



INTERIM REPORT ON
31 MARCH 2017
Ethias Group

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INTRODUCTION

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

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

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

KEY FIGURES

Essential data of the consolidated income statement

In thousands of EUR	31 March 2017	31 March 2016	Change during the year
Non-Life			
Public bodies and Companies	474,097	474,190	-0.02%
Private Individuals	154,502	153,534	0.63%
Premium collection Non-Life	628,598	627,724	0.14%
Life			
Public bodies and Companies	328,436	310,806	5.67%
Private Individuals	13,293	14,594	-8.92%
Premium collection Life	341,729	325,400	5.02%
Total premium collection Life and Non-Life	970,327	953,124	1.80%
Consolidated revenues	718,114	704,847	1.88%
Net profit (loss) on current transactions after tax	70,425	9,535	
Share of the associates in the result	(7)	-	
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	
Net consolidated profit (loss) attributable to:	70,418	9,535	
Owners of the parent	69,916	8,812	
Non-controlling interests	502	723	

Essential data of the consolidated financial position

In thousands of EUR	31 March 2017	31 December 2016	Change
Total assets	19,620,264	19,498,621	0.62%
Equity of the Group	2,258,780	2,257,379	0.06%
Non-controlling interests	43,296	47,502	-8.85%

Regulatory coefficients

	31 March 2017	31 December 2016	Change
Solvency II ratio (*) of the company Ethias SA	156.49%(**)	144.9%(**)	8.00%

(*): The calculation of the SII margin is performed using the standard formula without taking into account the impact of the transitional measure on technical provisions.

(**): not yet audited.

Other key figures

	31 March 2017	31 December 2016	Change
Number of employees	3,240	3,245	-0.15%

MANAGEMENT REPORT

1 The 1st quarter of 2017 in a number of dates and key facts

1.1 Solvency improvement programme

The major efforts made by the company as a whole have borne fruit and have greatly improved the solvency II margin, which is close to the minimum target of 150 % at end-December 2016.

In order to take into account the positive impact of Switch VI on its risk profile, Ethias SA has transmitted to the National Bank of Belgium:

- By mid-February 2017, the update of the financial recovery programme, initially submitted to the regulator on September 30, 2016;
- By end-February 2017, the restoration plan providing for the measures likely to be implemented in the event of a new significant deterioration in the situation of Ethias SA.

The financial recovery programme was accepted by the NBB on March 29, 2017. The regulator confirmed to us that, given the result of the "Switch VI" operation and its impact on the solvency ratio, there is no more any indication that Ethias would no longer be able to meet the regulatory requirements in terms of required capital. On this basis, the Bank has considered that the implemented financial recovery programme has borne fruit and can be considered as closed. Furthermore, considering the changes made to the company's risk profile following the "Switch VI" operation, the Bank is asking Ethias SA to provide an updated version of the restoration plan by November 30, 2017.

1.2 Fitch Rating

Following the success of the "Switch VI" operation, the rating agency Fitch placed on 10 January 2017 the rating for financial strength of Ethias SA at BBB, with positive outlook. 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.

1.3 Integration of Whestia

The NBB agreed in March 2017 on the sale of the shares of Whestia to Ethias SA; the latter already owning 25.10% of the capital of the company and becoming sole shareholder of Whestia at the end of the transaction. The closing involving the transfer of the shares and the payment of the transfer price took place on April 3, 2017. The merger between Whestia and Ethias SA was carried out on June 23, 2017.

1.4 Other facts and a number of dates for the first quarter of 2017

January 10 - Fitch Rating: Positive Outlook

Following the success of the Switch/FIRST operation, the rating agency Fitch updated the position of Ethias. 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.

February 8 - Public bodies appreciate the identity and anchorage of Ethias

Ethias has conducted surveys amongst a representative sample of its insured in the Public and Social Profit Sectors. The results show that 98% of these insureds are satisfied with Ethias. The majority of the respondents consider Ethias to be an easy-to-access, solution-oriented insurer providing an efficient service. The insureds also highlight and appreciate the company's Belgian identity and anchorage.

February 15 - Launch of the new website for Public Bodies & Companies

Ethias has launched its new website for all its B2B customers: the public sector, the social profit sector and the private sector.

March 8 - Ethias launches on social networks

A unique opportunity to position its brand and to connect with the insured on Facebook, YouTube, Twitter and LinkedIn.

March 9 - Ethias 2.0 or how to develop the organizational model by means of a transformation plan

The objectives of this transformation plan: strengthening the relevance of the Business Model as well as the anchorage in the market and solving the resource challenge.

March 10 - Ethias launches the web series "*Avec François, c'est pas chinois !*"

The goal ? Demystifying the world of insurance. Its content is educational and fun. The video capsules are based on the humorous style of "YouTubers" while keeping an eye on the information content.

March 20 - New CEO

The Board of Directors of Ethias S.A. has appointed Mr Philippe Lallemand as CEO.

2 Result of the financial year

Ethias confirms its operational performance thanks to its unique distribution model in Belgium.

The first quarter of 2017 records a consolidated profit of EUR 70 million, split between the Non-Life business (EUR 92 million), the Life business (EUR -25 million), the other activities of the Group (EUR 3.3 million euros) and taxes (EUR -0.3 million).

3 Information on circumstances which may significantly impact the company's development

3.1 Macroeconomic environment

Ethias suffers, just as all insurers with a Life activity, from the effects of a difficult macroeconomic environment. The low interest rates heavily penalize the profitability of the Life products with a guaranteed interest rate that is higher than the interest rates on government bonds. If the interest rates would remain at this level or even continue to fall, this would have a negative impact on the profitability of the company. Consequently, the company has implemented and will continue to implement actions allowing it to limit its sensitivity to changes in interest rates.

3.2 Regulatory developments

The standard methods, assumptions and parameters used in the calculation of the solvency capital required under the standard formula will be reviewed at the end of 2018. The purpose of this review is to adapt the Solvency II regime to the market developments and to incorporate the practical experience gained during the first years of its application. The European Insurance and Occupational Pensions Authority (EIOPA) launched a consultation with stakeholders in the sector in late 2016 in order to identify the adjustments to be made in the calibration of the SCR in standard formula.

The regulatory uncertainty associated with this revision could significantly impact the Solvency II ratios of the companies.

3.3 Technological developments

Ethias has embarked on a major technological transformation program to support its ambitions.

This includes the acquisition of new IT tools to meet the future needs of our customers and to improve overall performance. These tools will particularly support the deployment of the omnichannel strategy (e-commerce, social media, etc.). This program also includes the modernization of the IT architecture supporting the Non-Life business through the Guidewire application.

To prepare for the integration and use of Guidewire within Ethias, an implementation program called "Century" has started in December 2015. The aim of Century is to make every effort so that Guidewire will be fully operational in 2019. The program also focuses on accompanying measures and training needed to facilitate this transformation. The target is to ensure the first operational roll-out in the course of the 4th quarter of 2017.

4 Events occurring after the closing on 31/03/2017

4.1 Closing of the commitments towards to the European Commission

The commitments of Ethias towards the European Commission in the frame of the state aid file following the recapitalization of the company by the public authorities at the end of 2008 expired on 31 December 2016. The circumstances in which the commitments were extended until 31 December 2017 are not met. These related to the achievement of a significant level of loss and insufficient coverage of the SCR that would have resulted from the court's unfavourable decision on the tax dispute.

The closing of the commitments will be confirmed by the Commission after examination of the situation at end-2016.

4.2 "Switch VII" operation

Ethias wishes to permanently dispose of its FIRST A portfolio and has decided, to that end, to favour the approach of selling the portfolio to a foreign insurer. If this sale is carried out, it will have no effect on the terms and conditions of the insurance contracts concerned. However, in the event of a transfer to an insurer in the European Economic Area, these contracts will lose the protection of up to EUR 100,000 granted by the Belgian Guarantee Fund.

In order to anticipate the reactions of the policyholders who might have benefited from the Switch VI action if they had become aware of this sale, Ethias has decided to reiterate this action, by proposing again, within the framework of a "Switch VII" action taking place from May 29 to July 7, 2017, an exit premium equivalent to 25% of the mathematical reserve upon full surrender.

4.3 Signing of an agreement with the shareholders in May 2017

The shareholders wished to provide a prospect of stability in the shareholding for a period of 2 years. This commitment enables the company to refocus on its insurance business by further strengthening its business model for the benefit of all its stakeholders and at the service of its clients.

This decision is part of a global agreement, comprising mainly the following elements:

- The objective of simplifying our legal structures;
- Strengthening our corporate governance;
- The reaffirmed willingness to maintain the two company offices (Liège and Hasselt) and to preserve the quality of the social relations that characterize the company.

4.4 Distribution of a dividend

At the General Assembly of Ethias SA on May 17, 2017, it was decided to distribute a dividend of EUR 45 million to the parent company Vitrufin.

CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated balance sheet

In thousands of EUR	Notes	31 March 2017	31 December 2016
Assets			
Goodwill	10.1	44,762	44,762
Other intangible assets	10.2	100,677	93,797
Operational buildings and other tangible fixed assets	10.4	139,613	139,648
Investment in associates		489	496
Investment properties	10.4	491,590	495,366
Financial assets available for sale	10.3	13,761,160	13,988,362
Financial assets at fair value through profit and loss	10.3	809,373	823,867
Loans, deposits and other financial investments recognized at amortized cost	10.3	635,838	651,976
Derivative financial instruments	10.3	32,490	75,346
Investments belonging to unit-linked insurance contracts	10.3	484,542	408,89
Financial investments		15,723,403	15,947,941
Reinsurers' share of technical provisions		135,185	121,543
Deferred tax assets	10.7	121,101	73,764
Receivables arising from insurance operations or accepted reinsurance	10.5	1,526,796	1,344,241
Receivables arising from ceded reinsurance operations	10.5	60,124	64,359
Other receivables	10.5	135,650	178,872
Any other assets		217,113	242,495
Cash and cash equivalents	10.6	923,760	751,336
Assets available for sale including assets from discontinued operations		-	-
Total assets		19,620,264	19,498,621
Liabilities			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		980,539	556,801
Net profit (loss) of the period		69,916	423,907
Other items of comprehensive income		208,324	276,671
Equity of the Group		2,258,780	2,257,379
Non-controlling interests		43,296	47,502
Total equity		2,302,076	2,304,881
Insurance contract liabilities		8,795,920	8,540,857
Investment contract liabilities with discretionary participation features		6,111,713	6,196,708
Investment contract liabilities without discretionary participation features		3,930	3,894
Liabilities belonging to unit-linked insurance contracts		484,542	408,89
Profit sharing liabilities		2,155	24,070
Insurance and investment contract liabilities	10.8	15,398,261	15,173,917
Subordinated debts	10.9	454,651	453,903
Other financial debts	10.9	359,709	387,147
Employee benefits	10.10	542,636	534,863
Provisions		28,583	29,796
Derivative financial instruments		13,929	8,014
Tax payables	10.11	68,292	52,168
Deferred tax liabilities	10.7	21,646	21,534
Liabilities from operating activities	10.11	209,974	226,556
Other payables	10.11	220,508	305,841
Liabilities related to assets available for sale and discontinued operations		-	-
Total other liabilities		17,318,188	17,193,740
Total liabilities		19,620,264	19,498,621

The statements and notes 1 to 12 form an integral part of the consolidated financial IFRS statements as at 31 March 2017.

