INTERIM REPORT ON
30 JUNE 2018
Ethias Group

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I. INTRODUCTION

1 First half of 2018 in a number of dates and key facts

1.1 Strengthening solvency

The major efforts made by the company as a whole have borne fruit and have considerably improved the Solvency II margin, which stood at 184% before dividends at end-June 2018. After taking into account an interim dividend of 118 million euros (see point below), the SII ratio stands at 175%, above our internal target of 160%.

Considering the changes made to the company's risk profile following the "Switch VI" operation, the National Bank of Belgium (NBB) has asked Ethias SA to provide an updated version of the restoration plan by November 30, 2017. In its letter of 20 February 2018, the NBB did not make any comments on the plan submitted within the deadline set.

1.2 Sale of the remaining FIRST A portfolio

On April 16, 2018, Ethias concluded a sale agreement relating to its remaining “FIRST A” portfolio with a non-Belgian insurer from the European Economic Area, viz. Laguna Life (subsidiary of Monument Re), implying that the aforementioned contracts will lose the benefit of the protection of up to 100,000 euros granted by the Belgian Guarantee Fund.

The impact of this transaction was provisioned at end-2017 in the BGAAP-IFRS financial statements under SII for 106 million euros. The impact on the 2018 financial statements will be limited.

See point VI.4.2 of the Consolidated Financial Statements regarding the approval by the Belgian regulator.

1.3 Distribution of a dividend

At the General Assembly of Ethias SA on 16 May 2018, it was decided to distribute a dividend of 150 million euros to the parent company Vitrufin SA. This dividend was followed by the payment of an interim dividend of 118 million euros, decided at the end of the Board of Directors' meeting of 27 August 2018. Hence, Vitrufin has the necessary liquidity to reimburse its senior loan of 278 million euros on 16 January 2019.

1.4 Fitch Rating

On 12 June 2018, the rating agency Fitch confirmed Ethias’ BBB+ rating by combining it with a positive outlook (previously stable outlook). It justifies this improvement by the probable reimbursement of the debt issued by Vitrufin as well as by the total sale of the “FIRST A” retail life insurance portfolio, which will strengthen Ethias’ level of capitalisation, its profitability and its financial flexibility.

2 Key figures

Essential data of the consolidated income statement

In thousands of euros	30 June 2018	30 June 2017	Change during the year
Non-Life			
Public bodies and Companies	591,391	563,556	4.94%
Private Individuals	299,154	299,809	-0.22%
Premium collection Non-Life	**890,545**	**863,365**	**3.15%**
Life			
Public bodies and Companies	622,829	516,424	20.60%
Private Individuals	24,626	26,395	-6.70%
Premium collection Life	**647,455**	**542,819**	**19.28%**
Total premium collection Life and Non-Life	**1,538,000**	**1,406,184**	**9.37%**
Consolidated revenues	**1,450,653**	**1,318,146**	**10.05%**
Net profit (loss) on current transactions after tax	77,618	140,796	
Share of the associates in the result	86	(7)	
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	
Net consolidated profit (loss) attributable to:	**77,704**	**140,789**	
Group's share	73,620	140,293	
Non-controlling interests	4,084	496	

Essential data of the consolidated financial position

In thousands of euros	30 June 2018	31 December 2017	Change
Total assets	18,801,103	18,755,425	0.24%
Equity of the Group	**2,354,569**	**2,475,077**	**-4.87%**
Non-controlling interests	43,585	45,490	-4.19%

Regulatory coefficients

	30 June 2018	31 December 2017	Change
Solvency II ratio (*) of the company Ethias SA	**184%**	**205%**	**-10.24%**

(*): 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.

Taking into account a dividend payment of 118.4 million euros allowing Vitrufin to have the necessary cash to reimburse its senior loan in January 2019, brings the margin to 175%.

Other key figures

	30 June 2018	31 December 2017	Change
Number of employees	**3,154**	**3,171**	**-0.54%**

3 Result of the financial year

The first half of 2018 recorded a net result of 74 million euros. Taking into account the minority interests, the consolidated net result amounts to 78 million euros, split between the Non-Life business (77 million euros), the Life business (32 million euros), the other activities of the Group (-2 million euros) and taxes (-29 million euros).

The decrease in the Group's net result compared with 30 June 2017 (-67 million euros) is mainly due to a deterioration in the Non-Life claims rate (effect of adverse weather and lower releases on prior years' reserves), lower net financial income (effect of changes in financial markets) and the impact of the application of IAS 19.

Income amounts to 1,538 million euros, including 891 million from the Non-Life business and 647 million from the Life business. Compared to 30 June 2017, income has increased by 9.4%.

II. CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2018

1 Consolidated balance sheet

In thousands of euros	Notes	30 June 2018	31 December 2017
Assets			
Goodwill	IV.1	**61,675**	**59,844**
Other intangible assets	IV.2	**121,907**	**113,170**
Operational buildings and other tangible fixed assets	IV.4	**135,984**	**145,050**
Investment in associates		**557**	**471**
Investment properties	IV.4	**476,072**	**487,806**
Financial assets available for sale	IV.3	14,142,359	14,429,482
Financial assets at fair value through profit and loss	IV.3	780,410	855,175
Loans, deposits and other financial investments recognized at amortized cost	IV.3	530,860	593,839
Derivative financial instruments	IV.3	23,980	7,443
Investments belonging to unit-linked insurance contracts	IV.3	1,176,348	810,550
Financial investments		**16,653,957**	**16,696,488**
Reinsurers' share of technical provisions		**155,516**	**131,971**
Deferred tax assets	IV.6	**319**	**346**
Receivables arising from insurance operations or accepted reinsurance	IV.5	**266,414**	**211,544**
Receivables arising from ceded reinsurance operations	IV.5	**88,724**	**91,153**
Other receivables	IV.5	**130,958**	**152,723**
Any other assets		**40,487**	**24,377**
Cash and cash equivalents		**668,533**	**640,484**
Assets available for sale including assets from discontinued operations		**-**	**-**
Total assets		**18,801,103**	**18,755,425**
Liabilities			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		932,031	935,708
Net profit (loss) of the period		73,620	158,054
Other items of comprehensive income		348,918	381,315
Equity of the Group		**2,354,569**	**2,475,077**
Non-controlling interests		**43,585**	**45,490**
Total equity		**2,398,154**	**2,520,567**
Insurance contract liabilities		8,600,673	8,612,319
Investment contract liabilities with discretionary participation features		4,916,266	4,945,948
Investment contract liabilities without discretionary participation features		3,657	3,657
Liabilities belonging to unit-linked insurance contracts		1,176,348	810,550
Profit sharing liabilities		1,694	34,534
Insurance and investment contract liabilities	IV.7	**14,698,638**	**14,407,008**
Subordinated debts	IV.8	**473,391**	**478,807**
Other financial debts	IV.8	**228,531**	**402,606**
Employee benefits	IV.9	**280,854**	**285,896**
Provisions		**172,947**	**150,291**
Derivative financial instruments		**19,131**	**4,868**
Tax payables	IV.10	**75,482**	**30,461**
Deferred tax liabilities	IV.6	**27,378**	**34,491**
Liabilities from operating activities	IV.10	**238,594**	**231,852**
Other payables	IV.10	**188,002**	**208,579**
Liabilities related to assets available for sale and discontinued operations		**-**	**-**
Total other liabilities		**16,402,949**	**16,234,858**
Total liabilities		**18,801,103**	**18,755,425**

The statements and notes 1 to 12 form an integral part of the consolidated financial IFRS statements as at 30 June 2018.

