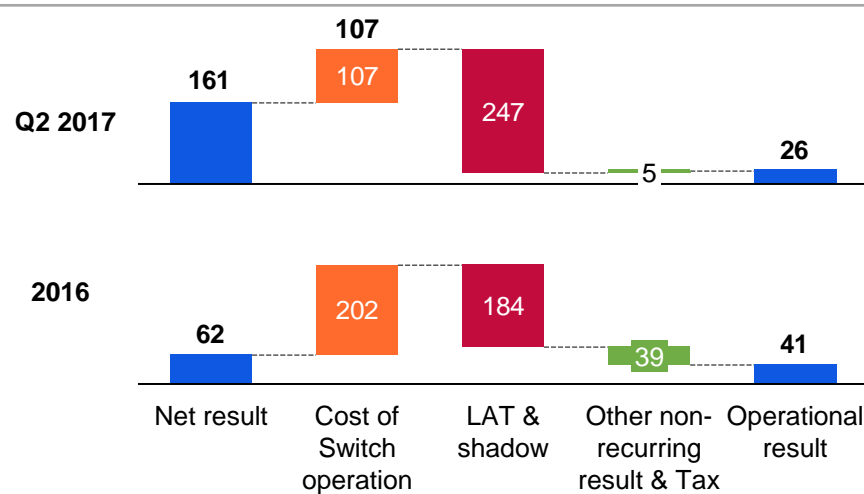
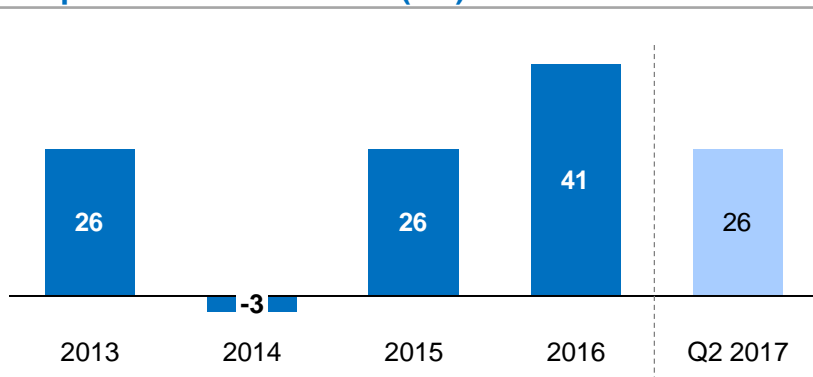
Evolution in Life GWP (€M)



Evolution in Life GWP (€M)



Life operational result IFRS (€M)

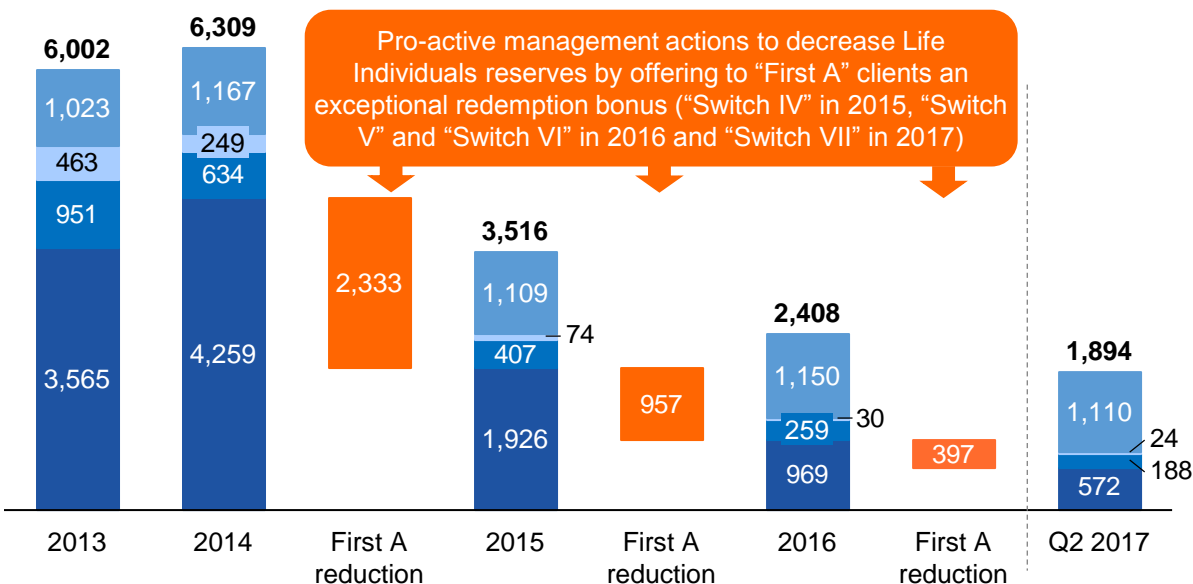


- With the exception of 2014, the Life result (excluding non-recurring items) is positive over the period 2013-2016

FOCUS ON LIFE BUSINESS (2/3)

Evolution in Life Individuals reserves (€M) – excluding unit-linked

- Other products o/w pension-savings products & Top First
- First Invest (incl. Junior) : guaranteed interest rate of 0%
- First B : guaranteed interest rates (limitation in time)
- First A : guaranteed interest rates (no limitation in time)



Duration gap

	31/12/2016			31/03/2017			30/06/2017		
	Assets Duration	Liab. Duration	Duration gap	Assets Duration	Liab. Duration	Duration gap	Assets Duration	Liab. Duration	Duration gap
Total Life	9.20	15.91	(2.81)	8.31	15.86	(3.58)	8.13	12.28	0.17
Total Non-Life	4.64	5.73	0.79	4.56	5.16	1.00	4.64	6.14	1.01
TOTAL			(1.68)			(2.09)			(0.12)