2 Consolidated income statement

In thousands of EUR	Notes	31 March 2017	31 March 2016
Gross premiums	11.1	970,327	953,124
Premiums ceded to reinsurers		(31,626)	(37,681)
Change in the provision for unearned premiums and outstanding risks ^(a)		(283,080)	(279,624)
Other income from insurance activities		1,625	5,727
Revenues from insurance activities ^(a)	11.1	657,246	641,547
Revenues from other activities		60,868	63,301
Revenues		718,114	704,847
Net revenues from investments		116,233	124,324
Net realized gains or losses on investments		1,968	12,441
Change in fair value of investments through profit and loss ^(b)		21,155	(14,017)
Net financial income		139,356	122,748
NET REVENUES		857,470	827,595
Insurance service expenses		626,649	692,839
Net expenses or revenues ceded to reinsurers		4,031	(2,242)
Management costs ^(c)		77,665	79,846
Technical expenses for insurance activities	11.2	708,345	770,443
Expenses for other activities		63,526	64,356
Operating expenses		771,871	834,800
Change in depreciation and amortization on investments (net)	11.3	3,682	87
Other investment financial expenses	11.3	3,724	2,111
Finance costs		7,465	7,079
Financial expenses		14,871	9,277
NET EXPENSES		786,743	844,076
Goodwill impairment		-	-
NET PROFIT (LOSS) BEFORE TAX		70,727	(16,481)
Income taxes		(302)	26,016
NET PROFIT (LOSS) AFTER TAX		70,425	9,535
Share of the associates in the result		(7)	-
Net profit (loss) from discontinued operations		-	-
Net consolidated profit (loss) attributable to:		70,418	9,535
Owners of the parent		69,916	8,812
Non-controlling interests		502	723

a) Net of reinsurance

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

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

3 Statement of consolidated comprehensive income

In thousands of EUR	31 March 2017	31 March 2016
NET CONSOLIDATED PROFIT (LOSS)	70,418	9,535
Actuarial gains and losses on defined benefit pension liabilities	963	(13,971)
Tax on other items that will not be subsequently reclassified to the net profit (loss)	(327)	4,749
Items that will not be subsequently reclassified to the net profit (loss)	636	(9,222)
Change in fair value of financial assets available for sale	(73,429)	(68,088)
Change in fair value of derivative instruments designated as cash flow hedges	(42,423)	110,287
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	46,869	(26,512)
Items that could be subsequently reclassified to the net profit (loss)	(68,983)	15,688
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	(68,347)	6,465
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	2,071	16,000
Owners of the parent	1,569	15,278
Non-controlling interests	502	723

4 Consolidated cash flows statement

In thousands of EUR	Notes	31 March 2017	31 March 2016
Net profit (loss) before tax (Total 1)		70,727	(16,481)
Depreciations and impairments on intangible and tangible assets	10.2, 10.4	8,210	6,011
Change in depreciations on financial instruments and investment properties	10.3, 10.4, 11.3	3,682	87
Change in fair value on investments through profit or loss	10.3, 11.3	(21,155)	14,017
Provisions for risks and expenses, and other liabilities		8,037	(89)
Change in provisions of insurance and investments contracts		371,721	327,505
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(95,373)	(114,484)
Corrections of the amounts that do not impact cash flows (Total 2)		275,121	233,047
Dividends and instalments on earned dividends		1,807	1,620
Earned financial income	11.3	155,502	170,267
Use of provision for employee benefits		(3,844)	(4,333)
Change in current receivables and debts	10.5, 10.11	(239,776)	(89,786)
Change in liabilities from insurance and investments contracts		(902)	(317)
Tax paid		(1,409)	44,214
Other changes (Total 3)		(88,621)	121,666
Net cash flows from operating activities (Total 1+2+3)		257,227	338,232
Shares in subsidiaries, net of acquired cash in hand	6.5.1	(490)	(70)
Acquisition of financial assets and investment properties	10.3, 10.4	(612,879)	(602,234)
Acquisition of intangible and tangible fixed assets	10.2, 10.4	(14,835)	(15,261)
Disposals of shares in subsidiaries, net of transferred cash	6.5.2	(408)	-
Disposals of financial assets and investment properties	10.3, 10.4	585,979	568,172
Disposals of intangible and tangible fixed assets	10.2, 10.4	2,484	203
Net cash flows from investing activities		(40,148)	(49,190)
Subscription to capital increase		-	-
Capital refund		-	-
Dividends paid by the parent company		-	-
Dividends paid to third parties		(4,386)	(4,954)
Issues of financial liabilities	10.9	1,187	3,810
Refund of financial liabilities	10.9	7,454	(6,654)
Interests paid on financial liabilities		(20,571)	(10,314)
Net cash flows from financing activities		(16,317)	(18,112)
Total cash flows		200,762	270,930
Cash or cash equivalents at the beginning of the period	10.6	414,967	1,067,203
Cash or cash equivalents at the end of the period	10.6	615,592	1,338,108
Change in the cash accounts		200,762	270,930
Impacts of exchange rate differences of foreign currency and of other transactions		(138)	(25)
Change in cash		200,624	270,905

5 Consolidated statement of changes in equity

In thousands of EUR	31 March 2017						
	Subscribed capital	Result carried forward	Financial assets available for sale	Others	Equity of the Group	Non-controlling interests	Total equity
Equity as of 1 January	1,000,000	980,708	211,085	65,586	2,257,379	47,502	2,304,881
Net consolidated profit (loss) attributable to:	-	69,916	-	-	69,916	502	70,418
Total of other items of comprehensive income	-	-	(40,980)	(27,367)	(68,347)	-	(68,347)
Net consolidated comprehensive income	-	69,916	(40,980)	(27,367)	1,569	502	2,071
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(4,386)	(4,386)
Change in the consolidation scope	-	(169)	-	-	(169)	(321)	(490)
Other movements	-	-	-	-	-	-	-
Equity as of 31 March	1,000,000	1,050,455	170,106	38,218	2,258,780	43,296	2,302,076

In thousands of EUR	31 March 2016						
	Subscribed capital	Result carried forward	Financial assets available for sale	Others	Equity of the Group	Non-controlling interests	Total equity
Equity as of 1 January	1,000,000	601,801	247,307	(14,265)	1,834,842	34,578	1,869,420
Net consolidated profit (loss) attributable to:	-	8,812	-	-	8,812	723	9,535
Total of other items of comprehensive income	-	-	(57,113)	63,579	6,465	-	6,465
Net consolidated comprehensive income	-	8,812	(57,113)	63,579	15,278	723	16,000
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(4,954)	(4,954)
Change in the consolidation scope	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	(44)	(44)
Equity as of 31 March	1,000,000	610,613	190,193	49,313	1,850,120	30,303	1,880,423

Amounts are disclosed net of taxes.

The column "Financial assets available for sale" shows the change in unrealized gains or losses less the shadow accounting adjustments recognized in the other comprehensive income taxes.

The column "Others" mainly includes the reserve for actuarial gains and losses on pension obligations and the revaluations of the derivative hedging instruments (both net of taxes).

At the General Assembly of Ethias SA on May 17, 2017, it was decided to distribute a dividend of EUR 45 million to the parent company Vitrufin. The dividends distributed for an amount of EUR 4,386 thousand (compared to EUR 4,954 thousand on 31 March 2016) mainly consist of dividends distributed outside of the Group by the NRB subgroup.

6 General information

6.1 The Group

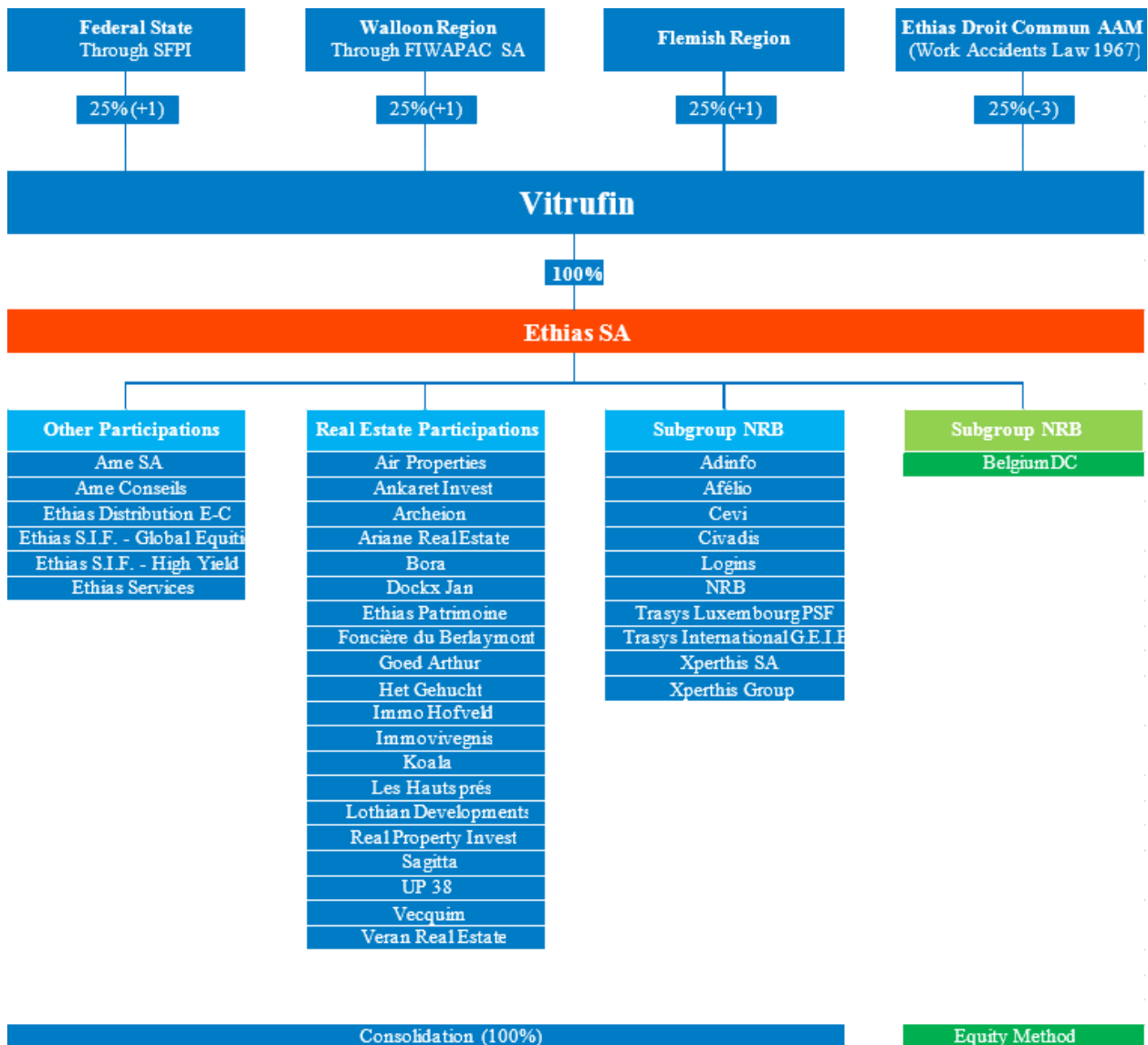
Ethias SA is the consolidating company of the Ethias Group.

Ethias SA is an insurance company licensed under number 0196 to practise all non-life insurance branches, life insurances, dowry and birth insurances (Royal Decree of 4 and 13 July 1979, Belgian Statue Book of 14 July 1979) as well as capitalisation activities (Belgian Statue Book of 16 January 2007).

Ethias SA is a limited liability company founded in Belgium with corporate registration number 0404.484.654. Its registered office is located in 4000 Liège, rue des Croisiers 24.

The Group employs 3,240 people on 31 March 2017 compared to 3,245 on 31 December 2016.

Its legal structure is as follows:



6.2 Consolidation scope

6.2.1 List of the consolidated subsidiaries

	31 March 2017					31 December 2016		
	Country	Sector	Currency	Integration percentage	Control percentage	Integration percentage	Control percentage	Change in scope
Consolidating company:								
Ethias SA	Belgium	Insurance	EUR	100.00%	100.00%	100.00%	100.00%	
Consolidated companies with 100 % consolidation:								
Ame SA	Belgium	Holding	EUR	100.00%	100.00%	100.00%	100.00%	
Ame Conseils	Luxembourg	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Distribution E-C	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Sustainable Invest. Fund - Global Equities	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Sustainable Invest. Fund - High Yield	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Services	Belgium	Other	EUR	99.90%	99.90%	99.90%	99.90%	
Air Properties	Belgium	Real estate	EUR	51.00%	51.00%	51.00%	51.00%	
Ankaret Invest	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ariane Real Estate	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Bora	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Archeion	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%	
Goed Arthur	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Het Gehucht	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Immo Hofveld	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Immovivegnis	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Koala	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Les Hauts prés	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Lothian Developments IV	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Real Property Invest	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Sagitta	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Sire Holding	Belgium	Real estate	EUR	0.00%	0.00%	100.00%	100.00%	Deconsolidation
UP 38	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Vecquim	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%	
Adinfo	Belgium	IT	EUR	34.88%	51.00%	34.88%	51.00%	
Afelio	Belgium	IT	EUR	68.39%	100.00%	51.36%	75.10%	Change in percentage of ownership
Cevi	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Ciges	Belgium	IT	EUR	0.00%	0.00%	37.61%	100.00%	Absorbed by Xperthis
Civadis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Logins	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
NRB	Belgium	IT	EUR	68.39%	68.39%	68.39%	68.39%	
Trasys Group	Belgium	IT	EUR	0.00%	0.00%	68.39%	100.00%	Absorbed by NRB
Trasys SA	Belgium	IT	EUR	0.00%	0.00%	68.39%	100.00%	Absorbed by NRB
Trasys International G.E.I.E.	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%	
Trasys Luxembourg PSF	Luxembourg	IT	EUR	68.39%	100.00%	68.39%	100.00%	
Trasys Technology	Belgium	IT	EUR	0.00%	0.00%	68.39%	100.00%	Absorbed by NRB