2 Consolidated income statement

In thousands of euros	Notes	30 June 2018	30 June 2017
Gross premiums	V.1	1,538,000	1,406,184
Premiums ceded to reinsurers		(37,711)	(32,287)
Change in the provision for unearned premiums and outstanding risks [a]		(191,298)	(189,222)
Other income from insurance activities		2,826	2,949
Revenues from insurance activities [a]	V.1	**1,311,817**	**1,187,624**
Revenues from other activities		138,836	130,523
Revenues		**1,450,653**	**1,318,146**
Net income from investments		217,852	252,401
Net realized gains or losses on investments		61,154	34,217
Change in fair value of investments through profit and loss [b]		(33,082)	26,332
Net financial income	V.3	**245,924**	**312,950**
NET REVENUES		**1,696,578**	**1,631,096**
Insurance service expenses		1,256,665	969,931
Net expenses or revenues ceded to reinsurers		(12,097)	(2,968)
Management costs [c]		173,672	159,015
Technical expenses for insurance activities	V.2	**1,418,240**	**1,125,978**
Expenses for other activities		141,348	236,603
Operating expenses		**1,559,588**	**1,362,581**
Change in depreciation and amortization on investments (net)	V.3	8,280	1,605
Other investment financial expenses	V.3	6,628	7,410
Finance costs		15,418	15,059
Financial expenses		**30,326**	**24,075**
NET EXPENSES		**1,589,914**	**1,386,656**
Goodwill impairment		-	-
NET PROFIT (LOSS) BEFORE TAX		**106,664**	**244,440**
Income taxes		(29,046)	(103,644)
NET PROFIT (LOSS) AFTER TAX		**77,618**	**140,796**
Share of the associates in the result		86	(7)
Net profit (loss) from discontinued operations		-	-
Net consolidated profit (loss) attributable to:		**77,704**	**140,789**
Group's share		73,620	140,293
Non-controlling interests		4,084	496

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 euros	30 June 2018	30 June 2017
NET CONSOLIDATED PROFIT (LOSS)	**77,704**	**140,789**
Actuarial gains and losses on defined benefit pension liabilities	3,641	19,096
Tax on other items that will not be subsequently reclassified to the net profit (loss)	(910)	(6,491)
Items that will not be subsequently reclassified to the net profit (loss)	**2,731**	**12,605**
Change in fair value of financial assets available for sale	(42,400)	(19,796)
Change in fair value of derivative instruments designated as cash flow hedges	1,271	(53,901)
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	6,000	27,533
Items that could be subsequently reclassified to the net profit (loss)	**(35,128)**	**(46,164)**
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	**(32,397)**	**(33,558)**
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	**45,307**	**107,231**
Group’s share	41,223	106,735
Non-controlling interests	4,084	496

4 Consolidated cash flows statement

In thousands of euros	Notes	30 June 2018	30 June 2017
Net profit (loss) before tax (Total 1)		**106.664**	**244.440**
Depreciations and impairments on intangible and tangible assets	IV.2, IV.4	16,481	16,478
Change in depreciations on financial instruments and investment properties	IV.3, IV.4, V.3	8,280	1,605
Change in fair value on investments through profit or loss	IV.3, V.3	33,082	(26,332)
Provisions for risks and expenses, and other liabilities		(3,034)	105,647
Change in provisions of insurance and investments contracts		394,655	(69,931)
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(254,512)	(247,758)
Corrections of the amounts that do not impact cash flows (Total 2)		**194,952**	**(220,291)**
Dividends and instalments on earned dividends		18,805	16,987
Earned financial income	V.3	270,591	283,673
Use of provision for employee benefits		(3,321)	(6,642)
Change in current receivables and debts	IV.5, IV.10	(12,555)	(16,354)
Change in liabilities from insurance and investments contracts		(40,074)	(1,130)
Tax paid		(5,866)	(3,466)
Other changes (Total 3)		**227,580**	**273,068**
Net cash flows from operating activities (Total 1+2+3)		**529,196**	**297,217**
Shares in subsidiaries, net of acquired cash in hand	III.3	(3,986)	(490)
Acquisition of financial assets and investment properties	IV.3, IV.4	(2,387,100)	(1,432,949)
Acquisition of intangible and tangible fixed assets	IV.2, IV.4	(19,730)	(30,362)
Disposals of shares in subsidiaries, net of transferred cash	III.3	-	(408)
Disposals of financial assets and investment properties	IV.3, IV.4	2,258,458	1,461,193
Disposals of intangible and tangible fixed assets	IV.2, IV.4	498	3,066
Net cash flows from investing activities		**(151,862)**	**51**
Subscription to capital increase		-	-
Capital refund		-	-
Dividends paid by the parent company		(150,000)	(45,000)
Dividends paid to third parties		(4,386)	(4,386)
Issues of financial liabilities	IV.8	2,812	13,999
Refund of financial liabilities	IV.8	(3,124)	7,186
Interests paid on financial liabilities		(20,850)	(20,827)
Net cash flows from financing activities		**(175,548)**	**(49,028)**
Total cash flows		**201,786**	**248,240**
Cash or cash equivalents at the beginning of the period		**297,621**	**415,012**
Cash or cash equivalents at the end of the period		**499,442**	**666,299**
Change in the cash accounts		201,786	248,240
Impacts of exchange rate differences of foreign currency and of other transactions		19	3,024
Changes in accrued interests not yet due on cash equivalents		16	22
Change in cash		**201,821**	**251,286**

5 Consolidated statement of changes in equity

	30 June 2018						
In thousands of euros	Subscribed capital	Result carried forward	Unrealized gains and losses	Other	Equity of the Group	Non-controlling interests	Total equity
Equity as of 1 January	**1,000,000**	**1,093,762**	**351,950**	**29,365**	**2,475,077**	**45,490**	**2,520,567**
Net consolidated profit (loss) attributable to:	-	73,620	-	-	73,620	4,084	77,704
Total of other items of comprehensive income	-	-	(59,803)	15,675	(44,128)	-	(44,128)
Other movements	-	-	11,731	-	11,731	-	11,731
Net consolidated comprehensive income	-	**73,620**	**(48,072)**	**15,675**	**41,223**	**4,084**	**45,307**
Capital movements	-	-	-	-	-	-	-
Dividends	-	(150,000)	-	-	(150,000)	(4,386)	(154,386)
Change in the consolidation scope	-	-	-	-	-	(1,603)	(1,603)
Other movements	-	(11,731)	-	-	(11,731)	-	(11,731)
Equity as of 30 June	**1,000,000**	**1,005,651**	**303,878**	**45,039**	**2,354,569**	**43,585**	**2,398,154**

	30 June 2017						
In thousands of euros	Subscribed capital	Result carried forward	Unrealized gains and losses	Other	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:	-	140,293	-	-	140,293	496	140,789
Total of other items of comprehensive income	-	-	(10,584)	(22,975)	(33,558)	-	(33,558)
Net consolidated comprehensive income	-	**140,293**	**(10,584)**	**(22,975)**	**106,735**	**496**	**107,231**
Capital movements	-	-	-	-	-	-	-
Dividends	-	(45,000)	-	-	(45,000)	(4,386)	(49,386)
Change in the consolidation scope	-	(169)	-	-	(169)	(321)	(490)
Other movements	-	-	-	-	-	-	-
Equity as of 30 June	**1,000,000**	**1,075,832**	**200,502**	**42,611**	**2,318,945**	**43,290**	**2,362,235**

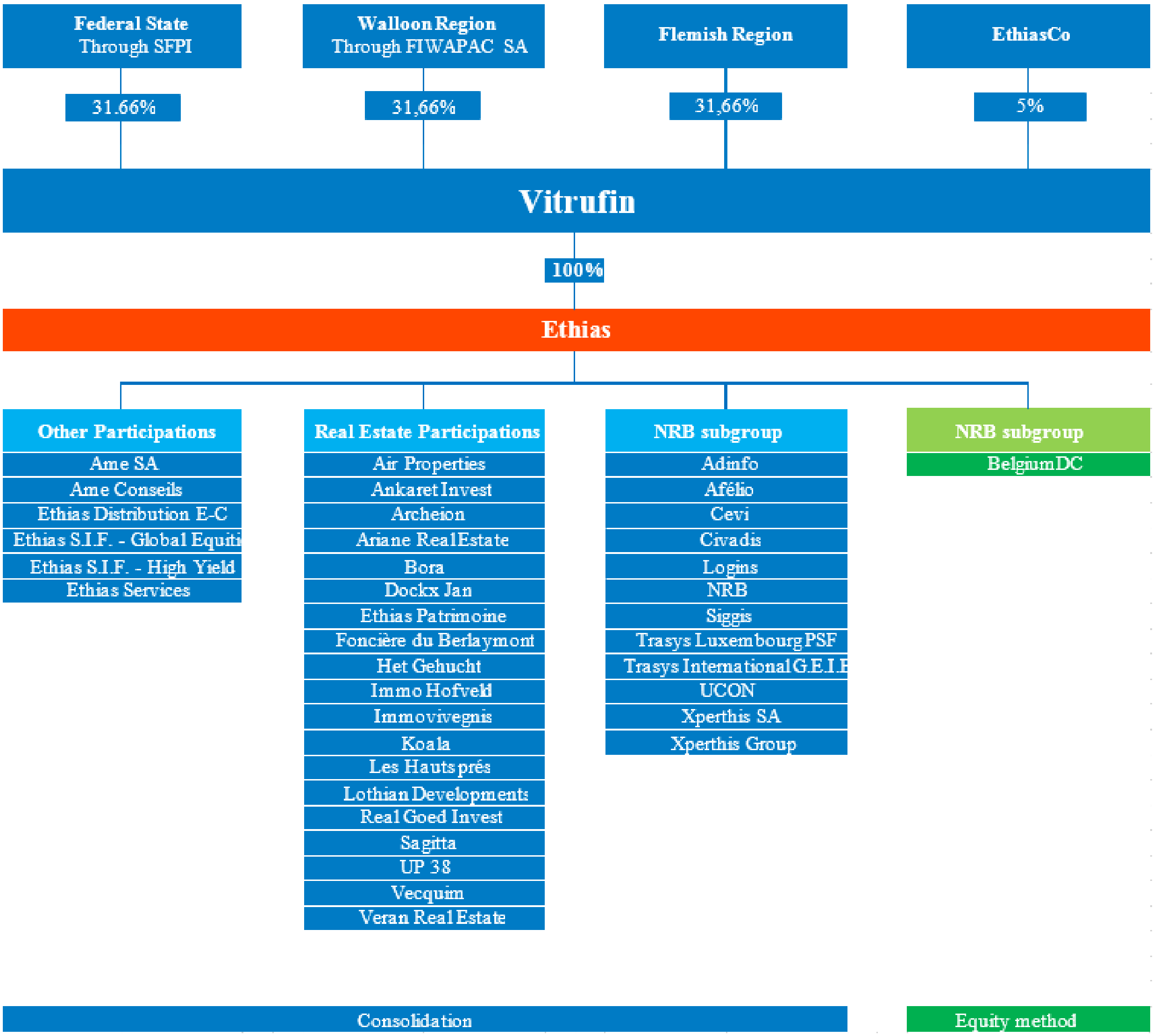
The column "Unrealized gains and losses" shows, after application of shadow accounting, the net change in unrealized gain or loss recognized on available-for-sale assets, as well as the related deferred taxes.