Impact of redemption offer on First A :

- In Q1 2015 : Switch IV operation (exceptional redemption bonus of 4 years' interest, equivalent to an exit premium of c.14%) with surrenders of €1.9 billion (for a cost of €243M).
- In Q2 2016 : Switch V operation (redemption bonus of 10%) with surrenders of €65M (for a cost of €6M)
- In Q4 2016 : Switch VI (redemption bonus of 25%) with surrenders of €785M (for a cost of €196M)
- In Q2 2017 : Switch VII (redemption bonus of 25%), with surrenders of €430M (for a cost of €107M) o/w €167M recorded end of June and €263M in July
- The surrenders recorded as per end of June 2017, combined with the interest capitalization on existing contracts and with the cost of 25% to be paid on the surrenders of July, involve a reduction of reserves for an amount of €397M compared to end 2016. Since 2014, First A reserves have been reduced by more than 86%
- All those Switch operations impact positively our SII ratio (+25% Switch IV, +24% Switch VI, +18% Switch VII) and our duration gap
- Slight decrease in the average guaranteed interest rate of First A : from 3.46% at end 2016 to 3.02% as per end of June 2017

- Life duration gap is mainly due to First A reserves
- Several actions have been undertaken since 2015 to reduce the gap :
 - Switch offers
 - Reinvestment of cash in long-term linear bonds
 - Sales of shares/ABS and reinvestment in long-term bonds
 - Acquisition of financial hedging instruments (protection against decrease in interest rates)
 - Review of part of the mortgage loan portfolio (switching from a variable rate to a fixed rate)
- The reduction in the asset duration gap at the end of March 2017 is explained by swaptions coming at maturity (no roll)

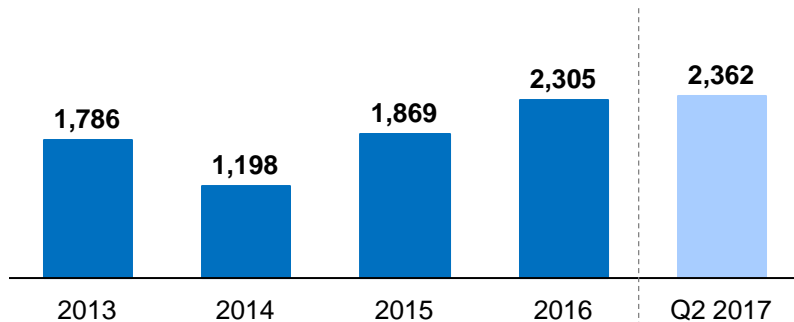
FOCUS ON LIFE BUSINESS (3/3)

Breakdown of reserves per guaranteed interest rates

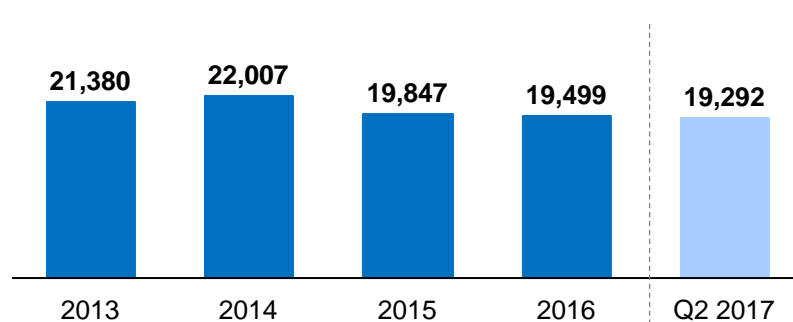
	2015	2015	2016	2016	30/06/2017	30/06/2017
Ethias Life	Book reserves (IFRS)	Average guaranteed interest	Book reserves (IFRS)	Average guaranteed interest	Book reserves (IFRS)	Average guaranteed interest
First A	1.925.970.430	3,44%	968.849.783	3,46%	572.493.956	3,02%
First B	406.790.209	1,47%	259.024.890	0,72%	188.188.345	0,92%
First Invest	73.620.273	0,00%	29.610.940	0,00%	24.397.610	0,00%
Others	1.109.896.553	3,26%	1.150.874.495	3,15%	1.108.860.807	3,13%
Total Life Retail	3.516.277.465	3,08%	2.408.360.108	2,97%	1.893.940.719	2,83%
Total Group Life	8.742.854.480	2,61%	8.584.803.849	2,50%	8.321.208.163	2,05%
Branch 23 (Retail)	102.482.328		70.843.704		69.818.191	
Branch 23 (Group)	256.596.012		337.545.072		647.562.125	
Accepted Reinsurance	136.670.422		132.898.206		118.805.376	
Total Life reserves	12.754.880.707		11.534.450.938		11.051.334.573	

OTHER KEY ELEMENTS

Evolution in equity (€M)

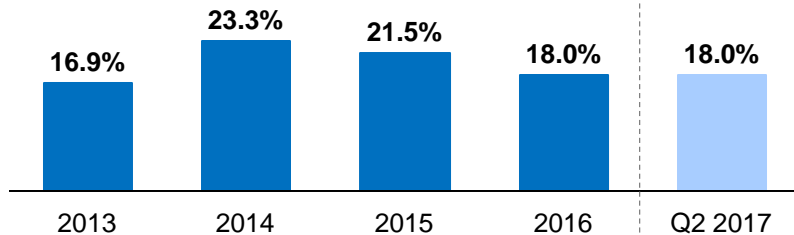


Evolution in total assets (€M)



- Decrease in total assets primarily linked to the reduction of the Life reserves in Private Individuals