Xperthis (former Xtenso)	Belgium	IT	EUR	37.61%	100.00%	37.61%	100.00%
Xperthis Group	Belgium	IT	EUR	37.61%	55.00%	37.61%	55.00%
Associates and equity method:							
BelgiumDC	Belgium	IT	EUR	34.19%	50.00%	34.19%	50.00%

6.2.2 List of the non-consolidated subsidiaries

	31 March 2017				31 December 2016	
	Country	Sector	Currency	Percentage of ownership	Percentage of ownership	Change in scope
Assurcard	Belgium	Insurance	EUR	20.00%	20.00%	
Aviabel	Belgium	Insurance	EUR	24.70%	24.70%	
Whestia	Belgium	Insurance	EUR	25.10%	25.10%	
BC Meetjesland-Maldegem	Belgium	Other	EUR	27.58%	27.58%	
BC Regio Geraardsbergen	Belgium	Other	EUR	27.12%	27.12%	
Epimède	Belgium	Other	EUR	20.00%	20.00%	
L'Ouvrier Chez Lui	Belgium	Other	EUR	63.58%	63.58%	
Palais des Expositions de Charleroi s.c.	Belgium	Other	EUR	23.04%	23.04%	
NEB Participations (former Ecetia Participations)	Belgium	Other	EUR	29.43%	29.43%	
Ariane Building	Belgium	Real estate	EUR	25.00%	25.00%	
Cerep Loi 1	Belgium	Real estate	EUR	35.00%	35.00%	
NEB Foncière (former Ecetia Immobilier)	Belgium	Real estate	EUR	29.41%	29.41%	
Sire Holding	Belgium	Real estate	EUR	100.00%	0.00%	Deconsolidation
Thier sur la Fontaine	Belgium	Real estate	EUR	45.00%	45.00%	
Vital Building	Belgium	Real estate	EUR	50.00%	50.00%	
Skarabee	Belgium	IT	EUR	31.25%	31.25%	

The subsidiaries with a negligible interest towards the consolidated equity of the Group are excluded from the scope. Hence, these entities are not consolidated from the moment that they, collectively or separately, represent less than one percent of the consolidated net assets of the Group.

6.3 Presentation of the NRB subgroup

In accordance with IFRS 12 we present the sub-conso NRB below. This does not take into account certain IFRS adjustments recorded at the level of the parent company (e.g. those related to employee benefits). The part of the NRB subgroup held outside the Ethias Group represents the major part of the non-controlling interests.

6.3.1 Consolidated balance sheet

In thousands of EUR	31 March 2017	31 December 2016
Assets		
Goodwill	59,313	59,313
Other intangible assets	16,820	17,938
Operational buildings and other tangible fixed assets	42,648	43,058
Investment in associates	489	496
Investment properties	1,535	1,637
Financial assets available for sale	232	232
Financial assets at fair value through profit and loss	25,622	26,402
Loans, deposits and other financial investments recognized at amortized cost	1,898	1,897
Financial investments	27,752	28,532
Reinsurers' share of technical provisions	-	-
Deferred tax assets	18	324
Receivables arising from insurance operations or accepted reinsurance	-	-
Receivables arising from ceded reinsurance operations	-	-
Other receivables	71,442	80,441
Any other assets	38,225	13,205
Cash and cash equivalents	19,293	18,666
Assets available for sale including assets from discontinued operations	-	-
Total assets	277,536	263,612
Liabilities		
Share capital	16,837	16,837
Reserves and retained earnings	87,799	84,372
Net profit (loss) of the period	2,300	13,674
Other items of comprehensive income	2	2
Equity of the Group	106,937	114,884
Non-controlling interests	15,182	16,488
Total equity	122,119	131,372
Insurance and investment contract liabilities	-	-
Subordinated debts	-	-
Other financial debts	30,363	29,951
Employee benefits	6,520	6,679
Provisions	1,684	1,072
Derivative financial instruments	-	-
Tax payables	9,472	8,569
Deferred tax liabilities	577	748
Liabilities from operating activities	-	-
Other payables	106,800	85,221
Liabilities related to assets available for sale and discontinued operations	-	-
Total other liabilities	155,417	132,240
Total liabilities	277,536	263,612

6.3.2 Consolidated income statement

In thousands of EUR	31 March 2017	31 March 2016
Revenues from insurance activities ^(a)	-	-
Revenues from other activities	66,323	80,840
Revenues	66,323	80,840
Net revenues from investments	215	179
Net realized gains or losses on investments	25	(227)
Change in fair value of investments through profit and loss ^(b)	98	(824)
Net financial income	338	(872)
NET REVENUES	66,661	79,968
Insurance service expenses	-	-
Management costs ^(c)	-	-
Technical expenses for insurance activities	-	-
Expenses for other activities	63,335	77,271
Operating expenses	63,335	77,271
Change in depreciation and amortization on investments (net)	103	103
Other investment financial expenses	221	134
Finance costs	69	85
Financial expenses	393	321
NET EXPENSES	63,727	77,592
Goodwill impairment	-	-
NET PROFIT (LOSS) BEFORE TAX	2,934	2,376
Income taxes	(465)	(889)
NET PROFIT (LOSS) AFTER TAX	2,469	1,487
Share of the associates in the result	(7)	
Net consolidated profit (loss) attributable to:	2,462	1,487
Owners of the parent	2,300	1,380
Non-controlling interests	162	106

a) Net of reinsurance

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

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

6.3.3 Statement of consolidated comprehensive income

In thousands of EUR	31 March 2017	31 March 2016
NET CONSOLIDATED PROFIT (LOSS)	2,462	1,487
Actuarial gains and losses on defined benefit pension liabilities	-	-
Other items that will not be subsequently reclassified to the net profit (loss)	-	-
Other items of comprehensive income from companies accounted for using the equity method that will not be subsequently reclassified to the net profit (loss)	-	-
Change in fair value of assets/liabilities available for sale	-	-
Tax on other items that will not be subsequently reclassified to the net profit (loss)	-	-
Items that will not be subsequently reclassified to the net profit (loss)	-	-
Change in fair value of financial assets available for sale	-	-
Change in fair value of derivative instruments designated as cash flow hedges	-	-
Currency translation adjustments related to foreign activities	-	-
Gains and losses related to associates	-	-
Other gains and losses recognized in other items of comprehensive income	-	-
Other items that will not be subsequently reclassified to the net profit (loss)	-	-
Other items of comprehensive income from companies accounted for using the equity method that will be subsequently reclassified to the net (profit) loss	-	-
Change in fair value of assets/liabilities available for sale	-	-
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	-	-
Items that could be subsequently reclassified to the net profit (loss)	-	-
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	-	-
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	2,462	1,487
Owners of the parent	2,300	1,380
Non-controlling interests	162	106

6.4 Sector information

In accordance with IFRS 8 "Operating Segments", an entity shall disclose information that enables users of financial statements to evaluate the nature and financial effects of the activities in which the entity engages and the economic environments in which it operates.

The information provided per operating segment is based on internal information regularly used by the management to make decisions for allocating resources and assessing the performance of the segments. The allocation of resources and the performance assessment are made for the various products that the Group offers to public bodies, companies and individuals, in the form of a complete, tailor-made and innovative range of risk management solutions and insurances, both in Life and Non-Life. These segments and their operations are as follows:

- Segment "Individuals Non-Life": the income of this segment primarily comes from premiums received for coverage against damage to vehicles and homes, for family insurance as well as assistance insurance.
- Segment "Individuals Life": this segment is gradually put into run-off following the decision of the European Commission taken on 20 May 2010 and extended on 12 June 2014. Nevertheless, the Group wishing to offer its customers a comprehensive range of financial products, continues to market the insurance products of Branch 21 - CertiFlex-8 and Rent - in partnership with the insurance company "Integrale". In this context, the Group also launched in 2015 the range "Boost Invest" of branch 23.
- Segment "Public Sector & Companies Non-Life": this segment mainly covers the risks for public services and their staff members for whom the Group offers since long guarantees, such as civil liability, health care, work accidents, sporting accidents, vehicle, assistance, etc. The Group also covers the damage to or destruction of material, buildings and installations.
- Segment "Public Sector & Companies Life": this segment covers pension and contribution insurances, group insurances, individual pension commitments, director's insurances, annuity contracts, etc. This segment also covers the supplementary pension for contractual staff members of the public sector.
- The segment "Other" includes the Non-Technical activity of Ethias SA and other activities of the Group which primarily come from IT activities, including the design, development and marketing of IT solutions, real estate activities through the Group's real estate SPVs and, finally, financial activities through the SICAV "Ethias Sustainable Investment Fund".

The results of the segments for the years ended on 31 March 2017 and 2016 respectively are detailed below:

[illegible]

	Notes	PUBLIC SECTOR & COM- PANIES	PUBLIC SECTOR & COM- PANIES	INDIVI- DUALS	INDIVI- DUALS	OTHER	Statutory income statement B-Gaap	ADJUST- MENTS	Consoli- dated income statement IFRS
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON- TECHNIC AL	31 March 2016	Total Adjustments	31 March 2016
In thousands of EUR									
Gross premiums	11.1	474,190	319,606	153,534	14,729	-	962,059	(8,935)	953,124
Premiums ceded to reinsurers	11.1	(27,654)	(667)	(7,158)	-	-	(35,479)	(2,202)	(37,681)
Change in the provision for unearned premiums and outstanding risks ^(a)		(272,732)	-	(9,094)	-	-	(281,826)	2,202	(279,624)
Other income from insurance activities		136	3,773	399	1,422	-	5,729	(2)	5,727
Revenues from insurance activities ^(a)	11.1	173,940	322,712	137,680	16,151	-	650,483	(8,937)	641,547
Revenues from other activities		-	-	-	-	91,393	91,393	(28,093)	63,301
Revenues		173,940	322,712	137,680	16,151	91,393	741,877	(37,029)	704,847
Net revenues from investments		16,890	63,931	6,787	18,445	1,016	107,069	17,255	124,324
Net realized gains or losses on investments		-	-	-	-	(157)	(157)	12,598	12,441
Change in fair value of investments through profit and loss ^(b)		-	-	-	-	(8,637)	(8,637)	(5,380)	(14,017)
Net financial income	11.3	16,890	63,931	6,787	18,445	(7,778)	98,275	24,473	122,748
NET REVENUES		190,830	386,643	144,467	34,596	83,615	840,151	(12,556)	827,595
Insurance service expenses	11.2	131,883	365,014	67,819	39,864	-	604,579	88,260	692,839
Net expenses or revenues ceded to reinsurers	11.2	(1,661)	(600)	(12)	-	-	(2,273)	31	(2,242)
Management costs ^(c)		38,596	12,401	30,481	3,108	-	84,587	(4,741)	79,846
Technical expenses for insurance activities	11.2	168,819	376,815	98,287	42,972	-	686,893	83,550	770,443
Expenses for other activities		-	-	-	-	90,305	90,305	(25,948)	64,356
Operating expenses		168,819	376,815	98,287	42,972	90,305	777,198	57,602	834,800
Change in depreciation and amortization on investments (net)	11.3	-	-	-	-	1,735	1,735	(1,648)	87
Other investment financial expenses	11.3	-	-	-	-	450	450	1,660	2,111
Finance costs		-	-	-	-	1,845	1,845	5,234	7,079
Financial expenses		-	-	-	-	4,031	4,031	5,246	9,277
NET EXPENSES		168,819	376,815	98,287	42,972	94,335	781,228	62,848	844,076
Goodwill impairment		-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		22,011	9,828	46,180	(8,376)	(10,720)	58,923	(75,404)	(16,481)
Income taxes		-	-	-	-	(3,821)	(3,821)	29,837	26,016
NET PROFIT (LOSS) AFTER TAX		22,011	9,828	46,180	(8,376)	(14,541)	55,102	(45,567)	9,535
Share of the associates in the result		-	-	-	-	-	-	-	-
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		22,011	9,828	46,180	(8,376)	(14,541)	55,102	(45,567)	9,535
Owners of the parent							55,102	(46,290)	8,812
Non-controlling interests							-	723	723

a) Net of reinsurance

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

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

Each activity has a segment manager responsible for the implementation of decisions on the allocation of resources and the assessment of performance. The data by segment are prepared and evaluated based upon the Belgian accounting standards (BGAAP) and therefore do not follow the same valuation rules as those used for the IFRS consolidated financial statements as described in the notes to the financial statements. Hence, a column was added in the tables above, reconciling the BGAAP statutory financial statements and the IFRS consolidated financial statements.