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

The line "other movements" includes the restatement made to the result carried forward following the application of the shadow accounting on the "High Yield" sub-fund of the Sicav Ethias Sustainable Fund as from 1 January 2018.

III. GENERAL INFORMATION

1 The Group (*)



On 24 May 2018, Logins and Cevi acquired 100% of Siggis (50% each).

On 28 June 2018, NRB acquired 100% of the shares of UCON.

2 Consolidation scope

At 30 June 2018, apart from UCON and SIGGIS, there was no material change in the consolidation scope. For further information on the latter, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017 .

(*) On 28 September 2018 and pursuant to a Walloon Government decree of 19 April 2018, SA FIWAPAC, which held 31.66% of Vitrufin, contributed to SA Wespavia, another sub-subsidiary of the Walloon Region, all of the 629,833 ordinary shares held, in delegated mission, for the latter. The share of the Walloon Region in Vitrufin's capital is therefore now divided between SA Wespavia, which holds 31.49% of Vitrufin, and SA FIWAPAC, which holds 0.17%.

3 Acquisitions and disposals of subsidiaries

During the first half of 2018, NRB, which is pursuing its expansion and growth strategy, acquired 100% of the shares of UCON. At the same time, Logins and Cevi, which are part of the NRB group, each acquired 50% of the shares of Siggis.

There were no disposals of subsidiaries during the first half of 2018.

4 Summary of significant accounting principles

4.1. Basis of preparation of the consolidated financial statements

4.1.1 General principles

The Group's Interim Report includes the consolidated financial statements prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and the highlights of the period.

This report is prepared for the six months ending 30 June 2018 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 six months ending 30 June 2018, have been prepared in accordance with IAS 34 "Interim financial reporting".

The interim report does not include all the notes normally included in an annual financial report. Consequently, this report should be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcement made by the Ethias Group during the interim reporting period.

4.1.2 New standards, amendments and interpretations published and adopted since 1 January 2018

The following new standards and interpretations, applicable as from 1 January 2018, had no major incidence on the consolidated accounts of the Group:

- IFRS 9 – Financial instruments: Recognition and measurement. The “deferral option”, which allows the deferred application at the same time as IFRS 17, was applied (see point III.4.1.3).
- IFRS 15 - Revenue recognition: 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. An analysis has shown that the IFRS15 impact in the consolidated financial statements can be considered as immaterial. On the basis of the principle of IAS 1, we consider that the non-application of IFRS 15 does not affect the fair presentation of the financial statements of Ethias SA.
- Amendments to IAS 40 - Transfers of investment property
- Annual improvements to IFRS (cycle 2014-2016) relate to the amendments of the following standards:
  - Amendment IFRS 1 impacting IFRS 1, 7 and 10 as well as IAS 19,
  - Amendment IFRS 12,
  - Amendment IFRS 28.

The impact of these amendments to IFRS on our financial statements is limited.

4.1.3 Future standards and interpretations

The Group has chosen to apply none of the new, revised or amended standards for which the IFRS leave the choice to anticipate or not their coming into force, 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 judgement 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, 2019 onwards. With regard to IFRS 16, this new standard implies 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. The impact assessment of this standard is currently being carried out.

Furthermore, the Group has implemented projects relating to the main new standards and interpretations that could have a significant impact on the accounts, such as 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”, which allows the deferred application of the latter, at the same time as IFRS 17, was applied. In fact, the activities of Ethias SA and its subsidiaries meet the criteria of paragraph 20B of IFRS 4 because they are mainly related to insurance. The implementation of IFRS 9 and IFRS 17 will most likely have a significant impact on equity and result. IFRS 4 currently allows a wide variety of insurance contract accounting practices. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

According to the general model prescribed by IFRS 17, insurance contracts must be measured using the following business segments:

- cash flows weighted according to discounted probabilities (fulfilment cash flows);
- a risk adjustment;
- a contractual service margin, representing the unrealized profit of the contract which is recognized as income over the hedging period.

IFRS 17 allows a choice between recognising changes in discount rates either in the income statement or directly in other items of comprehensive income. The choice should reflect the recognition of financial assets in accordance with IFRS 9.

A simplified and optional premium allocation approach is permitted for liabilities for the remaining coverage for short-term contracts, which are often underwritten by non-life insurers.

There is also a change in the general measurement model called the “variable fee approach” for certain contracts underwritten by life insurers where the policyholders share the returns of the underlying elements.

IFRS 17 is a significant development in accounting policy that will have a fundamental impact on the Group's methodology, processes, systems and results.

Currently, a project to implement IFRS 9 and IFRS 17 is being launched.

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.

4.2. Sector information

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

4.3. Accounting principles and valuation rules

The accounting principles and the valuation rules applied at 31 December 2017 are still valid and therefore applicable for the first half of 2018. For detailed explanation, see the annual report at end 2017.

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

5 Critical accounting estimates and judgments

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.

6 Sector information

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 Life Individuals: Ethias sells outstanding balance insurances, following the absorption of Whestia in 2017. Most of the other insurance products are put into run-off. 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".
- Segment "Public Bodies & 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 Bodies & 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 30 June 2018 and 2017 respectively are detailed below:

In thousands of euros	Notes	PUBLIC BODIES & COMPANIES NON-LIFE	PUBLIC BODIES & COMPANIES LIFE	INDIVIDUALS NON-LIFE	INDIVIDUALS LIFE	OTHER NON-TECHNICAL	Statutory income statement B-Gaap 30 June 2018	ADJUSTMENTS Total Adjustments	Consolidated income statement IFRS 30 June 2018
Gross premiums		591,392	632,648	299,153	24,954	-	1,548,148	(10,148)	1,538,000
Premiums ceded to reinsurers		(16,652)	(2,813)	(2,065)	(5)	-	(21,535)	(16,175)	(37,711)
Change in the provision for unearned premiums and outstanding risks [(a)]		(193,984)	-	(13,490)	-	-	(207,474)	16,175	(191,298)
Other income from insurance activities		587	107	557	1,576	-	2,826	-	2,826
Revenues from insurance activities [(a)]	1	**381,343**	**629,942**	**284,155**	**26,525**	**-**	**1,321,965**	**(10,148)**	**1,311,817**
Revenues from other activities		-	-	-	-	217,606	217,606	(78,770)	138,836
Revenues		**381,343**	**629,942**	**284,155**	**26,525**	**217,606**	**1,539,571**	**(88,918)**	**1,450,653**
Net income from investments		51,672	184,490	1,693	29,803	12,269	279,928	(62,075)	217,852
Net realized gains or losses on investments		-	-	-	-	2,730	2,730	58,424	61,154
Change in fair value of investments through profit and loss [(b)]		-	-	-	-	(10,567)	(10,567)	(22,515)	(33,082)
Net financial income	3	**51,672**	**184,490**	**1,693**	**29,803**	**4,433**	**272,091**	**(26,167)**	**245,924**
NET REVENUES		**433,014**	**814,432**	**285,849**	**56,328**	**222,039**	**1,811,662**	**(115,084)**	**1,696,578**
Insurance service expenses		333,451	736,454	178,304	38,343	-	1,286,552	(29,887)	1,256,665
Net expenses or revenues ceded to reinsurers		(8,898)	(1,869)	(1,357)	28	-	(12,097)	-	(12,097)
Management costs [(c)]		62,512	52,620	67,365	6,922	-	189,419	(15,747)	173,672
Technical expenses for insurance activities	2	**387,065**	**787,205**	**244,312**	**45,293**	**-**	**1,463,874**	**(45,634)**	**1,418,420**
Expenses for other activities		-	-	-	-	200,784	200,784	(59,436)	141,348
Operating expenses		**387,065**	**787,205**	**244,312**	**45,293**	**200,784**	**1,664,658**	**(105,070)**	**1,559,588**
Change in depreciation and amortization on investments (net)	3	-	-	-	-	4,678	4,678	3,602	8,280
Other investment financial expenses	3	-	-	-	-	1,176	1,176	5,452	6,628
Finance costs		-	-	-	-	4,356	4,356	11,062	15,418
Financial expenses		**-**	**-**	**-**	**-**	**10,210**	**10,210**	**20,116**	**30,326**
NET EXPENSES		**387,065**	**787,205**	**244,312**	**45,293**	**210,994**	**1,674,868**	**(84,954)**	**1,589,914**
Goodwill impairment		-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		**45,950**	**27,227**	**41,537**	**11,035**	**11,045**	**136,794**	**(30,130)**	**106,664**
Income taxes		-	-	-	-	(30,998)	(30,998)	1,952	(29,046)
Transfer/Charge to untaxed reserves		-	-	-	-	-	-	-	-
NET PROFIT (LOSS) AFTER TAX		**45,950**	**27,227**	**41,537**	**11,035**	**(19,952)**	**105,796**	**(28,178)**	**77,618**
Share of the associates in the result		-	-	-	-	-	-	86	86
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		**45,950**	**27,227**	**41,537**	**11,035**	**(19,952)**	**105,796**	**(28,092)**	**77,704**
Group's share							105,796	(32,176)	73,620
Non-controlling interests								4,084	4,084

In thousands of euros	Notes	PUBLIC BODIES & COMPANIES NON-LIFE	PUBLIC BODIES & COMPANIES LIFE	INDIVIDUALS NON-LIFE	INDIVIDUALS LIFE	OTHER NON-TECHNICAL	Statutory income statement B-Gaap 30 June 2017	ADJUSTMENTS Total Adjustments	Consolidated income statement IFRS 30 June 2017
Gross premiums	11.1	563,872	562,161	299,493	26,660	-	1,452,186	(46,002)	1,406,184
Premiums ceded to reinsurers	11.1	(12,034)	(2,103)	(3,497)	(5)	-	(17,639)	(14,648)	(32,287)
Change in the provision for unearned premiums and outstanding risks [(a)]		(188,878)	-	(14,992)	-	-	(203,870)	14,648	(189,222)
Other income from insurance activities		201	816	444	1,488	-	2,949	-	2,949
Revenues from insurance activities [(a)]	11.1	**363,162**	**560,874**	**281,448**	**28,143**	**-**	**1,233,626**	**(46,002)**	**1,187,624**
Revenues from other activities		-	-	-	-	200,822	200,822	(70,299)	130,523
Revenues		**363,162**	**560,874**	**281,448**	**28,143**	**200,822**	**1,434,447**	**(116,301)**	**1,318,146**
Net income from investments		47,176	184,048	25,486	41,571	13,917	312,197	(59,797)	252,401
Net realized gains or losses on investments		-	-	-	-	4,000	4,000	30,216	34,217
Change in fair value of investments through profit and loss [(b)]		-	-	-	-	5,194	5,194	21,139	26,332
Net financial income	11.3	**47,176**	**184,048**	**25,486**	**41,571**	**23,110**	**321,391**	**(8,441)**	**312,950**
NET REVENUES		**410,338**	**744,921**	**306,934**	**69,713**	**223,932**	**1,755,838**	**(124,742)**	**1,631,096**
Insurance service expenses	11.2	281,808	675,179	155,503	154,753	-	1,267,243	(297,312)	969,931
Net expenses or revenues ceded to reinsurers	11.2	(1,861)	(3,771)	2,663	(3)	-	(2,971)	3	(2,968)
Management costs [(c)]		63,604	38,511	60,984	10,149	-	173,248	(14,234)	159,015
Technical expenses for insurance activities	11.2	**343,551**	**709,918**	**219,151**	**164,900**	**-**	**1,437,521**	**(311,543)**	**1,125,978**
Expenses for other activities		-	-	-	-	305,192	305,192	(68,589)	236,603
Operating expenses		**343,551**	**709,918**	**219,151**	**164,900**	**305,192**	**1,742,713**	**(380,131)**	**1,362,581**
Change in depreciation and amortization on investments (net)	11.3	-	-	-	-	4,347	4,347	(2,742)	1,605
Other investment financial expenses	11.3	-	-	-	-	700	700	6,710	7,410
Finance costs		-	-	-	-	4,511	4,511	10,548	15,059
Financial expenses		**-**	**-**	**-**	**-**	**9,558**	**9,558**	**14,517**	**24,075**
NET EXPENSES		**343,551**	**709,918**	**219,151**	**164,900**	**314,750**	**1,752,271**	**(365,615)**	**1,386,656**
Goodwill impairment		-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		**66,786**	**35,003**	**87,783**	**(95,187)**	**(90,818)**	**3,568**	**240,872**	**244,440**
Income taxes		-	-	-	-	(5,918)	(5,918)	(97,726)	(103,644)
Transfer/Charge to untaxed reserves		-	-	-	-	(1,113)	(1,113)	1,113	-
NET PROFIT (LOSS) AFTER TAX		**66,786**	**35,003**	**87,783**	**(95,187)**	**(97,848)**	**(3,463)**	**144,259**	**140,796**
Share of the associates in the result		-	-	-	-	-	-	(7)	(7)
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		**66,786**	**35,003**	**87,783**	**(95,187)**	**(97,848)**	**(3,463)**	**144,252**	**140,789**
Group's share							(3,463)	143,756	140,293
Non-controlling interests								496	496

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.

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.

6.1 Private Individuals

The income in Non-Life Private Individuals amounts to 299.2 million euros in the 1st half of 2018 and remains stable compared to the income of 299.5 million euros in the 1st half of 2017.

The net technical-financial balance Non-Life amounts to 41.5 million euros and decreases by 46.2 million euros compared to the 1st half of 2017. This is mainly due to a significant increase in fire claims expenses following the various adverse weather conditions that occurred in 2018 and to lower releases on prior years' reserves.

The Life income for Private Individuals amounts to 25 million euros for the 1st half of 2018 and is mainly limited to the replenishment of existing Life policies and to death insurances.

The net technical-financial balance Life for Private Individuals of the 1st semester amounts to 11 million euros in 2018 compared to -95.2 million euros in 2017. The 2017 result was impacted by the “Switch VII" operation, which took into account an exit premium of 108 million euros.

6.2 Public bodies and Companies

The Non-Life income for Public Bodies & Companies amounts to 591.4 million euros in the 1st half of 2018. Hence, it increases by 27.5 million euros compared to the income of the 1st half of 2017, mainly through brokerage and internationally.

The net technical-financial balance Non-Life for Public Bodies & Companies amounts to 46 million euros and decreases by 20.8 million euros compared to the 1st half of 2017. This is mainly explained by an increase in the claims rate due to adverse weather conditions and lower releases on prior years' reserves.

The income in Life Public Bodies and Companies amounts to 632.6 million euros in the 1st half of 2018 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 for Public Bodies & Companies amounts to 27.2 million euros in the 1st half of 2018 compared to 35 million euros in the 1st half of 2017.

The Life reserves in Public Bodies & Companies amount to nearly 7.2 billion euros at end-June 2018 for Branch 21.

6.3 Adjustments

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

6.3.1 IFRS adjustments

The recognition of employee benefits in accordance with IAS 19 impacts the result by up to -10.1 million euros, including -7.4 million euros relating to the "60+" end-of-career plan, the cost of which is taken into account gradually between the date of signature and the date on which the benefits cease.