Evolution in debt ratio



- The Q2 2017 ratio does not include the collateral received (€41M) in guarantee of hedging operations (acquisition of forward bonds and swaptions) against a decrease in interest rates (same amount on the asset side) and the repos (€155M) concluded in the context of liquidity management for Switch operations

Agenda

- Key Q2 2017 highlights
- Main events in Q2 2017
- Financial performance BGAAP ¹
- Financial performance IFRS ²
- **Solvency II of Ethias SA³**
- Investment portfolio ²
- Rating
- Appendix

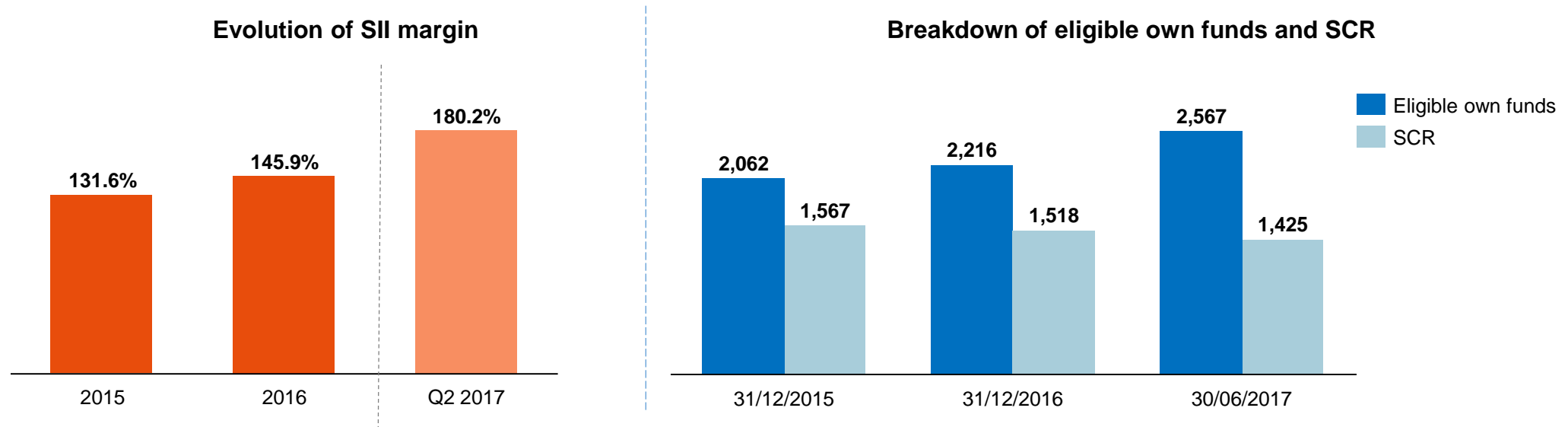
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8. SOLVENCY II – WITH USE OF THE STANDARD FORMULA (1/2)

Required capital, eligible own funds and SII margin of Ethias SA (in €M) – Without transitory measure on technical provisions



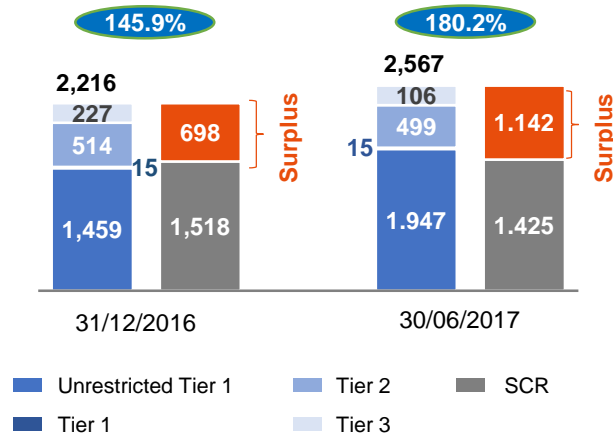
Unaudited figures

- A solvability risk has been identified following the European stress test results involving that Ethias submitted a financial recovery plan to the Belgian regulator at the end of September 2016 and an update of this plan in February 2017. This financial recovery plan included among others the implementation of a financial reinsurance program, the implementation of other Switch operations and the integration of Whestia with retroactive effect from 1st of January 2017 (measure for which we received the approval of the regulator in March 2017).
- SII margin at the end of 2016 was strengthened mainly thanks to the results of the Switch VI operation launched in November 2016 (holders of First A were offered an exceptional redemption bonus of 25%) with surrenders of €785M for a cost of €196M and an SII net impact of +24%.
- At the end of March 2017, the regulator has confirmed that the financial recovery plan bore its fruits and can be considered as closed
- Increase in SII margin at the end of June 2017 (180.2%) mainly thanks to the results of the Switch VII operation launched in May 2017 (holders of First A were offered an exceptional redemption bonus of 25%) with surrenders of €430M for a cost of €107M. SII margin at the end of June 2017 takes into account the sale of remaining First A portfolio

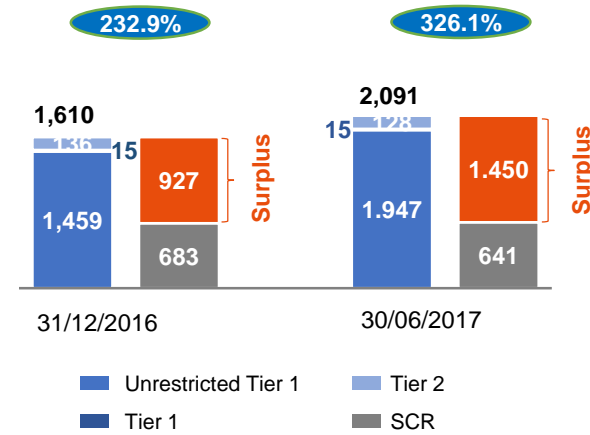
8. SOLVENCY II – WITH USE OF THE STANDARD FORMULA (2/2)