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

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

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

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

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

6.4.1 Private Individuals

The Non-Life income for Private Individuals amounts to EUR 154.5 million in the 1st quarter of 2017 and slightly grows compared to the income of EUR 153.5 million in the 1st quarter of 2016, observed for all products, except for Health Care.

The net technical-financial balance Non-Life amounts to EUR 42.5 million and decreases by EUR 3.7 million compared to the 1st quarter of 2016, due to the positive exceptional effects of the first quarter of 2016 and the increase in overheads in the 1st quarter of 2017, partially offset by non-recurring financial income.

The Life income for Private Individuals amounts to EUR 13.4 million for the 1st quarter of 2017 and are mainly limited to the replenishment of existing Life policies.

The net technical-financial balance Life amounts to EUR 4.8 million in 2017 compared to EUR -8.3 million in 2016.

6.4.2 Public bodies and Companies

The Non-Life income for Public Bodies & Companies amounts to EUR 474 million in the 1st quarter of 2017 and remains stable compared with the income of the 1st quarter of 2016 (EUR 474 million).

The net technical-financial balance Non-Life amounts to EUR 34.9 million and increases by EUR 12.9 million compared to the 1st quarter of 2016. This is mainly attributed to exceptional items (EUR 11 million on non-recurring financial income and EUR 4 million on a correction "provision for increasing age" in the 1st quarter of 2017).

The Life income for Public Bodies & Companies amounts to EUR 359 million in the 1st quarter of 2017 and mainly results from the commercialization of Life Insurance products of the 1st and 2nd pillar (respectively pension insurance and group insurance).

The net technical-financial balance Life amounts to EUR 14.8 million in the 1st quarter of 2017 compared to EUR 9.8 million in the 1st quarter of 2016.

The Life reserves in Public Bodies & Companies amount to nearly EUR 8.3 billion at end-March 2017 for Branch 21.

6.4.3 Adjustments

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

6.4.3.1 IFRS adjustments

The recognition of IAS 19 decreases Life income by EUR 23.9 million, insurance payments by EUR 3 million and Life technical provisions by EUR 20.6 million; overheads related to the 4 processes and expenses for other activities increase by EUR 0.9 million. The total impact from IAS 19 thus amounts to EUR -1.2 million.

The recognition of Life technical provisions under IFRS 4 negatively impacts the result of EUR -22 million, mainly due to the shadow accounting (EUR -22.1 million). The cancellation of the provision for equalization and catastrophe amounts to 1.4 million.

The application of IAS 39 increases the result of the financial instruments by EUR 10.8 million. This decrease is mainly due to the non-recognition in IFRS of the reversal of a general provision and to the recognition of derivatives. This decrease is offset by the recognition, on a LOCOM basis, of the perpetual bonds in BGAAP (according to article 31, Royal Decree of 17 October 1994).

IFRS adjustments of subsidiaries amount to EUR +0.8 million and mainly relate to adjustments on formation expenses and revaluations of stocks, funds and bonds

Deferred taxes related to IFRS adjustments impact the income statement by EUR 1 million.

Hence, the sum of the IFRS adjustments represents an expense of EUR 30.8 million.

6.4.3.2 Consolidation adjustments

Consolidation adjustments consist primarily of an opening difference (EUR -120 thousand), the elimination of dividends (EUR -35 thousand), the reversal of value adjustments (EUR +285 thousand) and the impact of the change in capital of the SICAV "Ethias Sustainable Investment Fund" for EUR -263 thousand.

All consolidation adjustments represent an expense of EUR 155 thousand.

6.4.3.3 Eliminations of intercompany transactions

These eliminations are intended to exclude transactions that exist between the different companies of the Group. These eliminations have no impact on the result of the Group.

6.5 Acquisitions and disposals of subsidiaries

6.5.1 Acquisitions

In thousands of EUR	31 March 2017	31 December 2016
Intangible assets	-	-
Investment properties	-	76,009
Financial investments	-	-
Reinsurers' share of technical provisions	-	-
Other assets and tangible fixed assets	-	1,178
Cash and cash equivalents	-	-
Insurance and investment contract liabilities	-	-
Financial debts	-	(25,470)
Provisions for risks and expenses	-	-
Other liabilities	-	(4,304)
Identifiable net assets and liabilities acquired	-	47,414
Goodwill on acquisitions	-	-
Change in cash related to acquisitions from previous financial years	490	622
Non-controlling interests	-	(23,703)
Consideration paid in cash	490	24,333
Acquired cash in hand	-	-
Net cash flows	490	24,333

Given its confirmed willingness to invest more in real estate assets, the Group has acquired since 2009 a series of real estate subsidiaries. The Group pursued its real estate policy in 2016 by acquiring 51% of the shares of the company "Air Properties".

For its part, NRB, which aims to become the number one "ICT services provider" for hospitals in Belgium, has started since 2010 a strategy of expansion and growth through the acquisition of various companies. In August 2016, NRB had participated for 50% in the setting-up of the company Belgium DC.

In the first quarter of 2017, NRB acquired 24.90% of Afelio's shares and thus becomes the sole shareholder of the company.

6.5.2 Disposals

In thousands of EUR	31 March 2017	31 December 2016
Intangible assets	-	-
Financial investments	-	-
Reinsurers' share of technical provisions	-	-
Any other assets	-	-
Cash and cash equivalents	408	-
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Provisions for risks and expenses	(400)	-
Other liabilities	(8)	-
Identifiable net assets and liabilities	-	-
Gain/(loss) on disposals, net of tax	-	-
Net cash received related to disposals without loss of control	-	-
Transferred cash	(408)	-
Net cash flows	(408)	-

There was no sale in the first quarter of 2017.

The above amount corresponds to the exit of the company Sire Holding from the scope of consolidation on January 1, 2017.

7 Summary of significant accounting principles

7.1 Basis of preparation of the consolidated financial statements

7.1.1 General principles

IAS 34 is applicable to this quarterly report ending 31 March 2017 as it prescribes the minimum content of an interim financial report as well as the accounting and valuating principles to apply to the full or summarized financial statements of an interim period. Emphasis is placed on the important events, activities, circumstances and transactions that have taken place since the 1st of January 2017, using the same accounting methods as in the yearly financial statements.

This report is prepared for the three months ending 31 March 2017 and compares it with the end of the previous financial year for the consolidated balance sheet, and with the comparable interim periods of the previous financial year for the other statements.

These interim financial statements, for the period of three months ending 31 March 2017, have been prepared in accordance with IAS 34 "Interim financial reporting".

This interim financial report includes a set of summarized financial statements and a selection of explanatory notes.

The interim financial statements should be read in conjunction with the annual financial statements for the year ending 31 December 2016, which have been prepared in accordance with IFRS.

The consolidated financial statements are prepared on a basis of business continuity. 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 methods already applied by the Group in Belgian standards, and for financial instruments estimated at fair value (financial instruments at fair value through profit or loss and available-for-sale financial instruments).

7.1.2 New standards, amendments and interpretations published and adopted since 1 January 2017

The following new standards and interpretations, applicable as from 1 January 2017, had no important incidence on the consolidated accounts of the Group:

- Amendments to IAS 12 - Recognition of deferred tax assets for unrealized losses.
- Amendments to IAS 7 - Disclosure Initiative.
- Annual improvements to IFRS (cycle 2014-2016) relate to the amendments of the following standards:
 - o Amendment IFRS 1 impacting IFRS 1, 7 and 10 as well as IAS 19,
 - o Amendment IFRS 12,
 - o Amendment IFRS 28.

The annual improvements to IFRS (2012-2014) (Official Journal of the European Union of 16 December 2015) have come into force for the annual periods beginning as from 1 January 2016 and relate to IFRS 5 and 7 as well as to IAS 19 and 34. The impact of these amendments to IFRS on our financial statements is limited.

7.1.3 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, with the exception of the amendments to IAS 1 "Presentation of Financial Statements". These amendments are intended to clarify the application of the concept of materiality, by specifying that it applies to financial statements including the notes and that the inclusion of immaterial information can be detrimental to their understanding. In addition, the amendments recommend the application of professional judgment when an entity determines the order in which it presents the information in the notes.

Furthermore, the Group has made an analysis of the standards and interpretations that will come into effect from January 1, 2017 onwards. The potential impact of these future provisions is currently being assessed.

IFRS 15 sets out the principles for recognition of revenue from contracts concluded with customers. Contracts that are subject to specific standards are excluded: leases, insurance contracts and financial instruments. Given that the revenue from insurance contracts represents more than 89% (EUR 2.4 billion compared to EUR 264 million), we consider on the basis of the principle of IAS 1 that IFRS 15 has no significant impact on the accounts of Ethias SA.

It follows from the application of IFRS 16 that most leases must be recognized in the balance sheet, eliminating the current distinction between finance leases and operating leases for the lessee. The new standard requires the recognition of an asset (the right to use the leased asset) and a lease obligation. The only exemptions apply to contracts with a duration of 12 months or less and contracts for which the underlying asset has a low value. Based on the principle of IAS 1, we consider that IFRS 16 does not have a significant impact on the accounts of Ethias SA.

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.

As such, it mainly follows the evolution of IFRS 17 "insurance contracts" (formerly IFRS 4), which was published on May 18, 2017 and whose date of entry into force is January 1, 2021, as well as of IFRS 9 "Financial Instruments", published on July 24, 2014, whose date of entry into force is January 1, 2018. The deferral option was chosen for the latter.

7.2 Sector information

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

7.3 Accounting principles and valuation rules

The accounting principles and the valuation rules applied at 31 December 2016 are still valid and therefore applicable for the 1st quarter of 2017. For detailed explanation, see the annual report at end 2016.

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

8 Critical accounting estimates and judgments

The preparation of the consolidated accounts in accordance with the IFRS standards brings the Group to realize judgments, estimates and assumptions that have an impact on the application of the accounting policies and on the amounts of the assets, liabilities, revenues and expenses, and which by 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 judgments and estimates mainly relate to the domains included in the annual report at end 2016.

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

9 Management of financial and insurance risks

9.1 Concentration risk

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

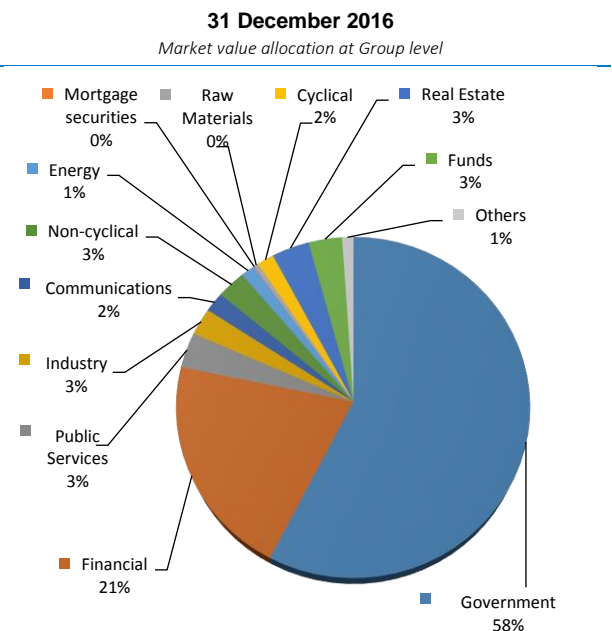
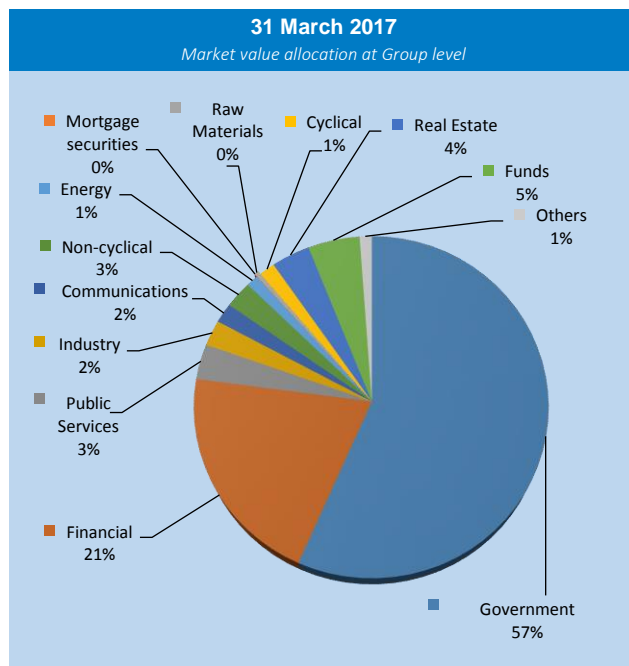
It should be noted that bond forwards are not included in the indicators presented in this document.