The recognition of Life technical provisions under IFRS 4 positively impacts the result of 28.8 million euros. This result is due to the adjustment of shadow accounting for products classified as FVPL. In Non-Life, the cancellation of the reversal of the provision for equalization and catastrophe amounts to -4.6 million euros.

The application of IAS 39 decreases the result of the financial instruments by -21.6 million euros compared to the BGAAP result, following the decrease in the value of certain bonds (effect of the financial markets). .

The cancellation of the goodwill amortization generated during the acquisition of Whestia increases the result by 1.3 million euros.

IFRS adjustments of subsidiaries amount to +1.1 million euros 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 +1.9 million euros.

Hence, the sum of the IFRS adjustments represents a loss of 3.3 million euros.

6.3.2 Consolidation adjustments

Consolidation adjustments consist primarily of an opening difference (-0.1 million euros), the elimination of dividends (-22.9 million euros), the reversal of value adjustments (+0.5 million euros) and the impact of the change in capital of the SICAV "Ethias Sustainable Investment Fund" for -2.2 million euros.

All consolidation adjustments represent an expense of 24.8 million euros.

6.3.3 Eliminations of intercompany transactions

The purpose of these eliminations is to cancel transactions that exist between the different companies of the Group. These eliminations have no impact on the result of the Group.

7 Management of financial and insurance risks

7.1 Concentration risk

There were no significant changes in the first half of 2018 compared to 31 December 2017. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

7.2 Credit spread risk

There were no significant changes in the first half of 2018 compared to 31 December 2017. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

IV. NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Goodwill

There were no significant changes in the first half of 2018 compared to 31 December 2017. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

2 Other intangible assets

	30 June 2018		
In thousands of euros	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	**184,599**	**41,430**	**226,029**
Accumulated amortization on 1 January	(107,255)	(5,604)	(112,859)
Accumulated impairments on 1 January	-	-	-
Net book value on 1 January	**77,344**	**35,826**	**113,170**
Acquisitions	16,130	372	16,502
Disposals	-	-	-
Reclassifications	(106)	-	(106)
Change in the consolidation scope	-	479	479
Net amortization	(6,115)	(2,023)	(8,138)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 30 June	**87,254**	**34,653**	**121,907**

	31 December 2017		
In thousands of euros	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	40,670	34,301	74,972
Disposals	-	-	-
Reclassifications	-	-	-
Change in the consolidation scope	-	-	-
Net amortization	(54,861)	(738)	(55,599)
Impairments	-	-	-
Other changes	-	-	-
Net book value on 31 December	**77,344**	**35,826**	**113,170**

3 Financial investments

3.1 Overview of financial investments by category

In thousands of euros	30 June 2018 Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	58,750	(14,623)	56,222	-	100,348	100,348
Participating interests	**58,750**	**(14,623)**	**56,222**	**-**	**100,348**	**100,348**
Available for sale	341,172	(5,290)	72,657	-	408,539	408,539
Designated at fair value through profit or loss	124,026	-	-	(10,573)	113,453	113,453
Held for trading	32,636	-	-	(4,459)	28,177	28,177
Equities	**497,834**	**(5,290)**	**72,657**	**(15,032)**	**550,168**	**550,168**
Available for sale	139,022	(5,003)	28,999	-	163,018	163,018
Designated at fair value through profit or loss	11,172	-	-	923	12,095	12,095
Investment funds	**150,194**	**(5,003)**	**28,999**	**923**	**175,113**	**175,113**
Available for sale	12,496,773	(11,339)	985,020	-	13,470,454	13,470,454
Designated at fair value through profit or loss	593,058	-	-	33,627	626,685	626,685
Bonds	**13,089,831**	**(11,339)**	**985,020**	**33,627**	**14,097,139**	**14,097,139**
Loans and deposits	539,694	(8,834)	-	-	530,860	550,156
Other investments	**539,694**	**(8,834)**	**-**	**-**	**530,860**	**550,156**
Held for trading	4,086	-	-	(4,086)	-	-
Held for hedging purposes	-	-	23,980	-	23,980	23,980
Derivative financial assets	**4,086**	**-**	**23,980**	**(4,086)**	**23,980**	**23,980**
Investments belonging to unit-linked insurance contracts	**1,137,842**	**-**	**-**	**38,506**	**1,176,348**	**1,176,348**
Total	**15,478,231**	**(45,091)**	**1,166,880**	**53,937**	**16,653,957**	**16,673,253**

In thousands of euros	31 December 2017 Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	59,408	(14,654)	58,642	-	103,396	103,396
Participating interests	**59,408**	**(14,654)**	**58,642**	**-**	**103,396**	**103,396**
Available for sale	294,981	(4,331)	97,504	-	388,155	388,155
Designated at fair value through profit or loss	118,766	-	-	6,577	125,343	125,343
Held for trading	26,432	-	-	(1,499)	24,933	24,933
Equities	**440,179**	**(4,331)**	**97,504**	**5,078**	**538,431**	**538,431**
Available for sale	132,438	(5,003)	25,610	-	153,044	153,044
Designated at fair value through profit or loss	12,237	-	-	1,141	13,378	13,378
Investment funds	**144,675**	**(5,003)**	**25,610**	**1,141**	**166,422**	**166,422**
Available for sale	12,694,500	(11,339)	1,101,726	-	13,784,886	13,784,886
Designated at fair value through profit or loss	638,808	-	-	52,713	691,521	691,521
Bonds	**13,333,308**	**(11,339)**	**1,101,726**	**52,713**	**14,476,407**	**14,476,407**
Loans and deposits	603,502	(9,663)	-	-	593,839	619,699
Other investments	**603,502**	**(9,663)**	**-**	**-**	**593,839**	**619,699**
Held for trading	24,041	-	-	(23,872)	169	169
Held for hedging purposes	-	-	7,273	-	7,273	7,273
Derivative financial assets	**24,041**	**-**	**7,273**	**(23,872)**	**7,443**	**7,443**
Investments belonging to unit-linked insurance contracts	**770,958**	**-**	**-**	**39,592**	**810,550**	**810,550**
Total	**15,376,072**	**(44,990)**	**1,290,755**	**74,651**	**16,696,488**	**16,722,347**

The cost includes the undepreciated part of the actuarial adjustments (for bonds) as well as the accrued interests not yet due. The fair value of the loans is based on valuation methods including data that are not based on observable market data (surrenders, evolution in the value of the guarantees, management costs). The fair value is based on the application of a model price obtained by the discounting of projected cash flows on the basis of the forward rate curve and taking into account the historical surrender assumption. The risk-free discount curve is adjusted to take into account the credit risks based on an analysis of the portfolio and of the guarantees as well as of the market practices.

The fair value of loans is classified as Level 3. Indeed, the valuation approach is based on a deterministic model and includes data that are not directly observable in the markets.

3.2 Evolution of financial investments

	30 June 2018						
	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	Total
Opening balance on 1 January	**14,429,482**	**830,242**	**24,933**	**593,839**	**7,443**	**810,550**	**16,696,488**
Acquisitions	1,471,186	38,329	42,371	17,489	145	812,043	**2,381,562**
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	(1,549,133)	(87,454)	(35,776)	(81,472)	(122)	(447,841)	**(2,201,798)**
Foreign currency translation differences on monetary assets	-	-	-	-	-	-	**-**
Adjustment at fair value	(117,971)	(29,955)	(3,351)	-	16,515	392	**(134,369)**
Amortizations	(17,340)	1,328	-	-	-	(2,503)	**(18,515)**
Changes in accrued interests not yet due	(72,545)	(257)	-	269	-	3,709	**(68,825)**
Impairments	(1,360)	-	-	735	-	-	**(625)**
Change in the consolidation scope	40	-	-	-	-	-	**40**
Other changes	-	-	-	-	-	-	**-**
Net book value on 30 June	**14,142,359**	**752,233**	**28,177**	**530,860**	**23,980**	**1,176,348**	**16,653,957**

	31 December 2017						
	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	Total
Opening balance on 1 January	**14,203,682**	**812,547**	**20,303**	**654,864**	**75,346**	**408,389**	**16,175,131**
Acquisitions	2,349,087	76,600	80,497	13,224	19,955	832,432	**3,371,797**
Reclassifications between categories	-	-	-	-	-	-	**-**
De-recognition following exercise option	-	-	-	-	(29,938)	-	**(29,938)**
Profits and losses realized on hedging instruments not yet recognized through profit or loss	1,777	-	-	-	-	-	**1,777**
Disposals and reimbursements	(2,004,902)	(108,735)	(74,335)	(76,158)	(10,528)	(459,699)	**(2,734,355)**
Foreign currency translation differences on monetary assets	(16)	-	-	-	-	-	**(16)**
Adjustment at fair value	(218,044)	45,720	(1,533)	-	(47,394)	25,412	**(195,838)**
Amortizations	(27,418)	3,798	-	-	-	4,019	**(19,600)**
Changes in accrued interests not yet due	(6,642)	310	-	(346)	-	(4)	**(6,682)**
Impairments	(905)	-	-	(141)	-	-	**(1,046)**
Change in the consolidation scope	-	-	-	-	-	-	**-**
Other changes (*)	132,863	-	-	2,396	-	-	**135,259**
Net book value on 31 December	**14,429,482**	**830,242**	**24,933**	**593,839**	**7,443**	**810,550**	**16,696,488**

(*): Please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

Adjustments to the fair value for derivatives break down into 16,707 thousand euros for derivative hedging instruments (against -22,628 thousand euros in December 2017) and -192 thousand euros for derivative trading instruments on 30 June 2018 (against -24,766 thousand euros at 31 December 2017).