Decomposition of eligible own funds

Consolidated SCR coverage ratio (€M)

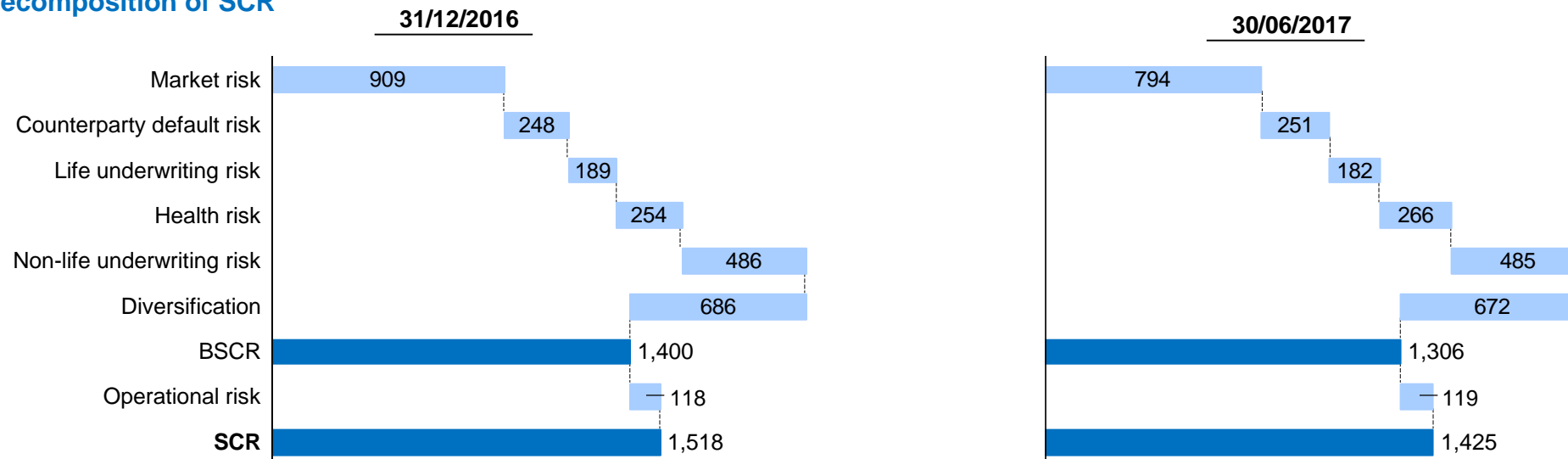


Consolidated MCR coverage ratio (€M)



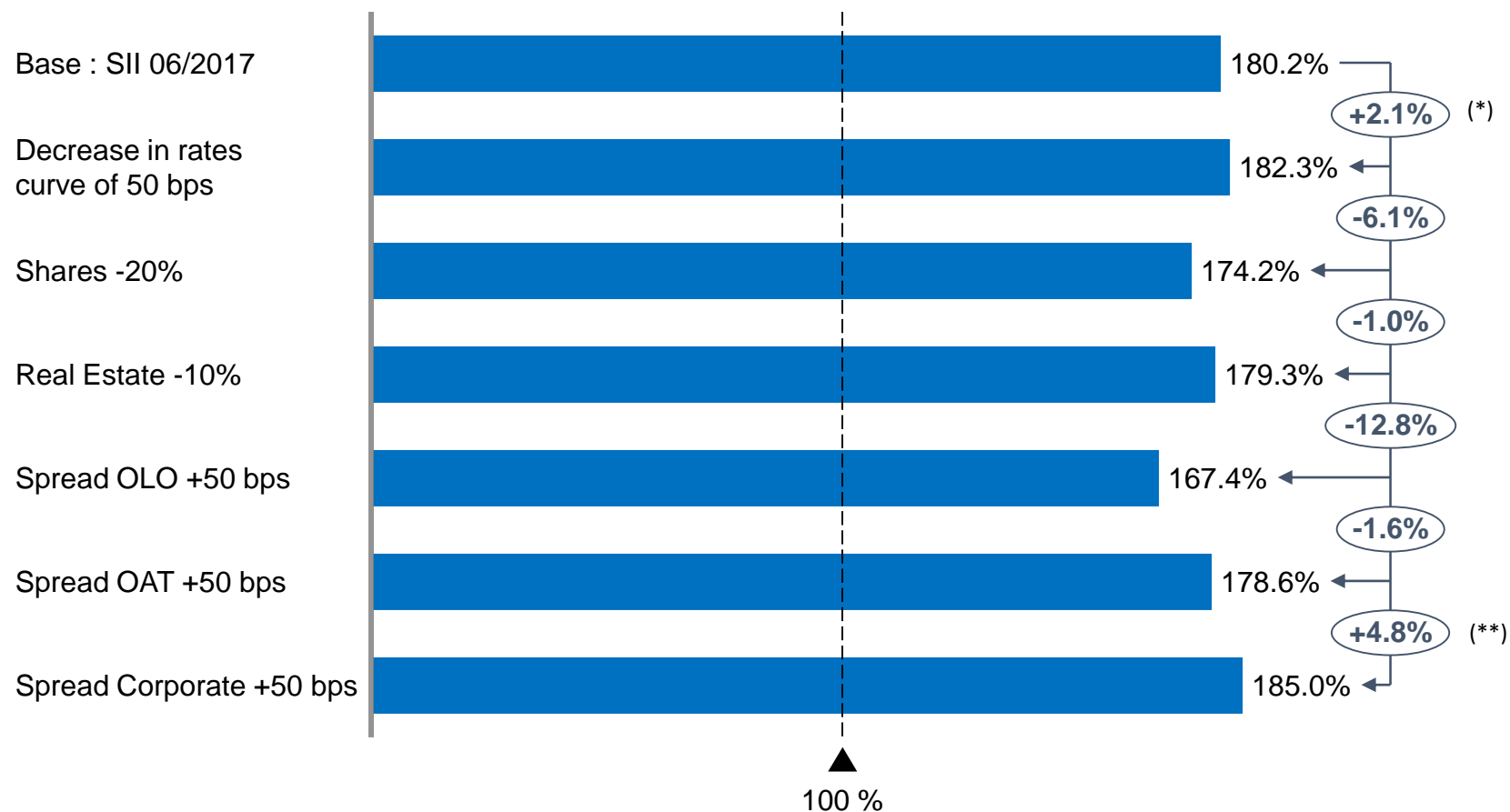
- **Very high quality capital structure**
Unrestricted Tier 1 SCR coverage > 100% as of Q2 2017
- Tier 1 capital represents 76% of total own funds
- Restricted Tier 1 and a part of Tier 2 (€75M in book value) capital grandfathered under Solvency II
- Tier 3 comprises deferred tax assets