Sectoral distribution

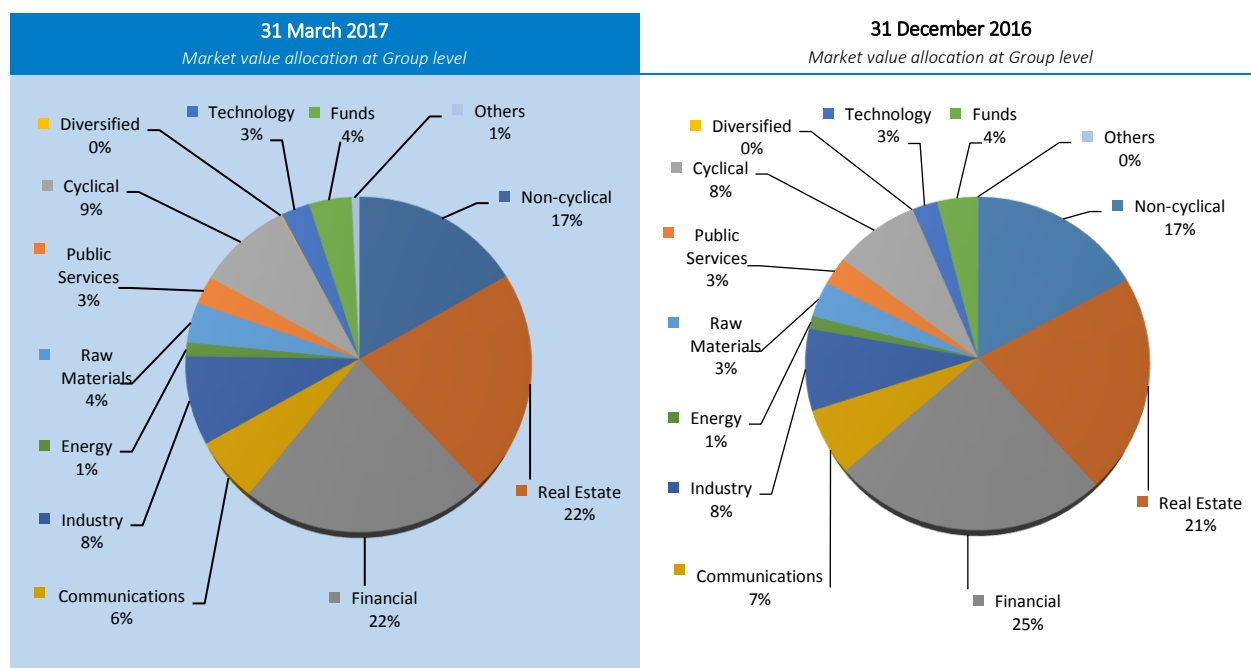
In order to manage the concentration at sectoral level of the financial assets, the financial limits system groups the assets together per distinct asset class and defines an asset allocation strategy which allows a sound diversification.

At end-March 2017 and at end-December 2016, the sectoral distribution of the shares and investment funds as well as of the bonds and equivalent stocks invested by the Ethias Groups, appears as follows:

Bonds and equivalent stocks



Shares, participations and investment funds:



Exposure to sovereign risk

On 31/03/2017, the part invested by the Ethias Group in sovereign or supranational risk amounts to 59% of the total amount of the fair value of all the bonds (i.e. EUR 8,184,259 thousand on a total of EUR 13,845,086 thousand). End-2016, this ratio amounted to 60% (i.e. EUR 8,467,398 thousand on a total of EUR 14,065,166 thousand).

The table hereafter shows the Ethias Group's exposure relating to debts issued or guaranteed by governments, in fair value, per geographical zone.

In thousands of euros, in market value, at Group level	31 March 2017	31 December 2016
Germany	233,051	238,820
Austria	78,502	79,632
Belgium	4,854,733	5,035,500
Spain	475,799	489,597
Central and Eastern Europe	376,068	378,834
France	1,282,649	1,343,317
Ireland	245,035	251,053
Italy	334,356	349,479
The Netherlands	32,760	44,318
Scandinavia	5,286	5,320
Portugal	98,804	99,329
Supranational securities	155,462	144,094
Others	11,754	8,106
Total	8,184,259	8,467,398

Within the framework of its credit risk management, the Group analyses the details of its exposure to the sovereign risk as mentioned above whilst including all debts issued or guaranteed by governments, in fair value, without restriction to their activity sector. By way of example, the Group considers the securities of companies active in public services but guaranteed by the Belgian state as governmental and similar debts. This explains why the total amount of exposure to the sovereign risk, i.e. EUR 8,184,259 thousand per 31 March 2017 (against EUR 8,467,398 thousand per 31 December 2016), is higher than the amount mentioned under the sector "Governmental", i.e. EUR 7,828,555 thousand (against EUR 8,094,649 thousand for the year 2016).

9.2 Credit spread risk

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

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

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

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

In thousands of EUR In market value At Group level	31 March 2017						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent stocks	751,351	6,355,397	2,258,315	3,373,040	309,886	797,096	13,845,086
Loans and deposits	-	-	1,825	-	-	661,805	663,630
Receivables	-	-	-	-	-	1,722,570	1,722,570
Cash and cash equivalents	-	(8)	849,415	299	376	73,680	923,760
Total	751,351	6,355,389	3,109,556	3,373,339	310,262	3,255,151	17,155,047

In thousands of EUR In market value At Group level	31 December 2016						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent stocks	780,385	6,632,855	2,297,285	3,467,070	321,423	566,148	14,065,166
Loans and deposits	-	-	1,825	-	-	686,960	688,785
Receivables	-	-	829	-	-	1,586,643	1,587,472
Cash and cash equivalents	-	-	675,339	304	162	75,532	751,336
Total	780,385	6,632,855	2,975,277	3,467,374	321,585	2,915,282	17,092,758

At the level of the rating distribution for bonds and similar securities, we see an increase of just over 200 million for the exposure in "No rating" in the first quarter. This is explained by the increase in exposure to money market funds (EUR +218 million on Q1).

10 Explanatory notes to the consolidated balance sheet

10.1 Goodwill

10.1.1 Evolution of goodwill

In thousands of EUR	31 March 2017	31 December 2016
Gross value on 1 January	44,762	44,762
Accumulated impairments on 1 January	-	-
Net book value on 1 January	44,762	44,762
Acquisitions	-	-
Other changes	-	-
Net book value on 31 March/31 December	44,762	44,762

There are no changes regarding goodwill in the first quarter of 2017.

10.1.2 Impairment test on goodwill

The goodwill is allocated to a single cash generating unit corresponding to activities other than those of insurance companies. This unit includes service activities and IT solutions of the NRB subgroup.

The Group carried out an impairment test on the goodwill and concluded that no impairment had to be recognized in March 2017. This decision was, in particular, based on the fact that the goodwill was recently recognized (2010-2017). The valuation conditions of the relevant activities did not significantly evolve between the acquisition date of the various subsidiaries involved and the closing date. The expected future profitability allows to justify the book value of the goodwill.

10.2 Other intangible assets

In thousands of EUR	31 March 2017		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	143,930	7,129	151,059
Accumulated amortization on 1 January	(52,396)	(4,867)	(57,262)
Accumulated impairments on 1 January	-	-	-
Net book value on 1 January	91,535	2,262	93,797
Acquisitions	11,426	173	11,600
Disposals	-	-	-
Reclassifications	-	-	-
Change in the consolidation scope	-	-	-
Net amortization	(4,613)	(107)	(4,720)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 31 March	98,349	2,329	100,677

In thousands of EUR	31 December 2016		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	53,293	45,100	98,393
Accumulated amortization on 1 January	(40,072)	(4,474)	(44,546)
Accumulated impairments on 1 January	-	(7,881)	(7,881)
Net book value on 1 January	13,221	32,744	45,965
Acquisitions	62,685	982	63,667
Disposals	(186)	-	(186)
Reclassifications	27,902	(30,822)	(2,920)
Change in the consolidation scope	-	-	-
Net amortization	(12,088)	(642)	(12,730)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 31 December	91,535	2,262	93,797

10.3 Financial investments

10.3.1 Overview of financial investments by category

In thousands of EUR	31 March 2017					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	62,165	(15,612)	66,082	-	112,635	112,635
Participations	62,165	(15,612)	66,082	-	112,635	112,635
Available for sale	266,778	(4,329)	95,502	-	357,950	357,950
Designated at fair value through profit or loss	117,525	-	-	5,426	122,951	122,951
Held for trading	7,804	-	-	(843)	6,961	6,961
Equities	392,108	(4,329)	95,502	4,583	487,862	487,862
Available for sale	96,568	(5,146)	20,774	-	112,196	112,196
Designated at fair value through profit or loss	11,945	-	-	809	12,754	12,754
Investment funds	108,513	(5,146)	20,774	809	124,950	124,950
Available for sale	12,062,709	(11,239)	1,126,909	-	13,178,379	13,178,379
Designated at fair value through profit or loss	638,109	-	-	28,597	666,707	666,707
Unlisted on an active market	-	-	-	-	-	-
Bonds	12,700,819	(11,239)	1,126,909	28,597	13,845,086	13,845,086
Loans and deposits	652,831	(16,993)	-	-	635,838	663,630
Other investments	652,831	(16,993)	-	-	635,838	663,630
Held for trading	30,089	-	-	(21,564)	8,525	8,525
Held for cash flow hedging	-	-	23,965	-	23,965	23,965
Derivative financial assets	30,089	-	23,965	(21,564)	32,490	32,490
Investments belonging to unit-linked insurance contracts	427,147	-	-	57,396	484,542	484,542
Total	14,373,670	(53,320)	1,333,232	69,821	15,723,403	15,751,196

In thousands of EUR	31 December 2016					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	78,072	(14,596)	70,154	-	133,630	133,630
Participations	78,072	(14,596)	70,154	-	133,630	133,630
Available for sale	274,643	(4,290)	77,664	-	348,017	348,017
Designated at fair value through profit or loss	125,762	-	-	(2,751)	123,011	123,011
Held for trading	21,440	-	-	(1,136)	20,303	20,303
Equities	421,844	(4,290)	77,664	(3,887)	491,331	491,331
Available for sale	93,885	(5,150)	20,908	-	109,642	109,642
Designated at fair value through profit or loss	11,945	-	-	515	12,460	12,460
Investment funds	105,830	(5,150)	20,908	515	122,102	122,102
Available for sale	12,036,699	(11,239)	1,371,614	-	13,397,073	13,397,073
Designated at fair value through profit or loss	658,926	-	-	9,167	668,093	668,093
Unlisted on an active market	-	-	-	-	-	-
Bonds	12,695,624	(11,239)	1,371,614	9,167	14,065,166	14,065,166
Loans and deposits	668,897	(16,920)	-	-	651,976	688,785
Other investments	668,897	(16,920)	-	-	651,976	688,785
Held for trading	36,831	-	-	(21,324)	15,508	15,508
Held for cash flow hedging	-	-	59,839	-	59,839	59,839
Derivative financial assets	36,831	-	59,839	(21,324)	75,346	75,346
Investments belonging to unit-linked insurance contracts	355,357	-	-	53,032	408,89	408,89
Total	14,362,456	(52,196)	1,600,178	37,502	15,947,941	15,984,749

Cost includes the undepreciated part of the actuarial adjustments for bonds.

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.