3.3 Evolution of impairments on investments

3.3.1 Impairment on available-for-sale investments

In thousands of euros	30 June 2018	31 December 2017
Balance on 1 January	**(35,327)**	**(35,276)**
Provision for impairments	(1,360)	(905)
Reversals of impairments	-	-
Reversals due to disposals	430	1,804
Change in the consolidation scope	-	-
Reclassifications	-	(950)
Other changes	-	-
Balance on 30 June / 31 December	**(36,256)**	**(35,327)**

3.3.2 Impairments on loans, deposits and other financial investments

In thousands of euros	30 June 2018	31 December 2017
Balance on 1 January	**(9,663)**	**(16,920)**
Provision for impairments	(107)	(141)
Reversals of impairments	842	-
Reversals due to disposals	93	7,398
Change in the consolidation scope	-	-
Reclassifications	-	-
Other changes	-	-
Balance on 30 June / 31 December	**(8,834)**	**(9,663)**

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:

	30 June 2018			
In thousands of EUR	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	40	-	100,308	100,348
Participating interests	**40**	**-**	**100,308**	**100,348**
Available for sale	408,539	-	-	408,539
Designated at fair value through profit or loss	113,453	-	-	113,453
Held for trading	28,177	-	-	28,177
Equities	**550,168**	**-**	**-**	**550,168**
Available for sale	77,951	18,095	66,973	163,018
Designated at fair value through profit or loss	12,095	-	-	12,095
Held for trading	-	-	-	-
Investment funds	**90,046**	**18,095**	**66,973**	**175,113**
Available for sale	12,367,400	1,030,621	72,433	13,470,454
Designated at fair value through profit or loss	156,677	427,213	42,795	626,685
Held for trading	-	-	-	-
Bonds	**12,524,077**	**1,457,834**	**115,228**	**14,097,139**
Held for trading	-	-	-	-
Held for cash flow hedging	-	23,980	-	23,980
Derivative financial assets	**-**	**23,980**	**-**	**23,980**
Investments belonging to unit-linked insurance	**1,134,069**	**42,280**	**-**	**1,176,348**
Total financial assets	**14,298,400**	**1,542,188**	**282,509**	**16,123,097**
Financial liabilities				
Investment contracts hedged by assets at fair value	1,137,725	42,280	-	1,180,005
Held for trading	-	-	-	-
Held for cash flow hedging	-	19,131	-	19,131
Derivative financial liabilities	**-**	**19,131**	**-**	**19,131**
Total financial liabilities	**1,137,725**	**61,411**	**-**	**1,199,136**

	31 December 2017			
In thousands of EUR	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	-	-	103,396	103,396
Participating interests	**-**	**-**	**103,396**	**103,396**
Available for sale	388,155	-	-	388,155
Designated at fair value through profit or loss	125,343	-	-	125,343
Held for trading	24,933	-	-	24,933
Equities	**538,431**	**-**	**-**	**538,431**
Available for sale	69,001	83,837	206	153,044
Designated at fair value through profit or loss	13,378	-	-	13,378
Held for trading	-	-	-	-
Investment funds	**82,379**	**83,837**	**206**	**166,422**
Available for sale	12,599,723	1,115,217	69,947	13,784,886
Designated at fair value through profit or loss	147,837	491,058	52,625	691,521
Held for trading	-	-	-	-
Bonds	**12,747,561**	**1,606,275**	**122,571**	**14,476,407**
Held for trading	-	169	-	169
Held for cash flow hedging	-	7,273	-	7,273
Derivative financial assets	**-**	**7,443**	**-**	**7,443**
Investments belonging to unit-linked insurance contracts	**738,980**	**71,570**	**-**	**810,550**
Total financial assets	**14,107,350**	**1,769,124**	**226,174**	**16,102,649**
Financial liabilities				
Investment contracts hedged by assets at fair value	742,637	71,570	-	814,206
Held for trading	-	-	-	-
Held for cash flow hedging	-	4,868	-	4,868
Derivative financial liabilities	**-**	**4,868**	**-**	**4,868**
Total financial liabilities	**742,637**	**76,438**	**-**	**819,074**

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.

3.5 Distribution between the various hierarchic levels

There has been no change in the criteria used to allocate assets between the different hierarchical levels. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

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

	30 June 2018		31 December 2017	
In thousands of EUR	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	-	-	-	-
Participating interests	**-**	**-**	**-**	**-**
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	-	39,483	97,567	73,177
Designated at fair value through profit or loss	-	20,385	-	-
Held for trading	-	-	-	-
Bonds	**-**	**59,867**	**97,567**	**73,177**
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
Derivative financial assets	**-**	**-**	-	-
Investments belonging to unit-linked insurance contracts	**-**	**-**	**-**	**-**
Total financial assets	**-**	**59,867**	**97,567**	**73,177**
Financial liabilities				
Investment contracts hedged by assets at fair value	-	-	-	-
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
Derivative financial liabilities	**-**	**-**	**-**	**-**
Total financial liabilities	**-**	**-**	**-**	**-**

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. For transfers from level 2 to level 1, the securities for which the price of a counterparty was the source of the market price have ultimately benefited from the BGN market price as pricing source.

3.7 Evolution of investments estimated at fair value in level 3

In thousands of EUR	30 June 2018 Available-for-sale investments	Financial assets at fair value through profit or loss	Total
Opening balance on 1 January	**173,549**	**52,625**	**226,174**
Acquisitions	2,643	-	2,643
Reclassifications between categories	-	-	-
Reclassification to level 3	75,090	12,012	87,102
Exit from level 3	-	-	-
Disposals and reimbursements	(9,114)	(21,988)	(31,102)
Adjustment at fair value through equity	(1,938)		(1,938)
Adjustment at fair value through profit or loss		2	2
Changes in accrued interests not yet due	(516)	144	(372)
Impairments through profit or loss	-	-	-
Other changes	-	-	-
Closing balance on 30 June	**239,714**	**42,795**	**282,509**

In thousands of EUR	31 December 2017 Available-for-sale investments	Financial assets at fair value through profit or loss	Total
Opening balance on 1 January	**212,234**	**119,120**	**331,355**
Acquisitions	40,965	13,892	54,857
Reclassifications between categories	-	-	-
Reclassification to level 3	200	-	200
Exit from level 3	-	(85,901)	(85,901)
Disposals and reimbursements	(35,551)	-	(35,551)
Adjustment at fair value through equity	4,847	-	4,847
Adjustment at fair value through profit or loss	-	5,516	5,516
Changes in accrued interests not yet due	(235)	(2)	(237)
Impairments through profit or loss	(162)	-	(162)
Other changes (*)	(48,748)	-	(48,748)
Closing balance on 31 December	**173,549**	**52,625**	**226,174**

(*): Please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

4 Tangible fixed assets and investment properties

	30 June 2018			
In thousands of euros	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	**587,867**	**186,243**	**208,754**	**982,864**
Acquisitions	5,538	232	2,997	8,766
Disposals and withdrawals	(15,175)	(1,165)	(1,266)	(17,606)
Properties held for sale	-	-	-	-
Change in the consolidation scope	-	-	1,157	1,157
Reclassifications from one heading to another	-	-	(4,194)	(4,194)
Other changes	-	-	-	-
Gross value on 30 June	**578,230**	**185,309**	**207,448**	**970,987**
Depreciations and accumulated impairments on 1 January	**(100,061)**	**(90,189)**	**(159,758)**	**(350,008)**
Depreciations of the financial year	(8,165)	(2,501)	(5,842)	(16,509)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	896	896
Reversals following disposals	6,069	752	281	7,102
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	-	-	(377)	(377)
Reclassifications from one heading to another	-	-	(35)	(35)
Other changes	-	-	-	-
Depreciations and accumulated impairments on 30 June	**(102,158)**	**(91,939)**	**(164,834)**	**(358,931)**
Net book value on 30 June	**476,072**	**93,371**	**42,613**	**612,056**
Fair value on 30 June	**571,752**	**136,064**	**46,208**	**754,024**