Decomposition of SCR



SOLVENCY II – STRESS TESTS AT END OF JUNE 2017

Impact of sensitivity analyses on the Solvency II margin at end June 2017



(*) Positive impact mainly due to the Switch VII operation

(**) Positive impact based on the assumption of a stable credit risk

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- **Investment portfolio ²**
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- Appendix

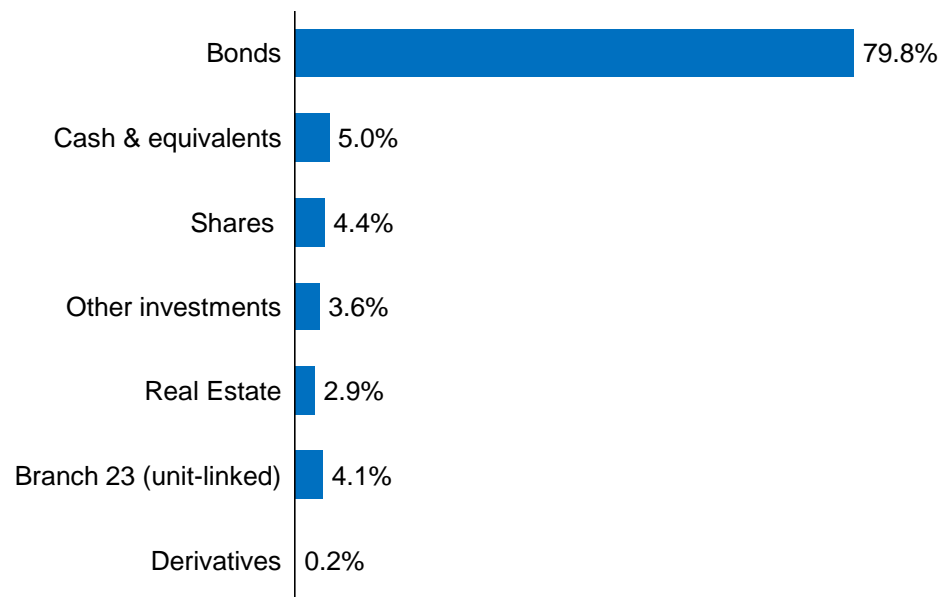
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TOTAL INVESTMENT PORTFOLIO AS OF 30 JUNE 2017

Total investment portfolio by asset class



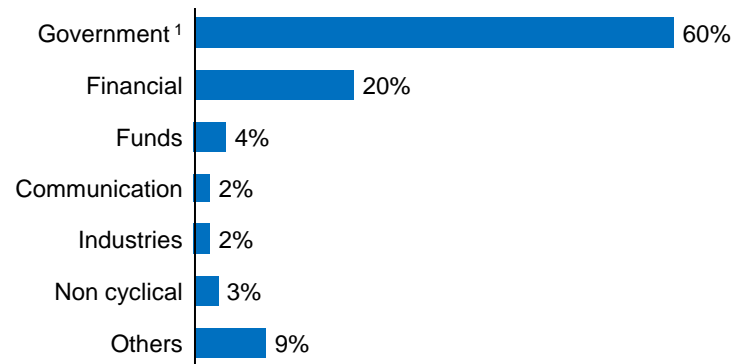
Asset class (€M)	IFRS value
Bonds	13,842
<i>a/w Government bonds</i>	<i>8,141</i>
Cash & cash equivalents	863
Shares (incl. funds & participations)	762
Other investments	626
Real Estate	498
Branch 23 (unit-linked)	717
Derivatives	39 (*)
Total	17,347

(*) The derivative financial instruments in the liability side amount to EUR 20 million

Note: Figures under IFRS ; Total might not add up to 100% as a result of rounding errors

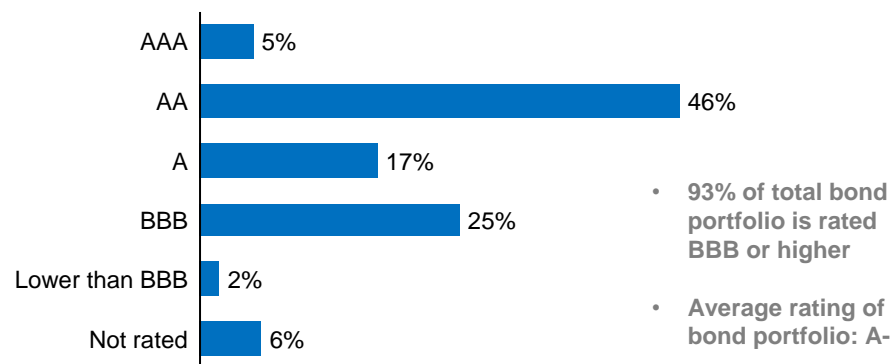
TOTAL INVESTMENT PORTFOLIO AS OF 30 JUNE 2017

Bond portfolio by sector



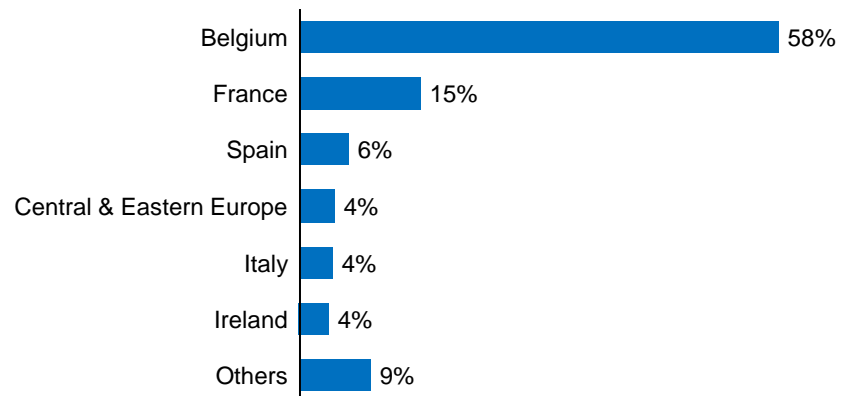
Total Q2 2017 IFRS value = €13,842M

Bond portfolio by rating



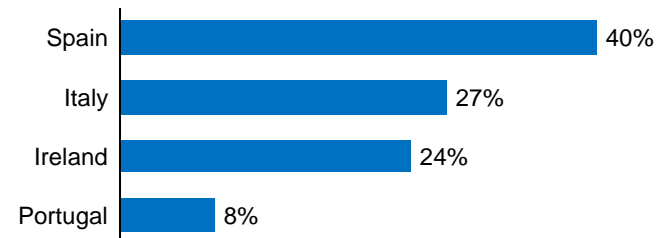
Total Q2 2017 IFRS value = €13,842M

Government bond portfolio by country



Total Q2 2017 IFRS value = €8,141M

PIIGS exposure



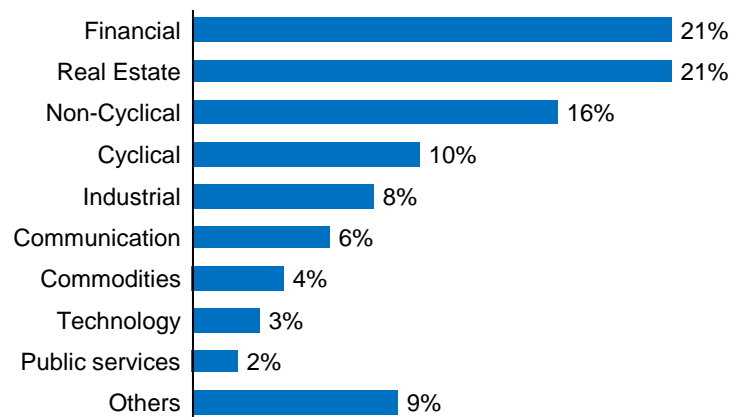
Total Q2 2017 IFRS value = €1,221M

Note: Figures under IFRS ; Total might not add up to 100% as a result of rounding errors

¹ Including bonds issued by Public Sector and guaranteed by the Belgian State

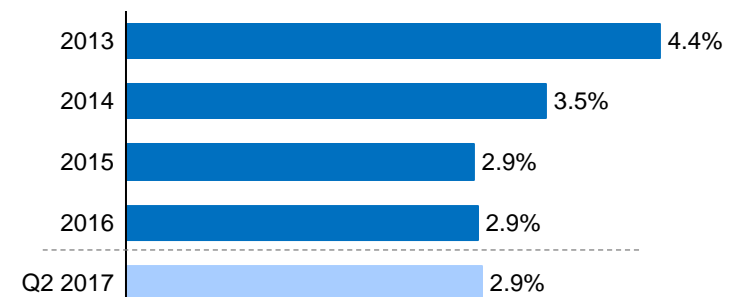
SHARES (INCL. FUNDS) AND REAL ESTATE PORTFOLIO AS OF 30 JUNE 2017

Shares (incl. funds & participations) by sector

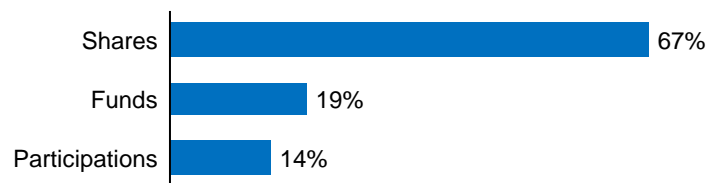


Total Q2 2017 IFRS value = €762M

Evolution of shares (in % of total investment portfolio)

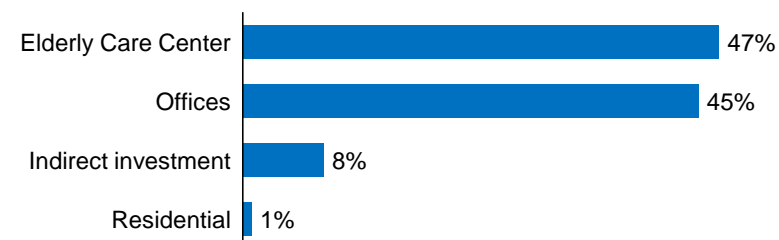


Shares (incl. funds & participations) by asset class



Total Q2 2017 IFRS value = €762M

Direct real estate by nature



Total Q2 2017 IFRS value = €498M

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Rating overview



Insurer Financial Strength	BBB+	Outlook positive
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Long-Term Issuer Default Rating	BBB	Outlook positive
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Subordinated Debt Rating	BB+
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Last review	27 June 2017
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"The upgrades reflect the completion of Ethias's recovery plan in May 2017 and resulting strengthening of capital profile and reduced exposure to interest rate risk"

Fitch June 27th, 2017

Selected extracts from Fitch report (07/2017):

"Strong Non-Life Performance: Fitch considers Ethias' non-life financial performance strong. The operational non-life IFRS result for Ethias was EUR235 million (2015: EUR236 million). The net combined ratio (calculated in accordance with IFRS) for the group deteriorated slightly to 89.4% in 2016 (2015: 86.1%) but it remains strong compared with peers. Tight control of operating costs remains a key aspect for the group and the combined ratio also benefits from Ethias' direct distribution model."

"Improving Regulatory Capital: Fitch considers Ethias group's regulatory capitalization strong. In 2016, Ethias group regulatory Solvency II was 146%, excluding transitional arrangements (132% at end-2015). It improved to 157% in 1Q17 following data enhancements. The target Solvency II ratio for Ethias is 150%."

"Strong Prism Score: Ethias' score based on year-end 2016 results in Prism FBM is "Strong", after deduction of the Vitruvin debt. The Prism score has improved since 2014, when it was "Somewhat Weak". The further reduction of the amount of First A reserves (following the Switch V and Switch VI operations in 2016) and the reversal of provisions following an increase in interest rates were beneficial for the Prism FBM score."

"Exposed to Interest-Rate Risk: Ethias is exposed to interest-rate risk as life technical liabilities are subject to relatively high minimum guaranteed returns. However, Fitch considers this risk to be reducing as liabilities reduce. Therefore, the agency place limited reliance on the duration gap between assets and liabilities, despite the potential for it to increase with change in business mix."

"Solid Business Position, Concentration in Belgium: Ethias has a solid business in the Belgian insurance market. It is the third-largest insurer by gross written premiums (GWP) in 2016, with a 9% market share for all activities combined and 7% in life and 11% in non-life. The company has strong historical links with Belgian local public organisations, with a market share of more than 80% in this sector, and Ethias is the strongest insurance brand in Belgium, with a high satisfaction rate and a loyal customer base."

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Consolidated balance sheet (IFRS)

	2013	2014	2015	2016	Q2 2017
Assets					
Goodwill	29	30	45	45	60
Other intangible assets	13	14	46	94	108
Properties and other fixed assets	133	132	136	140	139
Investments in associates	25	21	0	1	1
Investments properties	357	391	433	495	498
Financial investments	16.773	17.310	15.912	15.948	15.986
Reinsurers' share of insurance liabilities	141	114	134	122	132
Deferred tax assets	126	279	170	74	0
Receivables arising from insurance operations or accepted reinsurance	1.226	1.269	1.291	1.344	1.260
Receivables arising from ceded reinsurance operations	65	62	57	64	64
Other receivables	634	210	278	179	147
Other assets	286	281	258	242	34
Cash and cash equivalents	1.567	1.893	1.087	751	863
Available-for-sale assets including assets from discontinued operations	4	1	0	0	0
Total assets	21.380	22.007	19.847	19.499	19.292
Liabilities					
<i>Share capital</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>
<i>Reserves and retained earnings</i>	<i>249</i>	<i>574</i>	<i>-31</i>	<i>557</i>	<i>936</i>
<i>Net profit (loss) of the period</i>	<i>325</i>	<i>-604</i>	<i>633</i>	<i>424</i>	<i>140</i>
<i>Other items of comprehensive income</i>	<i>170</i>	<i>177</i>	<i>233</i>	<i>276</i>	<i>243</i>
Equity of the Group	1.744	1.146	1.835	2.257	2.319
Non-controlling interests	42	52	34	48	43
Total equity	1.786	1.198	1.869	2.305	2.362
<i>Insurance contract liabilities</i>	<i>8.136</i>	<i>8.530</i>	<i>8.607</i>	<i>8.541</i>	<i>8.687</i>
<i>Investment contract liabilities with discretionary participation features</i>	<i>9.470</i>	<i>10.279</i>	<i>7.351</i>	<i>6.197</i>	<i>5.481</i>
<i>Investment contract liabilities without discretionary participation features</i>	<i>0</i>	<i>4</i>	<i>4</i>	<i>4</i>	<i>4</i>
<i>Liabilities belonging to unit-linked insurance contracts</i>	<i>477</i>	<i>416</i>	<i>359</i>	<i>408</i>	<i>717</i>
<i>Profit sharing liabilities</i>	<i>13</i>	<i>21</i>	<i>38</i>	<i>24</i>	<i>2</i>
Insurance and investment contract liabilities	18.096	19.250	16.359	15.174	14.891
Subordinated debts	322	322	454	454	470
Other financial debts	42	46	56	387	261
Employee benefits	537	603	502	535	532
Provisions	149	119	63	30	122
Derivative financial instruments	0	0	20	8	20
Tax payables	35	39	49	52	69
Deferred tax liabilities	4	4	0	21	32
Liabilities from operating activities	186	208	216	227	229
Other liabilities	218	214	259	306	304
Liabilities related to assets available for sale and discontinued operations	5	2	0	0	0
Total other liabilities	19.594	20.809	17.978	17.194	16.930
Total liabilities	21.380	22.007	19.847	19.499	19.292

Consolidated income statement (IFRS)

(in €M)	2013	2014	2015	2016	Q2 2017
Gross premiums	2.692	2.376	2.444	2.406	1.406
Premiums ceded to reinsurers	-72	-41	-38	-37	-32
Change in the provision for unearned premiums and outstanding risks ¹	-12	-15	-7	-17	-189
Other income from insurance activities	3	4	5	5	3
Revenues from insurance activities¹	2.611	2.324	2.404	2.357	1.188
Revenues from other activities	163	173	199	384	130
Revenues	2.775	2.497	2.603	2.741	1.318
Investment income	658	621	624	646	253
Net realized gains or losses on investments	33	120	34	62	34
Change in fair value of investment through profit or loss ²	82	22	26	-2	26
Net financial income	773	764	684	706	313
Net revenues	3.548	3.261	3.287	3.447	1.631
Benefits and claims	2.633	3.185	2.137	2.326	970
Net expenses or revenues ceded to reinsurers	-26	-15	-48	-15	-3
Management costs ³	281	285	258	274	159
Technical expenses for insurance activities	2.887	3.455	2.347	2.585	1.126
Expenses for other activities	175	542	201	306	237
Operating expenses	3.062	3.997	2.548	2.891	1.363
Change in depreciation and amortization on investments (net)	25	23	41	-10	2
Other investment financial expenses	83	-11	-45	14	7
Finance costs	18	18	20	30	15
Financial expenses	126	30	16	34	24
Net expenses	3.188	4.027	2.563	2.925	1.387
Goodwill impairment					
Net profit (loss) before tax	360	-766	724	522	244
Income taxes	-30	167	-87	-98	-103
Net profit (loss) after tax	330	-599	637	424	141
Investment in associates through profit or loss	0	1	0	0	0
Net profit (loss) before tax of available-for-sale companies and of discontinued operat	0	0	1	0	0
Net consolidated profit (los) attributable to :	330	-598	638	424	141
Owners of the parent	325	-604	633	424	140
Non-controlling interests	5	6	5	0	1

¹ Net of reinsurance; ² Includes change in fair value at of the fair value of investments of which the financial risk is supported by the insured; ³ Includes contract acquisition costs, administration costs, internal claim handling costs and other technical expenses

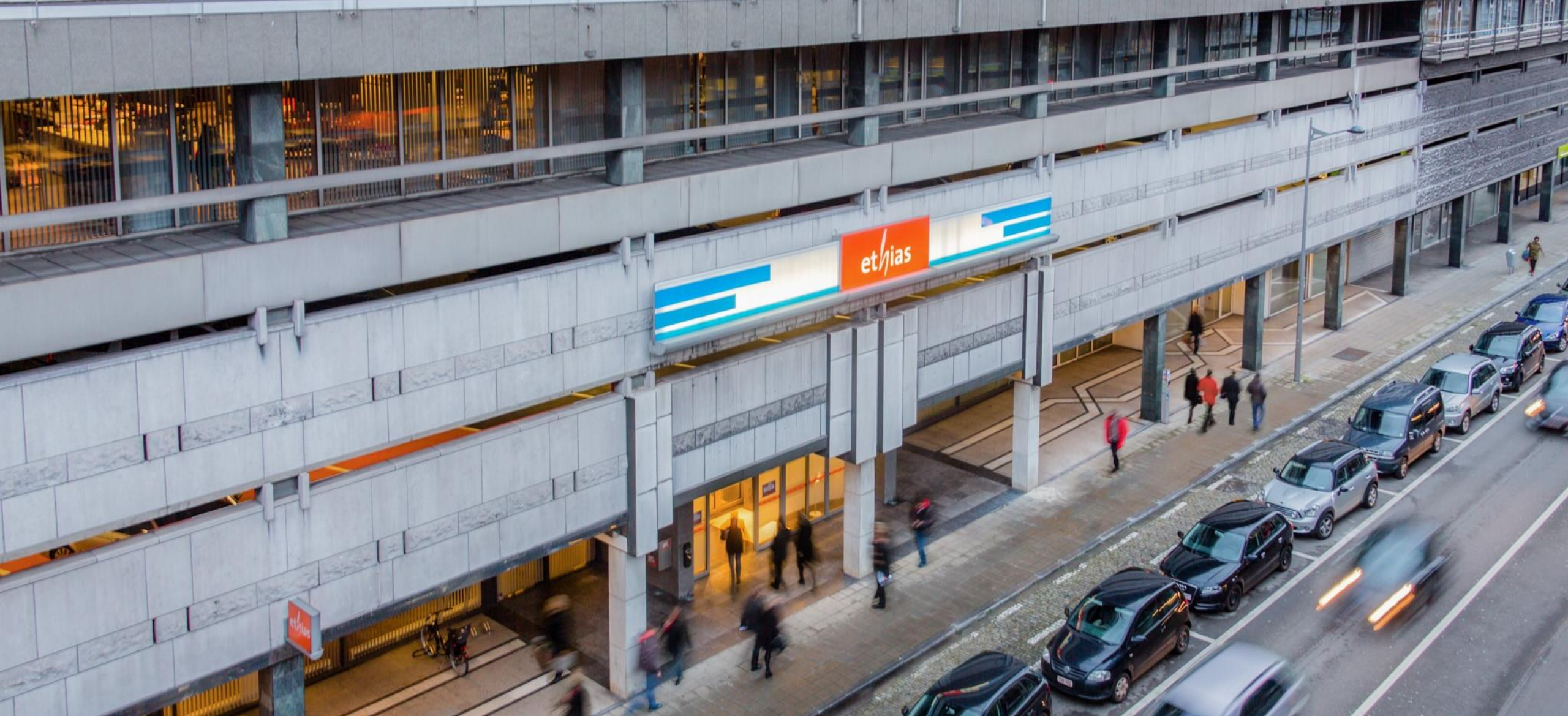
Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Future actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, (ii) performance of financial markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) increasing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the Economic and Monetary Union, (x) changes in the policies of central banks and/or foreign governments and (xi) general competitive factors,

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law



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