10.3.2 Evolution of financial investments

	31 March 2017						Total
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	
Opening balance on 1 January	13,988,362	803,563	20,303	651,976	75,346	408,89	15,947,941
Acquisitions	400,321	15,700	4,658	2,501	9,995	178,345	611,519
Reclassifications between categories	-	-	-	-	-	-	-
De-recognition following exercise option	-	-	-	-	-	-	-
Profits and losses realized on hedging instruments not yet recognized through profit or loss	-	-	-	-	-	-	-
Disposals and reimbursements	(399,055)	(37,968)	(17,973)	(18,530)	(9,693)	(110,477)	(593,696)
Foreign currency translation differences on monetary assets	(28)	-	-	-	-	-	(28)
Adjustment at fair value	(220,359)	20,323	(27)	-	(43,158)	8,175	(235,045)
Amortizations	(8,041)	793	-	-	-	110	(7,138)
Impairments	(40)	-	-	(109)	-	-	(149)
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Net book value on 31 March	13,761,160	802,412	6,961	635,838	32,490	484,542	15,723,403

	31 December 2016						Total
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	
Opening balance on 1 January	13,822,390	852,769	9,626	845,705	22,986	359,078	15,912,555
Acquisitions	2,572,873	54,630	112,796	39,830	24,405	252,407	3,056,940
Reclassifications between categories	55,266	-	-	(55,266)	-	-	-
De-recognition following exercise option	-	-	-	-	(70,176)	-	(70,176)
Profits and losses realized on hedging instruments not yet recognized through profit or loss	61,529	-	-	-	-	-	61,529
Disposals and reimbursements	(2,626,795)	(108,346)	(100,502)	(178,119)	(6,871)	(213,177)	(3,233,811)
Foreign currency translation differences on monetary assets	284	-	-	-	-	-	284
Adjustment at fair value	129,540	1,361	(1,616)	-	105,003	9,209	243,498
Amortizations	(27,300)	3,149	-	-	-	871	(23,280)
Impairments	576	-	-	(173)	-	-	402
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Net book value on 31 December	13,988,362	803,563	20,303	651,976	75,346	408,89	15,947,941

Adjustments to the fair value for derivatives break down into EUR -35,873 thousand for derivative hedging instruments (against EUR 115,970 thousand in December 2016) and EUR -7,285 thousand for derivative trading instruments on 31 March 2017 (against EUR -10,967 thousand in December 2016).

10.3.3 Evolution of impairments on investments

10.3.3.1 Impairment on available-for-sale investments

In thousands of EUR	31 March 2017	31 December 2016
Balance on 1 January	(35,276)	(48,085)
Provision for impairments	(40)	(7,723)
Reversals of impairments	-	8,299
Reversals due to disposals	239	22,234
Change in the consolidation scope	-	-
Reclassifications	(1,250)	(10,000)
Other changes	-	-
Balance on 31 March/31 December	(36,327)	(35,276)

10.3.3.2 Impairments on loans, deposits and other financial investments

In thousands of EUR	31 March 2017	31 December 2016
Balance on 1 January	(16,920)	(26,755)
Provision for impairments	(118)	(303)
Reversals of impairments	8	130
Reversals due to disposals	36	138
Change in the consolidation scope	-	-
Reclassifications	-	9,870
Other changes	-	-
Balance on 31 March/31 December	(16,993)	(16,920)

10.3.4 Definition of fair value of financial instruments

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

In thousands of EUR	31 March 2017			
	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
Financial assets				
Available for sale	-	-	112,635	112,635
Participations	-	-	112,635	112,635
Available for sale	357,621	-	329	357,950
Designated at fair value through profit or loss	122,951	-	-	122,951
Held for trading	6,961	-	-	6,961
Equities	487,533	-	329	487,862
Available for sale	33,197	78,999	-	112,196
Designated at fair value through profit or loss	12,754	-	-	12,754
Held for trading	-	-	-	-
Investment funds	45,951	78,999	-	124,950
Available for sale	12,011,587	1,089,596	77,195	13,178,379
Designated at fair value through profit or loss	126,607	421,190	118,909	666,707
Held for trading	-	-	-	-
Bonds	12,138,194	1,510,787	196,105	13,845,086
Held for trading	-	8,525	-	8,525
Held for cash flow hedging	-	23,965	-	23,965
Derivative financial assets	-	32,490	-	32,490
Investments belonging to unit-linked insurance contracts	414,640	69,902	-	484,542
Total financial assets	13,086,319	1,692,178	309,069	15,087,565
Financial liabilities				
Investment contracts hedged by assets at fair value	418,570	69,902	-	488,472
Held for trading	-	-	-	-
Held for cash flow hedging	-	13,929	-	13,929
Derivative financial liabilities	-	13,929	-	13,929
Total financial liabilities	418,570	83,831	-	502,401

In thousands of EUR	31 December 2016			
	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
Financial assets				
Available for sale	-	-	133,630	133,630
Participations	-	-	133,630	133,630
Available for sale	347,688	-	329	348,017
Designated at fair value through profit or loss	123,011	-	-	123,011
Held for trading	20,303	-	-	20,303
Equities	491,002	-	329	491,331
Available for sale	31,469	78,174	-	109,642
Designated at fair value through profit or loss	12,460	-	-	12,460
Held for trading	-	-	-	-
Investment funds	43,929	78,174	-	122,102
Available for sale	12,220,115	1,099,789	77,168	13,397,073
Designated at fair value through profit or loss	118,898	432,818	116,377	668,093
Held for trading	-	-	-	-
Bonds	12,339,014	1,532,607	193,545	14,065,166
Held for trading	-	15,508	-	15,508
Held for cash flow hedging	-	59,839	-	59,839
Derivative financial assets	-	75,346	-	75,346
Investments belonging to unit-linked insurance contracts	337,545	70,843	-	408,389
Total financial assets	13,211,490	1,756,970	327,504	15,295,964
Financial liabilities				
Investment contracts hedged by assets at fair value	341,439	70,843	-	412,283
Held for trading	-	-	-	-
Held for cash flow hedging	-	8,014	-	8,014
Derivative financial liabilities	-	8,014	-	8,014
Total financial liabilities	341,439	78,858	-	420,297

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

10.3.5 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 valorized 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 valued 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 valorize 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 valorize those funds that are recognized in level 1.

Are not recognized in level 1, funds for which the valorization 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 valorization 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 valorization is based on valuation methods which include data that are not based on observable market data.

The valuation of this portfolio 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 Group's non-controlling interests also belong to level 3. The fair value of these share interests is namely essentially determined on the basis of an internal valorization 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 share interest for other companies.

10.3.6 Important transfers between investments estimated at fair value in level 1 and 2

In thousands of EUR	31 March 2017		31 December 2016	
	From level 1 to level 2	From level 2 to level 1	From level 1 to level 2	From level 2 to level 1
Financial assets				
Available for sale	-	-	-	-
Participations	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Equities	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Investment funds	-	-	-	-
Available for sale	47,454	25,724	63,622	219,121
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
Bonds	47,454	25,724	63,622	219,121
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
Derivative financial assets	-	-	-	-
Investments belonging to unit-linked insurance contracts	-	-	-	2,537
Total financial assets	47,454	25,724	63,622	221,658
Financial liabilities				
Investment contracts hedged by assets at fair value	-	-	-	2,537
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	2,537

In and out transfers of hierarchic levels of fair values are proposed on the basis of the inventory value at the end of the year.

The transfers between investments from level 1 to level 2 involve securities of which BGN (Bloomberg generic) was the source of the market price and which, in the absence of the latter, were ultimately valued by the price given by a counterparty. The contrary is true for transfers from level 2 to level 1. For the latter, these are securities for which the price of a counterparty was the source of the market price and which ultimately benefited from the BGN market price as pricing source.

10.3.7 Evolution of investments estimated at fair value in level 3

In thousands of EUR	31 March 2017		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
Opening balance on 1 January	211,127	116,377	327,504
Acquisitions	1,680	-	1,680
Reclassifications between categories	-	-	-
Reclassification to level 3	-	-	-
Exit from level 3	-	-	-
Disposals and reimbursements	(22,604)	-	(22,604)
Adjustment at fair value through equity	(43)	-	(43)
Adjustment at fair value through profit or loss	-	2,533	2,533
Impairments through profit or loss	-	-	-
Other changes	-	-	-
Closing balance on 31 March	190,159	118,909	309,069

In thousands of EUR	31 December 2016		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
Opening balance on 1 January	194,700	92,014	286,714
Acquisitions	28,658	-	28,658
Reclassifications between categories	(8,609)	-	(8,609)
Reclassification to level 3	18,294	23,947	42,241
Exit from level 3	-	-	-
Disposals and reimbursements	(27,338)	-	(27,338)
Adjustment at fair value through equity	5,533	-	5,533
Adjustment at fair value through profit or loss	-	415	415
Impairments through profit or loss	(110)	-	(110)
Other changes	-	-	-
Closing balance on 31 December	211,127	116,377	327,504

10.4 Tangible fixed assets and investment properties

In thousands of EUR	31 March 2017			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	580,348	182,662	194,014	957,024
Acquisitions	1,360	115	3,119	4,595
Disposals and withdrawals	-	-	(1,658)	(1,658)
Properties available for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	(3,124)	3,124	-	-
Other changes	-	-	-	-
Gross value on 31 December	578,584	185,901	195,475	959,961
Depreciations and accumulated impairments on 1 January	(84,982)	(84,547)	(152,482)	(322,011)
Depreciations of the financial year	(3,808)	(1,109)	(2,381)	(7,299)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	423	423
Reversals following disposals	-	-	128	128
Impairment and reversal on investment properties available for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	1,796	(1,796)	-	-
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 March	(86,995)	(87,452)	(154,312)	(328,758)
Net book value on 31 March	491,590	98,450	41,163	631,203
Fair value on 31 March	552,198	142,992	41,163	736,354

In thousands of EUR	31 December 2016			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	502,109	182,420	180,920	865,449
Acquisitions	5,468	259	21,762	27,489
Disposals and withdrawals	(4,331)	(17)	(8,489)	(12,837)
Included loan costs	-	-	-	-
Change in the consolidation scope	76,236	-	-	76,236
Reclassifications from one heading to another	867	-	(179)	688
Other changes	-	-	-	-
Gross value on 31 December	580,348	182,662	194,014	957,024
Depreciations and accumulated impairments on 1 January	(69,469)	(80,119)	(146,704)	(296,292)
Depreciations of the financial year	(15,350)	(4,435)	(10,182)	(29,967)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	35	35
Reversals following disposals	930	8	4,351	5,289
Impairment and reversal on investment properties available for sale	-	-	-	-
Change in the consolidation scope	(227)	-	-	(227)
Reclassifications from one heading to another	(867)	-	18	(849)
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	(84,982)	(84,547)	(152,482)	(322,011)
Net book value on 31 December	495,366	98,115	41,533	635,014
Fair value on 31 December	552,712	141,861	41,533	736,105

Depreciations with regard to investment property are recognized in *Change in amortizations and depreciations of investments* while depreciations with regard to operational buildings and tangible fixed assets are recognized in *Expenses for other activities* through profit or loss.

Investment properties are, on average, valorized every three years by qualified real estate experts. The fair value of investment properties is based on the valorization by an independent expert with the appropriate professional qualifications and experience. This value represents the estimated amount for which the property could be exchanged at the valuation date between a willing purchaser and a willing seller on the basis of a transaction under normal market conditions (arm's length) after an appropriate marketing.

The methods used to determine this fair value are based on methods for capitalization of future incomes or for the actualization of projected cash flows. They are situated in level 2 of the fair value hierarchy. The majority of the transactions carried out is indeed localized on liquid markets and the valuation methods used are essentially based on observable market data on these markets. The experts base their assessments on observable data such as transfer prices or yields that were recently determined with regard to comparable goods on the market.

10.5 Receivables

10.5.1 Breakdown of receivables by nature

In thousands of EUR	31 March 2017		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,544,367	(17,571)	1,526,796
Receivables arising from ceded reinsurance operations	60,124	-	60,124
Receivables arising from other operations	58,960	(438)	58,522
Tax receivables	4,450	-	4,450
Other receivables	72,896	(217)	72,679
Total	1,740,797	(18,226)	1,722,570

In thousands of EUR	31 December 2016		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,360,370	(16,129)	1,344,241
Receivables arising from ceded reinsurance operations	64,359	-	64,359
Receivables arising from other operations	65,838	(210)	65,628
Tax receivables	4,177	-	4,177
Other receivables	109,169	(102)	109,067
Total	1,603,913	(16,442)	1,587,472

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

The evolution of the receivables arising from insurance operations is due to the fact that a major part of the premiums is issued during the first quarter of the year. The adjustment of the accepted reinsurance deposits also explains the increase.

The tax receivables decrease following the receipt of expected payments.

The decrease in other receivables is mainly explained by the evolution of the receivable related to the charges levied on the ring fenced funds.

10.5.2 Evolution of impairments on receivables

In thousands of EUR	31 March 2017	31 December 2016
Impairments on receivables on 1 January	(16,442)	(15,843)
Provisions of the financial year	(3,584)	(10,383)
Expenditures of the financial year	378	1,039
Reversals of the financial year	1,769	8,348
Change in the consolidation scope	-	-
Other changes	(346)	397
Impairments on receivables on 31 March/31 December	(18,226)	(16,442)

We think the impairment principle on receivables is prudent as only 11% of the impairments are actually recorded as a write-off of receivables.

10.5.3 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.

In thousands of EUR	31 March 2017							
	Book value before impairments	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not expired	Expired by up to 6 months	Expired by up to 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	1,544,367	(17,571)	1,526,796	-	1,267,586	244,389	10,897	3,925
Receivables arising from ceded reinsurance operations	60,124	-	60,124	-	60,124	-	-	-
Other receivables	136,305	(656)	135,650	-	120,426	9,939	3,378	1,907
Total	1,740,797	(18,226)	1,722,570	-	1,448,136	254,328	14,275	5,831

In thousands of EUR	31 December 2016							
	Book value before impairments	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not expired	Expired by up to 6 months	Expired by up to 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	1,360,370	(16,129)	1,344,241	-	1,189,413	138,393	12,600	3,835
Receivables arising from ceded reinsurance operations	64,359	-	64,359	-	64,359	-	-	-
Other receivables	179,184	(312)	178,872	-	173,258	4,046	1,088	480
Total	1,603,913	(16,442)	1,587,472	-	1,427,029	142,439	13,688	4,316

In the case of Ethias, impaired receivables are reduced up to their total book value amount.

10.6 Cash and cash equivalents

In thousands of EUR	31 March 2017	31 December 2016
Cash at bank and in hand	867,595	700,755
Cash equivalents	56,165	50,581
Total of the cash and cash equivalents	923,760	751,336
Debts arising from repurchase operations (repo)	(283,150)	(254,796)
Bank overdraft and other debts included in the cash flow statement	(25,019)	(81,572)
Cash and cash equivalents regarding the groups intended to be transferred	-	-
Total of the repurchase operations, cash and cash equivalents in the cash flow table	615,592	414,967

Cash equivalents consist exclusively of treasury bonds.

Since 2014, hedge accounting has been introduced. At 31 March 2017, the amount received in collateral for the swaptions totals EUR 8,545 thousand (compared to EUR 14,377 thousand on 31 December 2016), EUR 0 thousand for repurchase agreement transactions (compared to EUR 8,200 thousand at 31 December 2016) and EUR 16,469 thousand (compared to EUR 58,995 thousand at 31 December 2016) for the forwards.

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.

10.7 Deferred tax assets and liabilities

10.7.1 Breakdown of deferred tax assets and liabilities

In thousands of EUR	31 March 2017		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	3,398	2	3,397
Available-for-sale investments in other items of comprehensive income	37	417,171	(417,134)
Financial assets designated at fair value through profit or loss	-	9,784	(9,784)
Insurance and investment liabilities in other items of comprehensive income	384,026	-	384,026
Insurance and investment liabilities through profit or loss	148,887	10,057	138,830
Employee benefits in other items of comprehensive income	6,656	-	6,656
Employee benefits through profit or loss	28,068	-	28,068
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	18	35,656	(35,637)
Carried forward tax losses	1,034	-	1,034
Deferred tax assets and liabilities	572,124	472,669	99,455
Compensation through taxable entity	(451,023)	(451,023)	-
Deferred tax assets and liabilities	121,101	21,646	99,455

In thousands of EUR	31 December 2016		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	3,426	-	3,426
Available-for-sale investments in other items of comprehensive income	3	517,575	(517,572)
Financial assets designated at fair value through profit or loss	214	3,947	(3,733)
Insurance and investment liabilities in other items of comprehensive income	437,594	-	437,594
Insurance and investment liabilities through profit or loss	141,415	9,564	131,850
Employee benefits in other items of comprehensive income	6,110	(873)	6,983
Employee benefits through profit or loss	27,647	-	27,647
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	21	35,317	(35,295)
Carried forward tax losses	1,330	-	1,330
Deferred tax assets and liabilities	617,760	565,530	52,230
Compensation through taxable entity	(543,996)	(543,996)	-
Deferred tax assets and liabilities	73,764	21,534	52,230

10.7.2 Evolution of deferred tax assets and liabilities

In thousands of EUR	31 March 2017			31 December 2016		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Net book value on 1 January	73,764	21,534	52,230	170,096	59	170,038
Changes through profit or loss	7,353	6,671	682	(76,729)	11,122	(87,851)
Change in other items of comprehensive income	39,984	(6,558)	46,542	(19,603)	10,353	(29,957)
Change in scope	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Net book value on 31 March/31 December	121,101	21,646	99,455	73,764	21,534	52,230

10.7.3 Deferred taxes

In thousands of EUR	31 March 2017	31 December 2016
Deferred taxes for which a deferred tax asset was allocated		
Intended use within the year	71,039	52,230
Intended use between 1 and 2 years	28,416	-
Intended use between 2 and 3 years	-	-
Intended use after 3 years	-	-
Debt with maturity after 3 years	-	-
Subtotal	99,455	52,230
Deferred taxes for which no deferred tax asset was allocated		
Limited recoverability	-	-
Unlimited recoverability	157,706	188,039
Subtotal	157,706	188,039
Total of the allocated and non-allocated deferred taxes	257,161	240,270

10.8 Insurance and investment contract liabilities

10.8.1 Summary table of insurance and investment contract liabilities

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

10.8.1.1 Liabilities related to Non-Life insurance contracts

In thousands of EUR	31 March 2017	31 December 2016
Mathematical provisions	821,007	816,558
Provisions for unearned premiums	595,628	291,243
Claims provisions	2,251,406	2,287,345
Shadow accounting	-	-
Other provisions	214,068	213,496
Total insurance contract liabilities (gross)	3,882,109	3,608,643
Reinsurers' share in liabilities related to Non-Life insurance contracts	131,959	120,069
Total insurance contract liabilities (after deduction of the reinsurers' share)	3,750,151	3,488,573

The evolution in provisions for unearned premiums is due to the fact that a large part of the premiums is issued during the first quarter of the year.

10.8.1.2 Liabilities related to Life insurance contracts

In thousands of EUR	31 March 2017	31 December 2016
Mathematical provisions	4,294,527	4,278,382
Claims provisions	1,568	2,184
Shadow accounting	616,221	651,648
Other provisions	1,495	-
Insurance contract liabilities	4,913,811	4,932,214
Liabilities related to unit-linked insurance contracts	24,825	25,155
Total insurance contract liabilities (gross)	4,938,636	4,957,370
Reinsurers' share in liabilities related to Life insurance contracts	3,226	1,474
Total insurance contract liabilities (after deduction of the reinsurers' share)	4,935,410	4,955,895

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

10.8.1.3 Investment contract liabilities

In thousands of EUR	31 March 2017	31 December 2016
Mathematical provisions	5,556,098	5,548,776
Claims provisions	-	-
Shadow accounting	547,884	647,932
Other provisions	7,731	-
Investment contract liabilities with discretionary participation features	6,111,713	6,196,708
Liabilities related to unit-linked investment contracts with discretionary participation features	389,811	312,390
Mathematical provisions	3,930	3,894
Investment contract liabilities without discretionary participation features	3,930	3,894
Liabilities related to unit-linked investment contracts without discretionary participation features	69,906	70,844
Total investment contract liabilities (gross)	6,575,360	6,583,835
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
Total investment contract liabilities (after deduction of the reinsurers' share)	6,575,360	6,583,835

10.8.1.4 Profit sharing liabilities

In thousands of EUR	31 March 2017	31 December 2016
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	2,155	5,409
Profit sharing related to investment contracts	-	18,661
Liabilities for profit sharing of policyholders	2,155	24,070

10.9 Financial debts

10.9.1 Breakdown by nature

In thousands of EUR	31 March 2017		31 December 2016	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	454,651	491,857	453,903	452,593
Subordinated debts	454,651	491,857	453,903	452,593
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	5	5	-	-
Debts arising from repurchase operations (repo)	283,150	283,150	254,796	254,796
Collateral received as guarantee	25,014	25,014	81,572	81,572
Others	51,540	51,540	50,779	50,779
Other financial debts	359,709	359,709	387,147	387,147
Total of the financial debts	814,359	851,566	841,051	839,740

In 2005 and in 2008, Ethias SA had issued two subordinated bond loans of respectively EUR 250 and 75 million. The first issue, of the perpetual type, offers an interest rate of 4.747 % until the first exercise date of the redemption prepared in December 2015 and subsequently a variable interest rate. The second issue has an interest rate of 7.5 % until July 2018, first exercise date of the redemption, and a variable interest rate until the expiry date of the security in July 2023.

The market value of the aforementioned bond loans is determined on the basis of a valuation model that takes into account the rating of the issuer and the probability of the exercise of the different redemptions.

In 2015, Ethias SA restructured its perpetual loan of EUR 250 million in the following two steps:

- On 29 June 2015, Ethias launched an exchange offer for its perpetual subordinated loan against a Tier 2 subordinated loan maturing in January 2026. The operation was a real success given the high participation level of 94.4% (EUR 236 million). Having reimbursed investors wishing to participate in the exchange offer but not having an investment with a minimum amount of EUR 100,000 (i.e. the minimum subscription amount) and having reimbursed the part of the investment not corresponding to a multiple of EUR 100,000, a new bond of EUR 231.9 million was issued at 100 % on 14 July 2015, at the nominal rate of 5%.
- On 5 November 2015, Ethias SA issued an additional tranche in the Tier 2 subordinated loan of EUR 170.8 million in nominal value, for an issue price of 80 %, paying the nominal rate of 5 % and maturing in January 2026.

The assessments at fair value of the issued loans are based on the market price "Ask" (source Bloomberg) for a nominal value of EUR 416,700 thousand relating to the above-mentioned restructuring and additional issuance. The fair value of the residual bond loans is determined on the basis of observable elements, such as the levels of the interest rate markets and of the credit markets for a nominal value of EUR 75,000 thousand. The valuation model is based on the discounting of future cash flows and takes into account the probability of exercise of the various repayment options available to investors.

The collateral received as guarantee mainly concerns the operations of the forward bond and swaption type that have been contracted within the framework of the interest rate hedging programme implemented by the company.

Following the "Switch VI" operation, Ethias contracted repo's to deal with the short-term liquidity management. The nominal amount of the latter stands at EUR 283,149,731 as of March 31, 2017.

10.10 Employee benefits

10.10.1 Overview of employee benefits by nature

The debt for employee benefits recognized in the balance sheet is analysed as follows:

In thousands of EUR	31 March 2017	31 December 2016
Post-employment benefits	505,790	500,685
Long-term employee benefits	19,990	16,397
Termination benefits	16,855	17,781
Total	542,636	534,863

10.10.2 Description of the employee benefits

10.10.2.1 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. There are two separate types of systems that coexist:

- Defined benefit plans, according to which a predetermined amount shall be paid to an employee at the moment of his pension retirement, or during his retirement. Generally, this amount depends on the following factors: number of years of service, salary and maximum legal pension amount.
- Defined contribution plans which are pension agreements by which the employer commits himself up to a finance. The employer limits his commitment to the payment of the contributions and the payment does not depend on the final amount, contrary to the defined benefit plans. 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 of the plan, 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.

Finally, by the fact that the Group itself insures 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.

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 divers advantages. These advantages are essentially financed by the aid fund of the employee association. This fund is essentially supplied by individual contributions 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 valorized in the financial statements.

10.10.2.2 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, inter alia, long-term compensated absences, long-service bonuses as well as departures projected with the frame of the "60+" plan (put in place at end-2015), concerning the gradual retirement of persons aged 55 or older at 30/06/2015.

10.10.2.3 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.

10.11 Trade and other payables

10.11.1 Breakdown by nature

In thousands of EUR	31 March 2017	31 December 2016
Liabilities arising from direct insurance operations and accepted reinsurance	93,537	123,156
Liabilities arising from ceded reinsurance operations	116,437	103,400
Liabilities from operating activities	209,974	226,556
Tax on current result	7,855	8,008
Other contributions and taxes	60,436	44,160
Tax payables	68,292	52,168
Social security payables	60,915	57,330
Payables to associates	-	-
Payables from finance leases	6,050	6,181
Trade payables	76,133	85,952
Other payables	44,787	120,014
Other payables	187,886	269,478
Accruals for liabilities	32,623	36,364
Total other payables	498,774	584,565

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

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

Accruals mainly include interests accrued but not yet due on bond loans, subsidies to be carried forward and other revenues 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.

11 Explanatory notes to the consolidated income statement

11.1 Revenues from insurance activities

In thousands of EUR	31 March 2017			
	Insurance contracts		Investment contracts with discretionary participation features	Total
	Life	Non-Life	Life	
Gross premiums	95,845	628,598	245,884	970,327
Premiums ceded to reinsurers	(2,115)	(29,511)	-	(31,626)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(283,080)	-	(283,080)
Other income from insurance activities	12	108	1,505	1,625
Revenues of insurance activities (net of reinsurance)	93,742	316,115	247,389	657,246

In thousands of EUR	31 March 2016			
	Insurance contracts		Investment contracts with discretionary participation features	Total
	Life	Non-Life	Life	
Gross premiums	93,193	627,724	232,207	953,124
Premiums ceded to reinsurers	(2,869)	(34,812)	-	(37,681)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(279,624)	-	(279,624)
Other income from insurance activities	3,789	534	1,403	5,727
Revenues of insurance activities (net of reinsurance)	94,114	313,823	233,610	641,547

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

11.2 Technical expenses for insurance activities

In thousands of EUR	31 March 2017			
	Insurance contracts		Investment contracts with discretionary participation features	Total
	Life	Non-Life	Life	
Insurance service expenses	134,954	198,540	293,155	626,649
Net expenses or revenues ceded to reinsurers	(2,457)	6,487	-	4,031
Management costs	6,517	59,193	11,955	77,665
Technical expenses for insurance activities	139,015	264,220	305,110	708,345

In thousands of EUR	31 March 2016			
	Insurance contracts		Investment contracts with discretionary participation features	Total
	Life	Non-Life	Life	
Insurance service expenses	165,399	197,088	330,352	692,839
Net expenses or revenues ceded to reinsurers	(600)	(1,643)	-	(2,242)
Management costs	6,083	65,001	8,762	79,846
Technical expenses for insurance activities	170,882	260,447	339,114	770,443

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

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

11.3 Net financial result without finance costs

In thousands of EUR	31 March 2017					Total
	Revenues of investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
Investment properties	6,695	-	-	(3,808)	-	2,887
Available for sale	-	5,681	-	234	-	5,915
Participations	-	5,681	-	234	-	5,915
Available for sale	1,398	2,130	-	(35)	-	3,493
At fair value through profit or loss	409	1,744	5,720	-	-	7,873
Held for trading	-	845	(27)	-	-	818
Shares and investment funds	1,807	4,720	5,693	(35)	-	12,184
Available for sale	88,000	334	(27)	-	-	88,307
At fair value through profit or loss	5,791	926	22,779	-	-	29,495
Unlisted at amortized cost price	-	-	-	-	-	-
Bonds	93,791	1,260	22,751	-	-	117,802
Loans, deposits and other financial investments	4,106	-	-	(73)	-	4,033
Held for trading	-	(9,693)	(7,285)	-	-	(16,978)
Held for cash flow hedging	635	-	-	-	-	635
Derivative financial instruments	635	(9,693)	(7,285)	-	-	(16,343)
Investments belonging to unit-linked insurance contracts	(245)	-	-	-	-	(245)
Cash and cash equivalents	336	-	(4)	-	-	332
Others	9,108	-	-	-	(3,724)	5,384
Net financial result without finance costs	116,233	1,968	21,155	(3,682)	(3,724)	131,950

In thousands of EUR	31 March 2016					Total
	Revenues of investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
Investment properties	6,259	239	-	(3,871)	1,900	4,528
Available for sale	214	30	-	2,192	-	2,436
Participations	214	30	-	2,192	-	2,436
Available for sale	1,175	1,814	-	(124)	-	2,865
At fair value through profit or loss	208	(202)	(8,487)	-	-	(8,481)
Held for trading	23	1,238	(1,074)	-	-	187
Shares and investment funds	1,406	2,850	(9,562)	(124)	-	(5,429)
Available for sale	95,343	4,822	128	1,680	-	101,973
At fair value through profit or loss	7,047	(165)	(22,561)	-	-	(15,679)
-	-	-	-	-	-	-
Unlisted at amortized cost price	426	-	-	-	-	426
Bonds	102,816	4,657	(22,432)	1,680	-	86,721
Loans, deposits and other financial investments	5,631	-	-	36	-	5,667
Held for trading	-	4,665	18,002	-	-	22,666
Held for cash flow hedging	-	-	-	-	-	-
Derivative financial instruments	-	4,665	18,002	-	-	22,666
Investments belonging to unit-linked insurance contracts	(87)	-	-	-	-	(87)
Cash and cash equivalents	122	-	(25)	-	-	97
Others	7,962	-	-	-	(4,011)	3,952
Net financial result without finance costs	124,324	12,441	(14,017)	(87)	(2,111)	120,550

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

11.4 Employee benefit expenses

In thousands of EUR	31 March 2017	31 March 2016
Wages	51,553	55,634
Social security expenses	17,508	15,281
Post-employment benefits	(208)	(121)
Defined benefit schemes	5,215	6,884
Other long-term benefits	447	41
Other benefits	(3,552)	(7,056)
Others	2,716	7,564
Total of the employee benefit expenses	73,679	78,227

The amount of the expenses included in the income statement on the defined contribution pension schemes amounts to EUR 5,215 thousand at end-March 2017 (against EUR 6,884 thousand at end-March 2016). This charge includes, inter alia, the cost price of services, the financial cost as well as taxes and contributions inherent in the group insurance products. This charge is divided by allocation within the income statement in expenses for insurance benefits (regarding internal claim handling costs, acquisition costs of contracts and administrative costs) and other investment financial expenses (regarding management costs of investments).

Costs included in other benefits include termination benefits and benefits in kind granted to the employees.

12 Other notes to the consolidated financial statements

12.1 Related parties

Within the framework of its activities the Group concludes on a regular basis transactions 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 are the directors of Ethias SA and of Vitrufin SA.
- The entities exercising a mutual control or a significant influence on the entity. As shareholder of the Group, the Mutual Insurance Association Ethias Droit Commun is considered to belong to this category;
- Joint ventures in which the entity participates;
- Non-consolidated subsidiaries; and
- Associates.

As a historical partner of the public bodies, the Group must conclude with them a large number of transactions. In accordance with the exception provided by the IAS 24, the Group has chosen not to list these transactions in the notes to the financial statements.

12.1.1 Transactions related to the balance sheet

In thousands of EUR	31 March 2017	31 December 2016
Receivables	1,072,753	999,252
Any other assets	-	-
Total assets with related parties	1,072,753	999,252
Insurance and investment contract liabilities	1,072,362	999,252
Financial debts	-	-
Trade and other payables	566	2,501
Total liabilities with related parties	1,072,927	1,001,753

12.1.2 Transactions related to revenues and expenses

In thousands of EUR	31 March 2017	31 March 2016
Revenues	95,976	102,467
Operating expenses	(103,586)	(111,777)
Financial income	7,044	6,780
Total of the revenues and expenses with related parties	(566)	(2,530)

12.1.3 Other transactions with related parties

In 2017, the Group did not receive or give any commitment towards related parties.

12.1.4 Remunerations for key management personnel

The directors and members of the Management Committee of Ethias SA are considered as key management personnel.

The total amount of their remunerations include the following elements:

In thousands of EUR	31 March 2017	31 March 2016
Short-term benefits	629	618
Post-employment benefits	190	211
Termination benefits	-	-
Other long-term benefits	-	-
Remunerations and other benefits for managers and directors	819	829

Short-term benefits consist of annual salary and other short-term benefits.

The key management personnel did not receive loans or advances at a preferential interest rate from the Group.

12.2 Commitments

12.2.1 Received commitments

In thousands of EUR	31 March 2017	31 December 2016
Guarantee commitments	851,861	867,316
Finance commitment	-	-
Other received commitments	-	-
Total	851,861	867,316

Guarantee commitments include guarantees received from reinsurers and, mainly, guarantees linked to mortgage loans granted to the Group.

12.2.2 Given commitments

In thousands of EUR	31 March 2017	31 December 2016
Guarantee commitments with regard to financing	41,700	62,550
Other guarantee commitments	27,457	25,925
Commitments on securities	134,097	260,907
Other given commitments	75,715	93,552
Total	278,970	442,935

The guarantee commitments with regard to financing mainly concern the credit facility for an amount of EUR 41,700 thousand granted by Ethias SA to Vitrufin on 31 March 2017 (against EUR 62,550 thousand on 31 December 2016).

The other guarantee commitments mainly include:

- Personal guarantees given for an amount of EUR 15,697 thousand on 31 March 2017 (against EUR 17,172 thousand on 31 December 2016). The latter represent the securities given as guarantee related to an accepted reinsurance contract called in by Ethias SA as a result of the disposal of its subsidiary Belré in 2011. These guarantees are mainly composed of sovereign bonds.

The commitments on securities include, on the one hand, repurchase agreement transactions ("repo") with a maturity of 3 months for an amount of EUR 128,043 thousand and, on the other hand, French securities paid in collateral.

The other guarantees given mainly include:

- purchase commitments for properties, i.e. EUR 822 thousand on 31 March 2017 (against EUR 1,547 thousand on 31 December 2016).
- lending commitments for EUR 13,355 thousand on 31 March 2017 (against EUR 13,315 thousand on 31 December 2016). This total is composed of EUR 12,055 thousand (against EUR 12,015 thousand in 2016) for lending commitments for infrastructures and EUR 1,300 thousand for real estate loans identical to 31 December 2016.

- commitments to acquire securities for EUR 61,397 thousand at 31 March 2017. This total breaks down into commitments to bond funds for an amount of EUR 32,020 thousand, commitment to equity funds for an amount of EUR 25,741 thousand and commitments to infrastructure funds for an amount of EUR 3,636 thousand.

12.3 Contingent liabilities

12.3.1 Financing guarantee commitment granted to Vitrufin

As a reminder: the decision of the European Commission compels Ethias SA to reduce its exposure to Dexia by 90%. It is in this context that Vitrufin SA acquired all the shares held by Ethias SA in Dexia. This transaction was completed in agreement with the European Commission. To finance this acquisition, Vitrufin SA issued in January 2012 a bond loan of EUR 278 million, fully subscribed at end-December 2011 by Belgian and foreign institutional investors from the public and private sector. Following the successful placement of the bond loan, the debt towards Ethias SA was reimbursed in January 2012. The loan is refundable at maturity (viz. in January 2019) and bears an annual interest of 7.5%. The payment of interests and the repayment of capital on due date will be provided through the liquidities generated by the dividends from Ethias SA. A credit facility agreement signed in early January 2012 provides for the annual provisioning of funds by Ethias SA to Vitrufin SA in order to provide additional security to the investors in the event that the dividends paid by Ethias SA would not be sufficient to cover the annual interests related to the bond loan.

Following the General Assembly in May 2017, Ethias has paid a dividend of EUR 45 million to Vitrufin, the objective of which is to enable the latter to have sufficient liquidities to repay the remaining interests on its senior loan, viz. the maturities of January 2018 and January 2019.

12.4 Events after the reporting period

- Integration of Whestia: The NBB agreed in March 2017 on the sale of the shares of Whestia to Ethias SA; the latter already owning 25.10% of the capital of the company and becoming sole shareholder of Whestia at the end of the transaction. The closing involving the transfer of the shares and the payment of the transfer price took place on April 3, 2017. The merger between Whestia and Ethias SA was carried out on June 23, 2017.
- Closing of the commitments towards the European Commission: The commitments of Ethias towards the European Commission in the frame of the state aid file following the recapitalization of the company by the public authorities at the end of 2008 expired on 31 December 2016. The circumstances in which the commitments were extended until 31 December 2017 are not met. These related to the achievement of a significant level of loss and insufficient coverage of the SCR that would have resulted from the court's unfavourable decision on the tax dispute.

The closing of the commitments will be confirmed by the Commission after examination of the situation at end-2016.

- "Switch VII" operation: Ethias wishes to permanently dispose of its FIRST A portfolio and has decided, to that end, to favour the approach of selling the portfolio to a foreign insurer. If this sale is carried out, it will have no effect on the terms and conditions of the insurance contracts concerned. However, in the event of a transfer to an insurer in the European Economic Area, these contracts will lose the protection of up to EUR 100,000 granted by the Belgian Guarantee Fund.

In order to anticipate the reactions of the policyholders who might have benefited from the Switch VI action if they had become aware of this sale, Ethias has decided to reiterate this action, by proposing again, within the framework of a "Switch VII" action taking place from May 29 to July 7, 2017, an exit premium equivalent to 25% of the mathematical reserve upon full surrender.

- Signing of an agreement with the shareholders in May 2017: The shareholders wished to provide a prospect of stability in the shareholding for a period of 2 years. This commitment enables the company to refocus on its insurance business by further strengthening its business model for the benefit of all its stakeholders and at the service of its clients.

This decision is part of a global agreement, comprising mainly the following elements:

- The objective of simplifying our legal structures;
- Strengthening our corporate governance;
- The reaffirmed willingness to maintain the two company offices (Liège and Hasselt) and to preserve the quality of the social relations that characterize the company.

- Distribution of a dividend: At the General Assembly of Ethias SA on May 17, 2017, it was decided to distribute a dividend of EUR 45 million to the parent company Vitrufin.