	31 December 2017			
In thousands of euros	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	3,457	418	23,479	27,355
Disposals and withdrawals	(3,451)	(722)	(6,309)	(10,482)
Included loan costs	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	(6,499)	3,884	(2,430)	(5,045)
Other changes	14,011	-	-	14,011
Gross value on 31 December	**587,867**	**186,243**	**208,754**	**982,864**
Depreciations and accumulated impairments on 1 January	**(84,982)**	**(84,547)**	**(152,482)**	**(322,011)**
Depreciations of the financial year	(17,136)	(5,041)	(9,254)	(31,431)
Impairments of the financial year	(159)	-	-	(159)
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	1,525	697	233	2,455
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	4,598	(1,298)	1,744	5,045
Other changes	(3,907)	-	-	(3,907)
Depreciations and accumulated impairments on 31 December	**(100,061)**	**(90,189)**	**(159,758)**	**(350,008)**
Net book value on 31 December	**487,806**	**96,054**	**48,996**	**632,856**
Fair value on 31 December	**586,027**	**138,291**	**48,996**	**773,314**

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 valued annually 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 valuation method is that of the perpetual capitalization of the Estimated Rental Value (ERV). Following the review of its valuation policy for assets at market value, carried out in 2017, Ethias classifies this method at level 3 of the fair value hierarchy. Indeed, the valuation methods used by the experts are not based on observable data on the real estate market. In particular, market rental values or capitalization rates should be considered as input data of level 3.

5 Receivables

5.1. Breakdown of receivables by nature

	30 June 2018		
In thousands of euros	**Gross value**	**Impairment**	**Net book value**
Receivables arising from direct insurance operations and accepted reinsurance	284,407	(17,993)	266,414
Receivables arising from ceded reinsurance operations	88,724	-	88,724
Receivables arising from other operations	55,761	(593)	55,168
Tax receivables	4,767	-	4,767
Other receivables	71,239	(217)	71,022
Total	**504,899**	**(18,803)**	**486,097**

	31 December 2017		
In thousands of euros	**Gross value**	**Impairment**	**Net book value**
Receivables arising from direct insurance operations and accepted reinsurance	229,163	(17,619)	211,544
Receivables arising from ceded reinsurance operations	91,153	-	91,153
Receivables arising from other operations	58,117	(645)	57,472
Tax receivables	2,368	-	2,368
Other receivables	93,101	(217)	92,883
Total	**473,901**	**(18,481)**	**455,420**

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.

5.2. Evolution of impairments on receivables

In thousands of euros	30 June 2018	31 December 2017
Impairments on receivables on 1 January	**(18,481)**	**(16,442)**
Provisions of the financial year	(6,475)	(10,018)
Expenditures of the financial year	889	1,403
Reversals of the financial year	5,264	6,632
Change in the consolidation scope	-	-
Other changes	-	(56)
Impairments on receivables on 30 June/31 December	**(18,803)**	**(18,481)**

5.3. Outstanding receivables

There were no significant changes in the first half of 2018. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

6 Deferred tax assets and liabilities

There were no significant changes in the first half of 2018. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

7 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.

7.1 Liabilities related to Non-Life insurance contracts

In thousands of euros	30 June 2018	31 December 2017
Mathematical provisions	889,601	865,374
Provisions for unearned premiums	500,746	293,272
Claims provisions	2,439,784	2,424,636
Shadow accounting	-	-
Other provisions	207,178	211,592
Total insurance contract liabilities (gross)	**4,037,309**	**3,794,875**
Reinsurers' share in liabilities related to Non-Life insurance contracts	153,435	131,187
Total insurance contract liabilities (after deduction of the reinsurers' share)	**3,883,873**	**3,663,687**

7.2 Liabilities related to Life insurance contracts

In thousands of euros	30 June 2018	31 December 2017
Mathematical provisions	4,109,835	4,340,200
Claims provisions	333	333
Shadow accounting	446,305	476,911
Other provisions	6,892	-
Insurance contract liabilities	**4,563,364**	**4,817,444**
Liabilities related to unit-linked insurance contracts	**318,927**	**25,222**
Total insurance contract liabilities (gross)	**4,882,292**	**4,842,666**
Reinsurers' share in liabilities related to Life insurance contracts	2,081	784
Total insurance contract liabilities (after deduction of the reinsurers' share)	**4,880,211**	**4,841,883**

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.

Transfers from insurance contracts to unit-linked insurance contracts were made for an amount of 270,472 thousand euros.

7.3 Investment contract liabilities

In thousands of euros	30 June 2018	31 December 2017
Mathematical provisions	4,575,752	4,544,470
Claims provisions	-	-
Shadow accounting	316,856	401,478
Other provisions	23,658	-
Investment contract liabilities with discretionary participation features	**4,916,266**	**4,945,948**
Liabilities related to unit-linked investment contracts with discretionary participation features	**827,981**	**715,814**
Investment contract liabilities without discretionary participation features	**3,657**	**3,657**
Liabilities related to unit-linked investment contracts without discretionary participation features	**29,440**	**69,513**
Total investment contract liabilities (gross)	**5,777,343**	**5,734,932**
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
Total investment contract liabilities (after deduction of the reinsurers' share)	**5,777,343**	**5,734,932**

Transfers from investment contracts with discretionary participation to unit-linked investment contracts with discretionary participation were made for an amount of 97,890 thousand euros.

7.4 Profit sharing liabilities

In thousands of euros	30 June 2018	31 December 2017
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	1,694	7,198
Profit sharing related to investment contracts	-	27,336
Liabilities for profit sharing of policyholders	**1,694**	**34,534**

8 Financial debts

The following table details the financial debts.

	30 June 2018		31 December 2017	
In thousands of euros	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	473,391	551,919	478,807	579,476
Subordinated debts	**473,391**	**551,919**	**478,807**	**579,476**
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	13	13	4	4
Payables arising from repurchase operations (repo)	160,687	160,687	334,840	334,840
Collateral received as guarantee	8,390	8,390	8,019	8,019
Other	59,440	59,440	59,743	59,743
Other financial debts	**228,531**	**228,531**	**402,606**	**402,606**
Total of the financial debts	**701,922**	**780,450**	**881,413**	**982,082**

The assessments at fair value of the loans issued in 2015 and the balance of the 2005 perpetual loan, with a total nominal amount of 417 million euros, are based on the “Ask” market price (source Bloomberg). The fair value of the bond loan issued in 2005 with a 2023 maturity, for a nominal amount of 75 million euros, is determined on the basis of observable factors such as the levels of interest rate markets and credit markets. 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.

9 Employee benefits

There were no significant changes in the first half of 2018. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

10 Trade and other payables

The following table details the financial debts.

In thousands of euros	30 June 2018	31 December 2017
Liabilities arising from direct insurance operations and accepted reinsurance	113,248	124,423
Liabilities arising from ceded reinsurance operations	125,346	107,429
Liabilities from operating activities	**238,594**	**231,852**
Tax on current result	17,611	6,977
Other contributions and taxes	57,872	23,484
Tax payables	**75,482**	**30,461**
Social security payables	47,316	60,994
Payables to associates	-	-
Payables from finance leases	8,176	10,278
Trade payables	66,234	65,838
Other payables	43,650	58,095
Other payables	**165,377**	**195,206**
Accruals for liabilities	**22,625**	**13,374**
Total other payables	**502,078**	**470,892**

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.

The accruals mainly include the subsidies to be carried forward and the other income to be carried forward.

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

V. NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 Insurance premiums

In thousands of euros	30 June 2018			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	163,804	890,545	483,650	1,538,000
Premiums ceded to reinsurers	(2,818)	(34,893)	-	(37,711)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(191,298)	-	(191,298)
Other income from insurance activities	1,642	1,144	41	2,826
Revenues of insurance activities (net of reinsurance)	**162,628**	**665,498**	**483,691**	**1,311,817**

In thousands of euros	30 June 2017			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	139,799	863,365	403,019	1,406,184
Premiums ceded to reinsurers	(2,108)	(30,179)	-	(32,287)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(189,222)	-	(189,222)
Other income from insurance activities	12	645	2,292	2,949
Revenues of insurance activities (net of reinsurance)	**137,703**	**644,609**	**405,311**	**1,187,624**

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

2 Claims and insurance benefits

In thousands of euros	30 June 2018			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Insurance service expenses	239,288	513,702	503,675	1,256,665
Net expenses or revenues ceded to reinsurers	(1,842)	(10,255)	-	(12,097)
Management costs	17,901	125,441	30,330	173,672
Technical expenses for insurance activities	**255,347**	**628,887**	**534,005**	**1,418,240**

In thousands of euros	30 June 2017			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Insurance service expenses	257,411	429,656	282,864	969,931
Net expenses or revenues ceded to reinsurers	(3,774)	806	-	(2,968)
Management costs	18,334	115,035	25,645	159,015
Technical expenses for insurance activities	**271,972**	**545,497**	**308,509**	**1,125,978**

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.

3 Net financial result without finance costs

	30 June 2018					
In thousands of euros	Net income from 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	Total
Investment properties	**15,411**	**5,854**	**-**	**(8,165)**	**-**	**13,099**
Available for sale	3,724	(59)	-	30	-	3,694
Participating interests	**3,724**	**(59)**	**-**	**30**	**-**	**3,694**
Available for sale	11,648	11,585	-	(960)	-	22,273
At fair value through profit or loss	2,740	2,858	(10,796)	-	-	(5,198)
Held for trading	693	1,898	(3,351)	-	-	(760)
Shares and investment funds	**15,081**	**16,341**	**(14,148)**	**(960)**	**-**	**16,315**
Available for sale	163,249	7,813	-	-	-	171,062
At fair value through profit or loss	11,400	32,604	(18,766)	-	-	25,238
Unlisted at amortized cost price	-	-	-	-	-	-
Bonds	**174,649**	**40,417**	**(18,766)**	**-**	**-**	**196,299**
Loans, deposits and other financial investments	**7,102**	**14**	**-**	**815**	**-**	**7,930**
Held for trading	153	(29)	(192)	-	-	(68)
Held for cash flow hedging	1,172	(1,377)	-	-	-	(205)
Derivative financial instruments	**1,326**	**(1,407)**	**(192)**	**-**	**-**	**(273)**
Investments belonging to unit-linked insurance contracts	**(772)**	**-**	**-**	**-**	**-**	**(772)**
Cash and cash equivalents	**566**	**(6)**	**24**	**-**	**-**	**585**
Other	**766**	**-**	**-**	**-**	**(6,628)**	**(5,862)**
Net financial result without finance costs	**217,852**	**61,154**	**(33,082)**	**(8,280)**	**(6,628)**	**231,017**

	30 June 2017					
In thousands of euros	Net income from 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	Total
Investment properties	**13,774**	**-**	**-**	**(8,408)**	**-**	**5,367**
Available for sale	1,395	17,175	-	234	-	18,804
Participating interests	**1,395**	**17,175**	**-**	**234**	**-**	**18,804**
Available for sale	9,815	3,347	-	7	-	13,168
At fair value through profit or loss	5,481	3,967	5,175	-	-	14,623
Held for trading	297	1,184	(841)	-	-	640
Shares and investment funds	**15,592**	**8,498**	**4,334**	**7**	**-**	**28,431**
Available for sale	182,072	(3,960)	(14)	(100)	-	177,999
At fair value through profit or loss	12,547	24,449	38,342	-	-	75,337
Unlisted at amortized cost price	-	-	-	-	-	-
Bonds	**194,620**	**20,489**	**38,327**	**(100)**	**-**	**253,336**
Loans, deposits and other financial investments	**8,477**	**(2,492)**	**-**	**6,661**	**-**	**12,646**
Held for trading	-	(10,528)	(16,257)	-	-	(26,785)
Held for cash flow hedging	1,256	1,074	-	-	-	2,330
Derivative financial instruments	**1,256**	**(9,453)**	**(16,257)**	**-**	**-**	**(24,455)**
Investments belonging to unit-linked insurance contracts	**(346)**	**-**	**-**	**-**	**-**	**(346)**
Cash and cash equivalents	**618**	**-**	**(72)**	**-**	**-**	**546**
Other	**17,015**	**-**	**-**	**-**	**(7,410)**	**9,605**
Net financial result without finance costs	**252,401**	**34,217**	**26,332**	**(1,605)**	**(7,410)**	**303,934**

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

The heading Net income from investments - “Other” decreased mainly as a result of the acquisition of the insurance portfolio “Work Accidents Public Sector” from Ethias Droit Commun AAM (-15.9 million euros) at end-2017.

The expense in 2017 corresponded to the interest on the deposit, as part of the accepted reinsurance on the insurance portfolio “Work Accidents Public Sector”.

4 Employee benefit expenses

There were no significant changes in the first half of 2018. For further information, please refer to the corresponding notes in the consolidated financial statements of the annual report as at 31 December 2017.

VI. NOTES RELATING TO ITEMS NOT INCLUDED IN THE BALANCE SHEET

1 Related parties

Represented in this appendix are transactions with related parties, which are the Directors and Manager of the Group, Vitrufin SA, Ethias Pension Fund OFP and EthiasCo SCRL in 2017 and the first half of 2018.

1.1. Transactions related to the balance sheet

In thousands of euros	30 June 2018	31 December 2017
Other financial investments	36,183	38,421
Receivables	118	228
Any other assets	-	-
Total assets with related parties	**36,301**	**38,649**
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Trade and other payables	-	-
Total liabilities with related parties	**-**	**-**

1.2. Transactions related to revenues and expenses

In thousands of euros	30 June 2018	30 June 2017
Revenues	-	101,021
Operating expenses	(23,652)	(115,397)
Financial income	213	15,881
Total of the revenues and expenses with related parties	**(23,865)**	**1,504**

The evolution of the related transactions is also linked to the acquisition of the insurance portfolio “Work Accidents Public Sector” from Ethias Droit Commun AAM at end-2017. In 2017, the amount in turnover stands at 100.8 M€ for Ethias Droit Commun AAM and at -108 M€ in operating expenses.

1.3. Other transactions with related parties

In 2018, the Group did not receive or give any commitment towards related parties.

1.4. Remunerations for key management personnel

The remuneration of the members of the Board of Directors and the key executives is determined annually. For this reason, no other details are included in this interim report.

As at 30 June 2018, no loans, credits or bank guarantees had been granted to members of the Board of Directors or the Executive Committee or to members of their close relatives.

2 Commitments

2.1 Received commitments

In thousands of euros	30 June 2018	31 December 2017
Guarantee commitments	817,237	832,231
Finance commitment	-	-
Other received commitments	-	-
Total	**817,237**	**832,231**

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

2.2 Given commitments

In thousands of euros	30 June 2018	31 December 2017
Guarantee commitments with regard to financing	-	-
Other guarantee commitments	22,446	19,713
Commitments on securities	160,772	334,908
Other given commitments	234,983	86,424
Total	**418,200**	**441,046**

The commitments on securities correspond to Repo's, which declined sharply in the first half of the year. Under the heading Other given commitments, the commitments on securities increase by 148 M€ (related to the acquisition of a building in November).

3 Contingent liabilities

None.

4 Events after the reporting period 30/06/2018

4.1 Interim dividend

On the basis of the results at end-June 2018, the Board of Directors' meeting of 27 August 2018 decided to pay an interim dividend of 118 million euros to Vitrufin SA. This amount now allows Vitrufin to be in possession of the necessary cash to reimburse its senior bond of 278 million euros in January 2019.

4.2 Sale of the remaining FIRST A portfolio

In its letter of 29 August 2018, the NBB authorized Ethias SA to transfer all the rights and obligations resulting from the FIRST A portfolio to Laguna Life (see Introduction point I.1.2). The effective transfer of the portfolio took place on 28 September 2018, the date on which the FIRST A contracts lose the benefit of protection up to a maximum of 100,000 euros granted by the Belgian Guarantee Fund.

ETHIAS SA

Statutory auditor's report on the review of the consolidated interim financial information for the six-month period ending 30 June 2018

15 October 2018

pwc

To the board of directors
Ethias SA/NV

Statutory auditor's report on the review of the consolidated interim financial information for the six-month period ending 30 June 2018

Introduction

We have reviewed the accompanying consolidated interim financial information, consisting of the consolidated balance sheet of Ethias SA/NV and its subsidiaries as of 30 June 2018, the consolidated income statement, the statement of consolidated comprehensive income, the consolidated cash flows statement and the consolidated statement of changes in equity for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Liège, 15 October 2018

The statutory auditor
PwC Reviseurs d'Entreprises sccrl / Bedrijfsrevisoren bcvba
Represented by

Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor