

# CONSOLIDATED ANNUAL REPORT

2020





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# INTRODUCTORY WORD FROM THE CHAIRS

**The year 2020 was unprecedented in many ways, but we would like to highlight the commitment and resilience that Ethias has demonstrated. From the start of this terrible crisis, we have been committed to protecting our colleagues and to helping - as and when needed - our policyholders, public authorities, citizens and the many sectors in need. Active participation in both the federal and regional recovery plans has also quickly become an obvious step.**

*These exceptional circumstances have not dampened our innovation dynamic by launching our first 100% digital Flora insurtech, modernising our IT tools and also by deploying a solid group strategy focused on creating value through ecosystems in crucial areas such as health, ageing, mobility and public services.*

*The strong progress in our results and the achievement of our actions in 2020 are closely linked to our unique business model, the continued commitment of our 4000 talents within the Ethias Group (including 1,900 for Ethias SA), the trust of our clients, our solid policy of societal responsibility and the support of our shareholders: the Federal State, the Walloon Region, the Flemish Region and the cooperative company EthiasCo, which represents the local authorities.*

*Thank you to all these players who enable us to look to the future by mobilising all our energy in the service of all Belgians.*

*We are also pleased to present to you our fourth non-financial report, which may be found in annex. It details the performance of our model in social, societal and environmental terms.*

## OUR 2020 RESULTS

**As at December 31, 2020, the net result amounts to 208 million euros.**

The Non-Life operating result amounts to 186 million euros, i.e. an increase by 39 million euros compared to 2019. Although the COVID-19 crisis had an impact on premium collection, this impact was offset by lower claims costs, mainly due to mild weather conditions and a decrease in road accidents.

Life business posts an operating result of 83 million euros, i.e. an increase of 8 million euros compared to 2019.

**Overall income** amounts to 2.72 billion euros, i.e. an increase of 58 million euros. A very good performance thanks to Life insurance, which offsets the impact of the economic crisis following COVID-19.

The **Solvency II ratio** amounts to 187%<sup>1</sup> after deduction of the proposed dividend of 103 million euros. This is an excellent result given the particularly difficult context of 2020. It should be noted that the ratio is calculated according to a standard formula without using transitional measures for technical provisions.

Subject to approval by the General Assembly, a dividend of 103 million euros will be paid, in accordance with the conditions set in the new NBB circular of January 2021.

In May 2020, Fitch Ratings affirmed Ethias SA's Insurer Financial Strength (IFS) Rating at 'A-' with a stable outlook. The agency underlined the insurer's strong capitalization, good profitability and strong business profile.

<sup>1</sup> Annual solvency assessment at December 31, 2020



## PARTICULAR MEASURES IN A PARTICULAR PERIOD: A UNANIMOUSLY ACCLAIMED FOUR-STAGE PLAN

Faced with the seriousness of the situation, Ethias immediately took responsibility by implementing a broad support plan that was appreciated by both its individual clients and public bodies and acknowledged by the authorities. This plan is based on four pillars: protection of its employees, protection of its clients, protection of the company and, finally, support for the Belgian economy's recovery. Ethias has also been awarded a DECAVI trophy for all the measures it has taken.

Ethias has proposed, among other things:

- free extensions of coverage to insure health care staff and the thousands of volunteers who work alongside them
- reimbursement of certain premiums, of one month's rent and discounts on car and cancellation insurances
- support for the sports, cultural and education sectors
- innovative solutions (teleconsultation, aid & solidarity platform for citizens ...)
- free professional psychosocial assistance to employees, students and self-employed persons
- support for the self-employed and for SME's & micro-enterprises

- insuring the vaccination centres
- financial support for the federal and regional recovery plans, together with the public authorities
- (...)

At the time of finalizing this report, the pandemic is not yet behind us, but our company is in control of its impacts. As an insurer, investor, societal player and entrepreneur, **Ethias will continue to take all possible steps to help reduce the negative consequences of this global catastrophe on its policyholders and on Belgian society.**

We are particularly proud of the further developments in our activities, our values, our talents, our organization and the results achieved in 2020.

**Philippe LALLEMAND**

Chair of the Management Committee

**Myriam VAN VARENBERGH**

Chair of the Board of Directors

# I. INTRODUCTION

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

These consolidated financial statements were established by the Board of Directors of Ethias SA on 31 March 2021.

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.

## 1. Presentation Ethias

### 1.1. A GROUP WITH A MUTUAL INSURANCE PHILOSOPHY

Just over **100 years** ago, on 25 September 1919, a group of municipal and provincial authorities founded the «**Société Mutuelle des Administrations Publiques**» (abbreviated as **SMAP**) for the insurance against fire, lightning and explosions.

A mutual insurance association is created by its members and operates for its members. While our legal form has evolved over time, we remain true to our values and our mission to simplify insurance by providing innovative products and services. We are proud of our almost 1900 employees who represent the proximity partners our 1,200,000 clients can rely on. We want to keep this position for years to come.

### 1.2. OUR VALUES, OUR MISSION AND OUR VISION



#### #HUMAN

humanity is at the heart of all our relationships. We are a true partner for each of our interlocutors.

For us, proximity and solidarity are no empty words.



#### #COMMITMENT

for nearly 100 years, we are daily committed to our clients, to our colleagues and to society. We are reliable, trustworthy and purposeful. This commitment also relates to ethics, which remains at the root of all our actions, and to our social responsibility.



#### #CLIENT SATISFACTION

this is the driving force of our activities and of all our actions. Through our mutualist origins, we emphasize on client contact possibilities and on exemplary service quality. Our accessibility, our efficiency, our flexibility clearly contribute to the satisfaction of our clients.



#### #ENTHUSIASM

because whatever happens, a heart beats within Ethias. Every day, we show energy, vitality, optimism and dynamism. This enthusiasm leads us to be creative and to undertake innovative projects in support of clients.

Our **values** are the foundation of our identity, our culture and our personality. In a nutshell, they constitute the DNA of Ethias.

Our values are expressed in daily life (when welcoming our clients, settling a claim, providing advice on prevention, etc.). They are also materialized when implementing our dynamic policy of corporate social responsibility (CSR), listening to the concerns of our policyholders, private individuals as well as public bodies.

Our **mission** is our raison d'être. In a clear and concise way, it presents what we do and how we stand out. It gives meaning to all our actions and makes us work together in the same direction. Our mission is as follows:

**Making insurance easier so as to bring you security, peace of mind and freedom of initiative, with innovative services and products. As partner of your daily life, we put our expertise and our energy at your service.**

Our vision for the future revolves around 3 pillars, viz. digital, direct and reinforced partnership with public authorities, linked to a constant drive for innovation at the client's service.

The company has embarked on an ambitious plan for technological and organizational transformation.

For more info: <https://www.ethias.be/corporate/fr.html>

### 1.3. OUR POLICYHOLDERS AND OUR PRODUCTS

#### Private Individuals

Ethias is a direct insurer, offering a complete range of Life and Non-Life products:

- In Non-Life, besides its flagship products, namely car insurance and home insurance, Ethias also offers assistance, health care coverage, coverage for civil liability and travel cancellation insurance;
- In Life, Ethias mainly sells life insurance policies with no Life component and branch 23 contracts.

We continue the work to make insurance easier and accessible to all, with the strengthening of our position as a direct insurer while maintaining profitable growth in Belgium. The strategic actions are concentrated on the axes: Digital and omnichannel strategy, the diversification of the way Ethias accompanies the client (service strategy) and excellence in technical management.

Our client base is loyal and includes over one million policyholders with insurances for personal risks.

#### Public Sector

Ethias has been the privileged insurance partner of the Public Sector since 1919. Its insured parties include the Federal State, Regions and Communities, local public authorities (provinces, cities and municipalities, public social welfare centres ...), public companies as well as thousands of inter-community and semi-public bodies, schools, hospitals, public interest organizations and miscellaneous associations ...

Our ambition is to extend our position as a multi-product and service insurer in the form of a partnership with public authorities, where all risks incurred by staff are covered by Ethias: civil liability, health care, work or sports accidents, motoring, assistance ... Ethias also covers damage to or possible destruction of equipment, buildings and installations.

Furthermore, we have the ambition to be an all-round player in first and second pension pillar management.

But being an insurer today is not simply covering a series of financial risks, it is also about adopting a comprehensive prevention risk policy. Ethias has been pursuing a proactive and dynamic prevention policy for several years through all its products and services or through innovative initiatives.

#### Companies

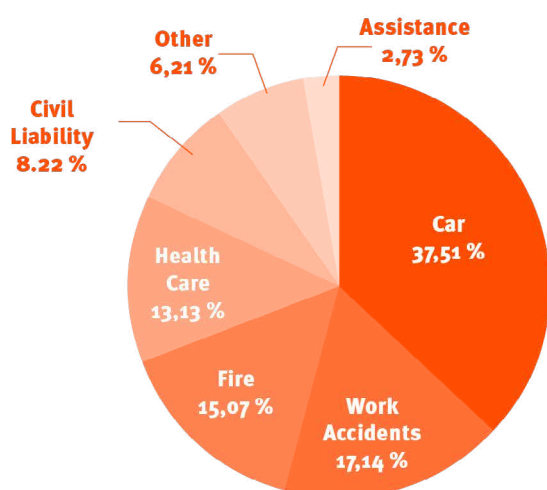
Since 2000, Ethias has also been accessible to private businesses, offering them its skills and expertise acquired in the public sector and non-profit sector. For allowing these businesses to take a lead in risk management, Ethias offers them a range of insurances responding to their specific needs and including the protection of:

- Their patrimony: car insurance, property and casualty insurance, machine breakage, all-risk insurance ...
- Their liabilities: civil liability for businesses, civil liability for directors and officers;
- Their staff: work accidents insurance, life accidents insurance, hospitalization insurance, guaranteed income insurance, group insurance.

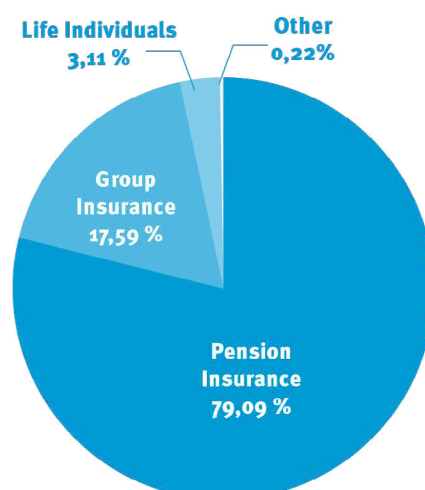
## 1.4. PARTITION OF PREMIUM INCOME 2020 FOR ETHIAS SA

The premium income stands at 2.7 billion euros by end-2020 and is relatively balanced between Life and Non-Life activities. It is split per product as follows:

### Premium Collection Non-Life : 1.4 billion €



### Premium Collection Life : 1.4 billion €



The majority of Ethias' activities are focused on the Belgian market. Ethias is the country's 3rd largest insurer in Non-Life, with a 10.3% market share, and in Life, with a 7.7% market share, and is the country's premier insurer of the public sector and its agents.

## 1.5. OUR PHYGITAL MODEL



**Ethias is the only major direct insurer in Belgium. Halfway between digital and human contact, Ethias offers the best of both worlds with a phygital approach to ensure a unique, simple, efficient and human experience.**

Clients choose the channel that suits them best to contact us:

- 37 offices covering the whole of Belgium with the possibility of making an appointment on-site or by video conference;
- 2 Customers Centers;
- 2 "Claims Mobility" services;
- 77 sales representatives serving public authorities, the private sector and partner brokers;
- 1 website;
- 1 Client Space;
- 1 live chat;
- 1 virtual assistant, called "Mathias";
- 1 mobile app for claims reporting;
- 6 social networks.

11 insurance products that can be fully take out online (entire process ranging from quote to payment).

A team of inspectors and prevention specialists is at the service of local public authorities and companies, with the collaboration of specialized brokers for private businesses. With the Ethias Extranet, public authorities and companies can obtain all the required information on the nature and type of products offered by Ethias, they can calculate one or more quotes and directly subscribe online the insurance contract(s) they require in view of an optimal protection.

<sup>1</sup> Based on Assuralia data 31/12/2019.

## 1.6. TROPHIES OBTAINED IN 2020

- Four additional DECAVI Trophies for Ethias in 2020, confirming the performance of its business model:

During the 16<sup>th</sup> edition of the DECAVI (Non-Life) Awards Ceremony, Ethias received four prizes:

- ✓ Best «Digital Insurer»
- ✓ Best «Tenant Insurance»
- ✓ Best «Family Insurance»
- ✓ Better «Workers' Compensation Insurance»

- Ethias is recognized by the sector for its societal initiatives to fight against COVID-19:

Ethias is committed every day to a better, fairer, more ecological, equitable and social world. In recognition of the many initiatives taken during the health crisis, Ethias received the first «Pandemic» award from DECAVI. The jury particularly praised Ethias' proactive attitude during the health crisis. The insurer has spared no effort to combat the pandemic and help those in need, notably through the deployment of "Care4You", a free, secure teleconsultation solution available to health care professionals and their patients.

## 2. Key figures

### 2.1. ESSENTIAL DATA OF THE CONSOLIDATED INCOME STATEMENT

In thousands of euros	31 December 2020	31 December 2019	Change during the year
<b>Premium collection Non-Life</b>	<b>1,382,016</b>	<b>1,419,125</b>	<b>-2.61%</b>
Public bodies and Companies	792,510	836,908	-5.31%
Private Individuals	589,507	582,217	1.25%
<b>Premium collection Life</b>	<b>1,338,171</b>	<b>1,242,645</b>	<b>7.69%</b>
Public bodies and Companies	1,296,296	1,191,413	8.80%
Private Individuals	41,874	51,232	-18.27%
<b>Total premium collection Life and Non-Life</b>	<b>2,720,187</b>	<b>2,661,771</b>	<b>2.19%</b>
Net profit (loss) on current transactions after tax	223,994	225,535	-0.68%
Share of the associated companies in the result	(769)	(5)	16,651.96%
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	0.00%
<b>Net consolidated profit (loss)</b>	<b>223,225</b>	<b>225,530</b>	<b>-1.02%</b>
Group's share	207,672	211,956	-2.02%
Non-controlling interests	15,553	13,574	14.58%

### 2.2. ESSENTIAL DATA OF THE CONSOLIDATED FINANCIAL POSITION

In thousands of euros	31 December 2020	31 December 2019	Change
Total assets	20,840,431	19,506,398	6.84%
<b>Equity of the Group</b>	<b>3,004,278</b>	<b>2,687,735</b>	<b>11.78%</b>
Non-controlling interests	69,453	65,374	6.24%

## 2.3. REGULATORY COEFFICIENTS

### Solvency II ratio\* of the company Ethias SA

(\*) The SII margin is calculated according to the standard formula.

The Solvency II margin at end-December 2020, established according to the standard formula, stands at **187%** and takes into account a dividend of 103 million euros which will be proposed to the General Assembly. At end-2019, the Solvency II margin stood at 191%, with no dividend distribution following the NBB's request to suspend dividends in the context of the COVID-19 crisis.

31 December 2020	31 December 2019	Change (in absolute value)
<b>187%</b>	<b>191%</b>	<b>-4%</b>

## 2.4. OTHER KEY FIGURES

	31 December 2020	31 December 2019	Change
<b>Number of employees</b>	<b>4.142</b>	<b>3.535</b>	<b>17.17%</b>
Ethias SA	1,923	1,887	1.91%
NRB Group	2,137	1,648	29.67%
IMA Benelux	82	-	-

33% of the shares of IMA Benelux were acquired in January 2020.



## II. REPORT OF THE BOARD OF DIRECTORS

### 1. The year 2020 in a number of dates and key facts

#### 1.1. THE COVID-19 PANDEMIC

The health crisis and its consequences have undeniably had a non-negligible impact on all levels of our insurance activities in 2020. And at the beginning of 2021, the crisis persists and continues to percolate into the real economy.

Throughout the first lockdown period, all of our regional offices remained closed. At that time, only our Contact Centers and our website with its Client Zone were our bridgeheads to stay in touch 24/7 with our policyholders and prospects. Our “phygital” structure has clearly proved to be a real asset for remaining at everyone’s service at all times, beyond the crisis and its unprecedented situations.

During the second lockdown period, the activity of the regional offices was considered essential and they were able to remain open but in the meantime the client has committed to the full use of digital services offered, driven by the consequences of the first lockdown.

In the end, by the end of 2020, we will have recorded almost 50% fewer visits to our offices, a 10% increase in the volume of telephone communications in our Contact Centers and up to 60% more web visits (notably in June 2020), all of which will result in new business growth as of June 2020 (excluding «COVID-19 products» such as Travel Cancellation and Assistance).

At the same time, the year 2020 has seen a significant reduction in the frequency of claims in the Motor branch and a decline in churn volumes.

At the level of public authorities and companies, the year 2020 was marked by a decrease in the claims rate, which mainly impacted the branches “Motor” and “Workers” Compensation”, reflecting a slowdown in economic activity, which was particularly felt during the first lockdown period.

This slowdown, which according to NBB statistics resulted in a fall in GDP of more than 6%, also had an impact on our premium collections, where coverage suspensions and premium revisions were requested by our clients.

Fortunately, in 2020 our portfolio was only slightly impacted by bankruptcies of business clients or payment defaults. This results in particular from the preponderant share of public authorities in our portfolio and a relatively weak presence in the economic sectors hardest hit by the crisis. Similarly, few clients have requested the payment facilities provided for in the government agreement as a business support measure.

The financial turmoil due to the COVID-19 crisis had, on a year-on-year basis, a relatively small impact on Ethias’ SII coverage ratio (-3%), mainly due to our reduced sensitivity to interest rates and close monitoring of our spread positions, thanks to the increase in equity markets during the second half of the year. This impact also takes into account a higher level of voluntary risk-taking (equity, higher reinvestment in bonds with a higher spread ...). From a technical point of view, the NBB’s validation of our “USP” projects (“Undertaking Specific Parameters”) also has a positive impact on our ratio. Ethias’ solvency position remains solid, mainly thanks to a well-diversified investment portfolio and limited exposure to sectors that have suffered particularly from the crisis such as leisure. Moreover, this position has been strengthened by close monitoring of market anticipations, a dynamic management of financial risks and the elaboration of hedging programmes when necessary and by regularly updating the estimate of COVID-19’s impact estimation on the company. Furthermore, several scenarios were reviewed and updated on a regular basis throughout the year in order to take into account the latest data and trends, some potential lagging effects as well as the uncertainty around the evolution of the pandemic and its impacts on the economy.

As a result of the COVID-19 crisis and its socio-economic consequences on our insurance (underwriting) activities, the emergence of several risks has been observed.

The impact of the payment default risk was mitigated by Ethias’ highly diversified position.

There remain uncertainties as to the extent to which the insurance sector will be required by the government to either adjust premiums to the claim evolution due the health crisis (e.g. in motor or health insurance) or to cover the COVID-19 pandemic risk (currently without a clear view on how the (re)insurance market can handle that risk, possibly together with the authorities).

Furthermore the delay in non-urgent health care (not performed during the lockdown period) may also lead to an increase in severity of future claims (due to a deterioration of the health state because of deferred care).

Finally, we can also mention that a prolonged health crisis could lead to an increase in fraudulent behaviour or unpaid premiums (resulting from the economic crisis) and that habits linked to more frequently working from home may contribute to a change in the risk profile (increased exposure to cyber risk, alteration of the worker's accident risk profile, ...). No realization of the fraud or default risk was observed in 2020.

For Ethias, the past year was an opportunity to test its resilience on a large scale, but also its values (solidarity in particular) with many policyholders and even more broadly with society as a whole. The model has been able to demonstrate its solidity and its ability to deal, by itself, with unforeseen situations with multiple and far-reaching impacts. In spite of this situation, Ethias managed to achieve the goals set out:

- **The 2020 results exceed expectations** thanks to various actions taken very early in the year to protect the company from the effects of the pandemic and thanks to the dynamism of the sales teams, enabling the company to reach unexpected levels of premium collection in the current situation.
- The solvency level was maintained throughout the year.
- A group strategy has been determined which, through synergies, expertise and the talents of more than 4000 employees, allows Ethias to accelerate the implementation of the ecosystems and to position the company on a service offering that goes beyond the mere proposal of insurance contracts.
- **Flora** has become a reality and actually positions Ethias on the insurtech market (100% digital product offer) - see point II.8.
- **Various applications have been developed** to meet pandemic-related needs and will complement the service offering to clients in the future - see point II.8.

Faced with this exceptional situation, Ethias developed a four-phase plan in 2020 which, among other things, has allowed the company to anticipate certain changes at the organizational, strategic and human levels. This approach has also enabled the insurer to stand out both internally and externally and has been highlighted by both the sector and the political world. These 4 phases continue to be the guiding thread of actions taken by the Management Committee:

- **Protection of employees:** In the course of the past weeks, the company has stood by its employees, both individually (with initiatives related to psychosocial risks or compliance with safety rules) and collectively (with initiatives aimed at maintaining cohesion within the teams and within the company in general).
- **Protection of clients:** From the start of the crisis, Ethias has supported its clients: in B2B through various initiatives for the health sector, sports federations and education (notably through financial support to the Red Cross and Doctors Without Borders, donation of equipped PCs to schools and to the non-profit organization Digital4Youth, extension of guarantees, distribution of disinfection materials and info panels/stickers for sports infrastructure and free coverage of staff in vaccination centres) and in B2C (a tenant premium, spread and refund of premiums in case of difficulty, waiving of tariff increases, development of Care4You, App4You, etc.). Other initiatives continue to be added, such as the granting of aid to associations that combat domestic violence or support for the cultural sector through the funding of radio spots. In total, no less than 50 measures have been implemented by Ethias in favour of its clients, in line with its values and corporate social responsibility. The company's accessibility for B2C clients has been continuously ensured via internet, telephone, app and chatbot as well as by the organization of back-ups in case of unavailability of a team on-site. This proactive support to clients also remains a priority for the Management Committee.
- **Protection of society:** From the start of this crisis, Ethias has had this willingness to protect society in line with the values it has always defended. In addition to the aid granted to the cultural, sports, hospital and education sectors, Ethias has very quickly positioned itself as a player in the revival process with the granting of a loan to the Regional Investment Company of Wallonia (SRIW), the participation as an expert in sessions related to the organization of project financing at federal level and with the capital increase of Finance&Invest.Brussels. Finally, Ethias stands alongside PMV to support the launch of the «Welvaartsfonds» (Prosperity Fund), an initiative of the Flemish Government. Ethias continues to be attentive to any initiative aimed at reviving the economy.
- **Protection of the company:** Despite the positive figures, Ethias has remained attentive to controlling its costs (significant reduction in consulting and other costs) and to implementing levers for protecting its solvency.

In conclusion, this four-phase strategy has demonstrated its usefulness and relevance in managing the crisis. It has allowed Ethias to remain present at different levels and with different stakeholders of the company. This plan has also made it possible to structure the approach, anticipate certain client needs and to move rapid progress, in an agile way, on ongoing projects, particularly in respect of ecosystems through the launch of certain applications (App4you, Care4you). The implementation of this plan, its monitoring and the related anticipation exercise have required considerable efforts from the teams in a situation of nearly full-time working from home alongside increased family commitments.

## 1.2. ETHIAS APPOINTS WILFRIED NEVEN AS CDO

Wilfried Neven took office on February 21, 2020. He is in charge of accelerating Ethias' digital transformation, in line with the company's market positioning, strategic plan and client expectations.

## 1.3. CONCLUSION OF SEVERAL PARTNERSHIPS

The year 2020 saw the launch of many partnerships to support Ethias' market positioning. Partnerships have been concluded with:

- **Independer**, acting as a price comparator and insurance intermediary for car insurances. Independer is DPG Media's digital advice and comparison platform for insurances, banking products, energy and mortgages;
- **Assurances.be**, one of the key players on the Belgian market, acting as a price comparator and insurance intermediary for car insurances;
- **Keytrade Banque** for the «Home in One» package including a mortgage loan at Keytrade Bank and fire and outstanding balance insurances at Ethias;
- The housing company **Woonhaven Antwerp**, for distributing the insurance products «Home Contents» and «Private Life Civil Liability» to its 18,000 tenants.

## 1.4. MARKET CONDITIONS IN 2020

The year 2020 will have been a year without precedent in modern history, with the COVID-19 pandemic causing the most severe global recession in the post-war era and hitting a large number of countries simultaneously. This major shock cannot be completely erased and a return to normal in the global economy will take time.

At the economic level, the first half of 2020 was obviously marked by the effects of the epidemic and the lockdown policies in many countries. The contraction in global activity caused by the fight against the pandemic has been on an unprecedented scale. Nevertheless, the world economy was able to rebound in the second half of the year, benefiting from the easing of lockdown measures but also supported by ambitious budgetary recovery plans (a 750 billion euro plan for Europe and a 1,900 billion dollar plan for the United States).

In a scenario of easing restrictions and accelerating vaccinations, we should see a significant recovery in most economies by the second quarter. However, this scenario is still subject to many insecurities (virus mutation, speed of vaccination, geopolitical problems, etc.). Politically speaking, the year 2020 was not easy either, with the American presidential elections first having an undecided outcome and finally seeing the victory of the Democratic candidate Joe Biden, but also the conclusion in extremis between the European Union and the United Kingdom of an agreement on post-Brexit trade relations. In this very delicate economic and health context, the main Central Banks conducted particularly accommodating monetary policies and resumed quantitative easing policies. In March, the European Central Bank (ECB) implemented a massive securities purchase plan, consisting of injecting liquidity into the financial system in order to ease credit conditions for companies and governments. On the other side of the Atlantic, the FED lowered its key rates by 150 basis points (bps) to 0% and introduced an unprecedented and unlimited quantitative purchase programme.

As far as the financial markets are concerned, following the massive injection of liquidity by the ECB, bond yields in the euro zone fell sharply from April onwards, with e.g. a 10-year Bund ending the year 2020 at -0.57% (compared with -0.19% at the beginning of 2020). For its part, the 10-year OLO rate, in positive territory at the beginning of January (0.1%), finally closed the year 2020 with a marked negative yield (-0.38%). Same bearish momentum but even more pronounced for the peripheral countries of the euro zone. Indeed, 10-year yields in Italy (0.54%), Spain (0.05%), Portugal (0.03%) and Greece (0.63%) all reached new lows at the end of the year. These market movements have brought the 10-year Italian-German spread to around 110 basis points (bps), its lowest level since 2016.

In this low interest rate environment, the stock market performance of equities over the year 2020 has been surprising. Indeed, European stock markets were marked by high volatility and a very severe fall in March. In the months that followed, the European indices experienced two periods of increase, between April and June and then at end-2020, notably as a result of the accommodating monetary policy conducted by the ECB, the result of the US elections and the positive news on vaccine production. Finally, the Euro Stoxx 50 continues on a negative performance for the whole of 2020 (-5.14%) but this is still measured against the global economic recession we have experienced. The same rebounds in 2020 can be seen on the US stock markets, but, as they are more exposed to technology and growth stocks in general, the US indices have seen a more pronounced upward movement than in Europe. As a result, the S&P and Nasdaq recorded very positive year performances of 16.26% and +43.64% respectively.

## 1.5. GROUP STRATEGY

With the implementation of its group strategy validated by its shareholders, Ethias is embarking on a new stage. This strategy consists of capitalizing more on the strengths and specificities of its subsidiaries (NRB, IMA Benelux, Ethias Services, ...) in order to position the Ethias Group as a value-generating group for all its stakeholders. This strategy is based, on the one hand, on strengthening the integration of the Group's entities and, on the other hand, on a «beyond insurance» approach, viz. evolving from an insurer's strategy towards a strategy of integrated services for the benefit of clients. Five pillars are the core of this strategy: (i) offering extended services, (ii) developing digital solutions, (iii) constructing ecosystems, (iv) developing synergies and (v) revising the commercial approach, including the conclusion of partnerships.

## 1.6. JOINT VENTURE WITH WEERTS GROUP

Ethias and the Belgian family business Weerts Group have entered into a 50/50 joint venture aiming at the joint development of a pan-European portfolio of logistics real estate. Ethias is thus partnering with a specialist in the sector whose decision-making centre is anchored at the local level and which creates a considerable number of jobs in the region. This partnership also aspires to achieve the objectives set out in the European Green deal. In the current economic context and low interest rate environment, the logistics real estate sector is one of the few sectors that offers growth opportunities.

## 1.7. COMMIT CONTRACT

At the end of 2020, Ethias signed the CommIT contract with its IT subsidiary NRB. CommIT is a transformation programme that involves a complete outsourcing of Ethias' IT activities in partnership with NRB. The transfer of Ethias' activities to NRB started in the summer of 2020 and became official on January 1, 2021.

The main objectives of this partnership are:

- A reduced and controlled total IT budget.
- A focus on innovation, modernization and continuous improvement to support Ethias' strategy (n°1 direct insurer, n°1 digital insurer and n°1 in the public sector).
- A move towards new ways of working and collaboration, notably by integrating the «Agile» philosophy.
- A strengthening of the Ethias/NRB partnership within the framework of the group strategy.

## 1.8. DECAVI

The quality of our products and services has once again been rewarded. Ethias has won **4 DECAVI Non-Life Insurance Trophies** in the following fields:

- Tenant Insurance;
- Family Civil Liability Insurance;
- Workers' Compensation Insurance;
- Digital Trophy for «My AT» in the Client Zone (consultation and follow-up by the victim of a work accident).

Ethias was also rewarded with a **DECAVI Life Insurance Trophy** for its social commitment by receiving the first DECAVI Trophy «Pandemic». The award recognizes the initiatives taken by the insurance industry to fight the COVID-19 virus or to help those in need during this exceptional period.

## 1.9. PUBLICATION OF OUR 3<sup>RD</sup> CSR REPORT, TESTIMONY TO ETHIAS' LONG-STANDING INVOLVEMENT IN CORPORATE SOCIAL RESPONSIBILITY

In 2020, Ethias published its 3rd non-financial report since the transposition of the European Directive 2014/95/EU into Belgian law. Designed around the 3 pillars «People, Profitability & Planet», this report reviews Ethias' 2019 actions on the social, societal and ecological levels.

### 1.10. CHANGE OVER : ETHIAS COMMITS TO AN AMBITIOUS CLIMATE PLAN

Objective: to reach a climate-neutral activity by 2030 by means of an ambitious plan called “Change Over 2030”!

The trajectory to achieve this ambition will revolve around 2 major pillars:

- **Energy sobriety:** having CO2-efficient buildings, limiting unnecessary travel and reducing unnecessary consumption.
- **Energy shift:** gradually moving to all-green electricity powered by low-carbon sources.

There will be 3 stages (2020-2025-2030):

- From 2020, Ethias will offset all its emissions by participating in one or more certified projects that contribute to reducing the carbon footprint.
- By 2025, it will reduce its CO2 emissions by one third by renovating or constructing new corporate buildings based on the principles of «**Sustainable Building**». Ethias will continue its efforts in the area of **soft mobility** and it will totally transform its car fleet by promoting **electric and hybrid vehicles**.
- It will also continue its **work-from-home** policy.
- By 2030, **all of our buildings** will be CO2-efficient. All our vehicles will emit 0 grams of CO2 per km. Within the Ethias Group, we will work together with NRB, our IT subsidiary, to reduce our digital footprint.

### 1.11. ETHIAS, AN EVER MORE ATTRACTIVE EMPLOYER ACCORDING TO THE LATEST STUDY BY UNIVERSUM

In the latest survey conducted by Universum among more than 11,000 students (Master's and Bachelor's degrees from Business, Engineering and Law schools), **Ethias records a 13% increase in 2020** in terms of attractiveness as an employer, after having already gained 16% in 2019 in the «business» category. **Ethias is also gaining 38 places among law students**, hence recording the best progression.

## 2. Result of the financial year

The year 2020 records a **consolidated profit** (Group's share) of 208 million euros, a decrease of 2% compared to the 2019 result. This evolution is explained by a good performance of the Non-Life business and the NRB group, offset by lower non-recurring financial results than in 2019.

Total income amounts to 2,720 million euros, i.e. an increase by 2% compared to the 2019 income, resulting from a 2.6% decrease in Non-Life income and a 7.7% increase in Life income.

The **result of Non-Life business** amounts to 192 million euros. This excellent performance is mainly the result of a decrease in the claims ratio, which can be explained in particular by the effects of the pandemic, partially offset by the strengthening of technical reserves.

The **result of Life business** amounts to 95 million euros. The good performance of the Life business in 2020 is explained in particular by non-recurring financial income and by significant mortality gains. These good results made it possible to endow the provision for profit-sharing (net of taxes) with 37 million euros, mainly for ring-fenced funds from the 1st pillar.

The **result of the other activities** amounts to -12 million euros, including -33 million euros from Ethias SA and 21 million euros from the NRB group.

**Tax expenses** for the financial year amount to 68 million euros.

Point 7 of Chapter **IV. General information** contains more information on the result of the financial year.

### 3. Assessment of Internal Control

The preparation of the report on the assessment of the internal control system is in conformity with the NBB circular 2015\_21 on internal control as well as with the COSO 2013 standards.

#### In terms of control environment, Ethias:

- pays attention to the respect of the integrity and the ethical values it enshrines;
- aims at reaching its objectives through a clear definition of its organizational structure and of the appropriate competences and responsibilities;
- shows its commitment to attract, train and hold competent co-workers in accordance with the objectives of its multi-year plan;
- reinforces for each of its employees the duty to give account of his internal control responsibilities.

#### In terms of risk assessment, Ethias:

- ensures a clear definition of the objectives assuring the identification and assessment of risks linked to its objectives;
- identifies the risks linked to the achievement of its objectives within the scope of its responsibilities and regularly analyses these risks in order to determine the appropriate management modalities for its risks;
- integrates the internal and external fraud risk in the assessment of risks that can compromise the achievement of its objectives;
- identifies and regularly assesses the changes that could have a significant impact on its internal control system.

#### In terms of controlling activities, Ethias:

- develops and/or reviews its controlling activities by means of guidelines which specify the objectives and procedures implementing these directives;
- selects and develops the controlling activities - including information technology general controls - that contribute to the maintenance or decrease of risks linked to the achievement of its objectives at acceptable levels.

#### In terms of information and communication, Ethias:

- communicates internally the information which is required for proper functioning of the other internal control components, more specifically by obtaining relevant and qualitative information;
- communicates with third parties on the points that may affect the functioning of other components of the internal control (shareholders, analysts, regulators, clients, suppliers, associations, etc.).

#### In terms of steering, Ethias:

- realizes permanent and/or punctual assessments to check if the internal control components have been developed and are operable;
- communicates, in due time, an assessment of the internal control's deficiencies to the persons responsible for corrective measures, in particular to the Management Committee and the Audit and Risk Committee.

The internal control system is constantly evolving and has been strengthened by the recruitment of specific skills and the creation of an internal control department.

### 4. Risk Governance

#### 4.1. INTRODUCTION

Besides its business activity of managing the risks underwritten by its clients, an insurance company, like any company, is itself confronted with various categories of risks. In such circumstances, it is a matter of managing the uncertainty as satisfactorily as possible, by identifying, assessing and effectively dealing with the risks the company is confronted with, in order to control them. The purpose is to strike the best possible balance between the objectives and the associated risks, with an excessive risk aversion itself posing a risk, and keeping in mind that, alongside each threat, opportunities do exist.

Therefore, the general risk management process aims at «offering a reasonable security with regard to achieving the objectives of the organization by maintaining the risk exposure within the limits of risk appetite».

As a result, Ethias has adopted a coherent approach of risk management with regard to all material risks it is confronted with and which is rendered in the individual risk management policies.



## 4.2. GOVERNANCE WITH REGARD TO RISK MANAGEMENT

Good governance of an insurance company requires the setting-up of the following functions: Internal Audit, Compliance, Risk Management and Actuarial Function. These are not only independent monitoring functions but also governance functions. Their conclusions and advices are translated into measures to reinforce the management structure, the organization and the internal control system. These functions are structured in such a way that they constitute three «defence lines»:

### First defence line - Daily risk monitoring

**The first defence line is provided by operational lines and support functions (accounting, asset management, IT, human resources ...). It is their responsibility to identify the risks posed by each operation and to respect the procedures and limits set.**

Ethias sees to it that every employee has a suitable understanding of the risks that are likely to threaten the correct fulfilment of the activities he/she is responsible for. Hence, each employee is responsible for the identification and the assessment of the risks that are incurred on an ongoing basis.

Furthermore, a network of «risk» correspondents within the operational lines and the support functions permits to benefit from the technical skills of the experts in the field, including complaints, operational incidents and GDPR.

### Second defence line - Risk supervision

**The second defence line includes the control functions of the risk management function, the actuarial function and the compliance function, which are responsible for ensuring that the risks have been identified and managed by the 1st line, according to the rules and procedures envisaged.**

These three functions depend on the CRO, who ensures the transversal coordination of the work and the adequate exchange of relevant information.

The CRO, who is a member of the Management Committee, has to make sure that the structure of Ethias' risk management is operational and has to improve its effectiveness and efficiency. The entities that are hierarchically answerable to the CRO assist him in his assessment of the company's risk profile, of its alignment with its strategy and risk appetite as well as in the identification of future risks.

This second defence line, which is independent of the first one, maintains a methodological framework and underlying processes that allow the control and the supervision of the implemented risk management structure. In the event of exceeding the risk profile wanted by Ethias, it can intervene at the operational level to initiate changes and to help the first defence line in resolving the problems.

Finally, in order to reinforce risk governance, Ethias' Management Committee relies on committees dedicated to risk management:

- the Insurance Reinsurance Committee (IRC);
- the Assets and Liabilities Committee (ALCO).

In fact, these committees are monitoring, decision-making and reporting instruments, particularly in terms of risks. Each committee is chaired by a member of the Management Committee. The CRO is present in each committee dedicated to risk management. It was the willingness of the Management Committee and of the Board of Directors to create «strong committees», so as to set up an effective risk governance within the company. It is also with this aim in view that the responsibilities of each committee have been clearly established by means of internal regulations.

The Insurance Reinsurance Committee (IRC) follows the technical risks of the existing products, analyses the mitigation actions of the technical risks, analyses the modifications to existing products or the proposals for new products and supervises the reinsurance programme.

The Assets and Liabilities Committee (ALCO) has the task of contributing to the protection of Ethias SA in its liquidity, profitability and solvency aspects, through the alignment of the company's assets and liabilities.

### Third defence line - Independent assessment

**The third defence line is provided by the Internal Audit, which assesses, among other things, compliance with procedures by the first and second lines of defence and, more generally, the effectiveness of the internal control system.** To ensure its independence, this entity reports hierarchically to the CEO directly and functionally to the Audit and Risk Committee.

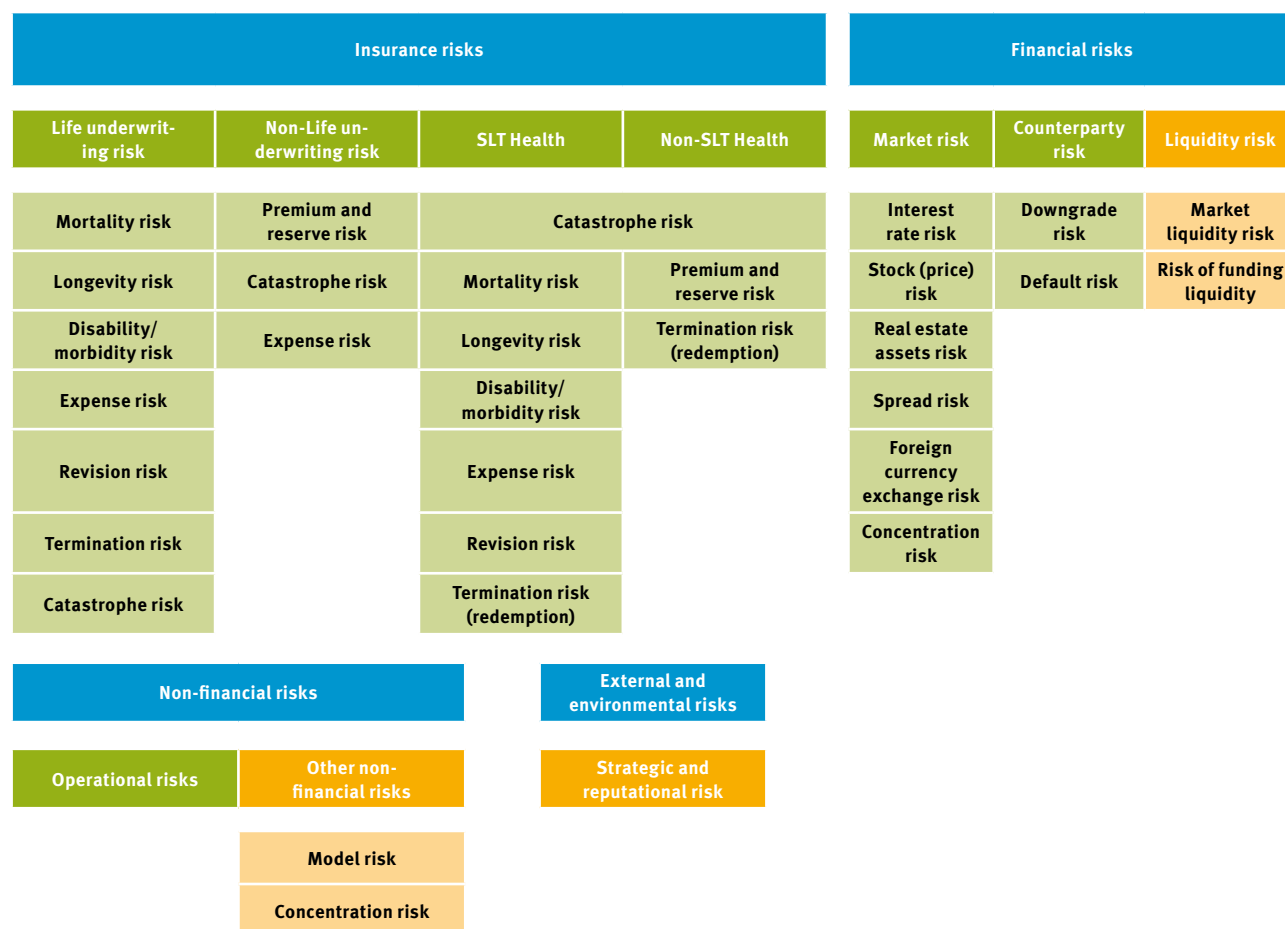
With regard to risk management, the Board of Directors of Ethias SA assumes ultimate responsibility for the effectiveness of the risk management system. To carry out its missions, it relies on the Audit and Risk Committee. The Audit and Risk Committee advises the Board of Directors on Risk Appetite and risk tolerance issues, analyses risk reporting, challenges the implementation of the risk management system by the Management Committee, and verifies its proper application.

### 4.3. TYPOLOGY OF RISKS

Ethias has drawn up a cartography of the different risks in order to ensure a common and shared comprehension of the risks managed by the company.

The typology adopted by Ethias is presented in the diagrams below and

- relies on the modules of the standard formula used to calculate regulatory capital requirements in the Solvency II framework (in green in the diagram)
- is completed by the risks not covered by the standard formula (in orange in the diagram).



### 4.4. RISK MANAGEMENT POLICY

Risk management within Ethias is materialized through the setting up of various monitoring processes allowing the identification, the monitoring and the reporting of the different endured risks.

#### 4.4.1. Risk appetite

The clear and definite expression of the organization's objectives constitutes a prerequisite for all risk management and the company's objectives have to be formally listed up to the level of granularity that corresponds to the aimed risk analysis.

The company's risk appetite and its strategic objectives have to be consistent with each other. Risk appetite falls within the competence of the Board of Directors. In practice, it is proposed by the Chief Risk Officer, validated by the Management Committee and approved by the Board of Directors. The risk policies are the direct translation of the Board of Directors' view in terms of risk appetite.



Similar to the strategic objectives that are translated into operational objectives, risk appetite, as it has been approved by the Board of Directors, is equally due to translate itself, through policies into operational terms. Ethias' Risk Appetite, adapted to Solvency II, has been approved by the Board of Directors and it is based on five main axes: solvency, profitability, liquidity, operational excellence and client satisfaction.

#### 4.4.2. Stress testing and capital planning process

Within the framework of the planning exercise, the company regularly carries out an evaluation of its solvency (i.e. the adequacy of its internal equity to face its global risk profile). The exercise takes the specific risk profile into account: it integrates the main risks and their interactions during the carrying out of stress tests. Stress tests are in themselves tools for measuring specific risks. On a quarterly basis, spot stress tests are performed on the coverage ratio of the SCR. These stress tests are either standardized sensitivity tests or impact tests adapted to the specific risk profile of the company. This process also is a promotion tool and a means of spreading the «Risk Management» culture within all the departments of the company.

### 4.5. INSURANCE RISKS

All insurance companies are subject to risks arising from insurance contracts taken out. Those risks, gathered under the name «Insurance risks» come either from the guarantees offered by the different insurance products, or from the very process of the insurance activity. Nevertheless, the risks relating to the various processes will be reclassified in strategic, business or operational risks according to the various factors causing them.

The insurance risks are mainly borne and managed at the level of Ethias SA. The other companies of the Group do not undertake insurance activities. Consequently, the sensitivity analyses in Life and Non-Life hereafter, are only carried out on the level of Ethias SA.

#### 4.5.1. Non-Life

##### 4.5.1.1. Nature and extent of the risks

###### Non-Life underwriting risk

The Non-Life underwriting risk is the risk ensuing from insurance liabilities in Non-Life, considering the covered risks and the processes applied in the exercise of this activity.

- Premium and reserve risk

The premium and reserve risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the triggering date, the frequency and the gravity of the insured events as well as the date of payment and the total of the claim settlements. The definition also includes the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance contracts. This risk takes the inflation and the hyperinflation into account.

- Catastrophe risk

The catastrophe risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty related to the extreme or exceptional events and carrying some weight on the pricing and provisioning assumptions.

###### Special health underwriting risk

The underwriting risk in Health is the risk ensuing from the underwriting of health insurance liabilities, whether it is exerted or not on a technical basis similar to that of Life insurance, considering the covered risks and the processes applied in the exercise of this activity.

###### SLT Health (Similar to Life Techniques) underwriting risk

The SLT Health underwriting risk results from the underwriting of health insurance liabilities pursued on a technical basis similar to that of Life insurance. This module also includes the annuities resulting from Non-SLT Health (Non-Similar to Life Techniques) contracts such as the workers' compensation contracts or Accident contracts. The risks in this category are the same as those under «Life Underwriting Risk», except Catastrophe Risk.

- Mortality risk

The mortality risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.

- Longevity risk

The longevity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.

- Disability/morbidity risk

The disability/morbidity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend or volatility of claims due to changes in sickness, disability, recovery, revalidation and morbidity rates.

- Expense risk

The expense risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance SLT Health contracts.

- Revision risk

The revision risk, applicable to annuities, is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend or volatility of the inflation rate, a change in the legal environment or in the state of health of the individual. The revision risk applied to annuities resulting from Non-SLT Health (Non-Similar to Life Techniques) contracts, is also classified under this risk.

- Termination risk

The termination risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level or volatility of the termination, maturity or renewal rates for policies.

#### Non-SLT Health (Non-Similar to Life Techniques)

- Premium and reserve risk

The premium and reserve risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the triggering date, the frequency and the gravity of the insured events as well as the date of payment and the total of the claim settlements. The definition also includes the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance contracts.

- Termination risk

The termination risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level or volatility of the termination, maturity or renewal rates for policies.

- Catastrophe risk

The catastrophe risk is the risk of loss or unfavourable change in the value of the insurance liabilities, resulting from the considerable uncertainty, related to the unusual accumulation of risks under such extreme circumstances.

#### 4.5.1.2. Sensitivity analysis

The table hereafter shows the gross impact, excluding reinsurance, of the sensitivity analyses on the income statement. These estimates represent the effect resulting from an increase in management costs or in claims frequency on the evaluation of the Non-Life insurance contracts within the framework of IFRS 4 (phase 1).

In thousands of euros; solely Ethias SA

Increase in internal claims handling costs by 10%  
Increase by 5% in claims

31 December 2020	31 December 2019
(13,482)	(13,792)
(42,328)	(52,443)

## 4.5.2. Life

### 4.5.2.1. Nature and extent of the risks

#### Life underwriting risk

The life underwriting risk is the risk ensuing from insurance liabilities in Life, considering the covered risks and the processes applied in the exercise of this activity.

- Mortality risk

The mortality risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.

- Longevity risk

The longevity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.

- Disability/morbidity risk

The disability/morbidity risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness, recovery, revalidation and morbidity rates.

- Expense risk

The expense risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance (or reinsurance) SLT Health contracts.

- Revision risk

The revision risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from a change in the legal environment or in the state of health of the individual.

- Termination risk

The termination risk is the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the reduction, maturity, redemption rates and renewal rates of the policies.

- Catastrophe risk

The catastrophe risk in Life is the risk of loss or adverse change in the value of insurance liabilities resulting from the significant uncertainty associated with extreme or irregular events.

### 4.5.2.2. Sensitivity analysis

The table below shows the gross impact of the sensitivity analyses on own funds. These estimates represent the effect induced by the modification of various valuation assumptions on the evaluation of Life insurance and investment contracts within the framework of IFRS 4 (phase 1). The shocks considered are those used by the company's management as part of the assessment of Life insurance risks. The orders of magnitude used are similar to those identified within the framework of the Solvency II standard.

In thousands of euros; includes impact on the ring-fenced funds	31 December 2020	31 December 2019
<b>Mortality risk</b>		
Increase by 15 % in mortality	30,888	27,144
<b>Longevity risk</b>		
Increase by 20 % in longevity	(58,977)	(58,053)
<b>Expense risk</b>		
Increase in internal claims handling costs by 10%	(40,546)	(36,135)
Doubling of inflation relating to the base-case inflation vector	(51,714)	(47,285)

### 4.5.3. Concentration risk

The management team analyses the insurance activities of the Group and distinguishes two major segments of policy holders: Public Bodies & Companies on the one hand, and Private Individuals, on the other hand.

- Public bodies and Companies

Ethias is the privileged insurer of the Public Sector thanks to the exceptional knowhow it has developed during more than 100 years of partnership. Its insured parties include the Federal State, Regions and Communities, local public authorities (provinces, cities and municipalities, public social welfare centres ...), public companies as well as thousands of intercommunity and semi-public bodies, schools, hospitals, public interest organizations ...

For several years now, Ethias has also been making its competence and its expertise available to companies.

Ethias' positioning towards this category of policy holders explains the high concentration of encashment with regard to Public Bodies and Companies.

- Private Individuals

Ethias, as a direct insurer, also offers a complete product range via a wide range of distribution channels to Private Individuals.

In thousands of euros	31 December 2020		31 December 2019	
	Income	Part of the income	Income	Part of the income
<b>Non-Life insurance</b>				
Public bodies and Companies	792,510	30%	836,908	32%
Private Individuals	589,507	22%	582,217	22%
<b>Gross premiums</b>	<b>1,382,016</b>	<b>52%</b>	<b>1,419,125</b>	<b>54%</b>
Public bodies and Companies	(30,905)	-1%	(30,375)	-1%
Private Individuals	(6,930)	0%	(7,075)	0%
<b>Premiums ceded to reinsurers</b>	<b>(37,835)</b>	<b>-1%</b>	<b>(37,450)</b>	<b>-1%</b>
Public bodies and Companies	761,605	28%	806,533	31%
Private Individuals	582,577	22%	575,142	22%
<b>Net premiums</b>	<b>1,344,182</b>	<b>50%</b>	<b>1,381,675</b>	<b>53%</b>
<b>Life insurance</b>				
Public bodies and Companies	1,296,296	48%	1,191,413	45%
Private Individuals	41,874	2%	51,232	2%
<b>Gross premiums</b>	<b>1,338,171</b>	<b>50%</b>	<b>1,242,645</b>	<b>47%</b>
Public bodies and Companies	(1,506)	0%	(2,883)	0%
Private Individuals	-	0%	(5)	0%
<b>Premiums ceded to reinsurers</b>	<b>(1,506)</b>	<b>0%</b>	<b>(2,888)</b>	<b>0%</b>
Public bodies and Companies	1,294,791	48%	1,188,530	45%
Private Individuals	41,874	2%	51,227	2%
<b>Net premiums</b>	<b>1,336,665</b>	<b>50%</b>	<b>1,239,757</b>	<b>47%</b>
<b>Total amount Life and Non-Life insurance</b>	<b>2,680,846</b>	<b>100%</b>	<b>2,621,432</b>	<b>100%</b>

### 4.5.4. Reinsurance

Reinsurance lies within the control process of the insurance risks.

It also contributes to the improvement of the solvency ratio.

Ethias SA's main insurance risks concern non-life insurances, liability insurances (miscellaneous and motor vehicle), life/health insurances and (natural or human-caused) catastrophe risks on people and/or goods.

These risks are covered by means of reinsurance treaties and facultative reinsurance contracts for the risks outside the treaties' scope. The majority of these contracts are concluded on a non-proportional basis.

The reinsurance programmes are divided into three major parts: non-life insurances, liability insurances (miscellaneous & motor vehicle) and life/health insurances (occupational accidents and death/disability insurances).

Each year, they are reassessed to meet the needs of production taking into account the reinsurance market and to hedge the capacities required in the frame of Solvency II.

The price of reinsurance capacities was again on a downward trend, given the large capacities available.

There has been little change in reinsurance programmes between 2019 and 2020. On the whole, the reinsurance cost of Ethias SA is stable.

## 4.6. FINANCIAL RISKS

Financial risk includes all the risks relating to the performance and the value of the financial assets. It holds:

- the counterparty risk which materializes itself in case of default of one of the counterparties of the company;
- the market risk which reflects the impact of the fluctuations and of the volatility of the market prices of the company's assets and liabilities;
- the liquidity risk which measures the company's capacity to satisfy its cash flow needs without prejudicing its daily activities.

### 4.6.1. Counterparty risk

#### 4.6.1.1. Nature and extent of the risks

The counterparty risk reflects possible losses due to unexpected default or deterioration in the credit rating, of the insurance company's counterparties and debtors. The definition covers risk-mitigating contracts, such as reinsurance arrangements, securitizations and derivatives, and receivables from intermediaries, as well as any other credit exposures which are not covered in the spread risk module.

The counterparty risk can be subdivided into:

- Downgrade risk: downgrade risk is the risk of exposure to financial losses related to the downgrade of a country or of a company in which the company has invested (directly or via a debt security), of a counterparty of a financial transaction, (e.g. OTC contracts) or of a reinsurer.
- Default risk: default risk is the risk of exposure to financial losses related to the default of a country or of a company in which the company has invested (directly or via a debt security), to the default of a counterparty of a financial transaction, (e.g. loans or OTC contracts) or to the default of a reinsurer.

#### 4.6.1.2. Maximum exposure and mitigation of credit risk

The table hereafter shows the credit risk to which the Group is exposed. It mentions the market value of the main categories of financial assets.

Besides diversification and measures to avoid concentrations, credit risk can be reduced by coverages or by obtaining collaterals or guarantees. The value of the collateral is determined by a cautious approach, based on several criteria including the nature and the specific type of collateral as well as its liquidity and the volatility of its value. The breakdown of these collaterals and guarantees obtained to cover the financial assets of the Group can also be found hereafter.

In thousands of euros, in market value, at the Group's level	31 December 2020					
	Maximum exposure to credit risk	Cash	Securities	Real estate properties	Total amount of received guarantees	Unsecured exposure
Available for sale	950,999	-	-	-	-	950,999
Designated at fair value through profit or loss	120,075	-	-	-	-	120,075
Held for trading	8,526	-	-	-	-	8,526
<b>Participating interests, shares and investment funds</b>	<b>1,079,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,079,599</b>
Available for sale	15,195,536	-	342,773	-	342,773	14,852,762
Designated at fair value through profit or loss	310,143	-	-	-	-	310,143
<b>Bonds</b>	<b>15,505,679</b>	<b>-</b>	<b>342,773</b>	<b>-</b>	<b>342,773</b>	<b>15,162,905</b>
Loans and deposits recognized at amortized cost	669,275	-	-	266,088	266,088	403,187
<b>Other investments</b>	<b>669,275</b>	<b>-</b>	<b>-</b>	<b>266,088</b>	<b>266,088</b>	<b>403,187</b>
Held for trading	327	-	-	-	-	327
Held for hedging purposes	28,411	28,721	-	-	28,721	(310)
<b>Derivative financial instruments</b>	<b>28,738</b>	<b>28,721</b>	<b>-</b>	<b>-</b>	<b>28,721</b>	<b>17</b>
<b>Receivables arising from insurance operations or accepted reinsurance</b>	<b>217,848</b>	<b>-</b>	<b>3,322</b>	<b>-</b>	<b>3,322</b>	<b>214,526</b>
<b>Receivables arising from ceded reinsurance operations</b>	<b>124,132</b>	<b>-</b>	<b>111,104</b>	<b>-</b>	<b>111,104</b>	<b>13,028</b>
<b>Other receivables</b>	<b>171,669</b>	<b>-</b>	<b>3,916</b>	<b>-</b>	<b>3,916</b>	<b>167,752</b>
<b>Cash and cash equivalents</b>	<b>531,744</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>531,744</b>
<b>Total amount of exposure to credit risk</b>	<b>18,328,683</b>	<b>28,721</b>	<b>461,115</b>	<b>266,088</b>	<b>755,925</b>	<b>17,572,758</b>

In thousands of euros, in market value, at the Group's level

	31 December 2019					
	Maximum exposure to credit risk	Cash	Securities	Real estate properties	Total amount of received guarantees	Unsecured exposure
Available for sale	766,840	-	-	-	-	766,840
Designated at fair value through profit or loss	126,845	-	-	-	-	126,845
Held for trading	2,719	-	-	-	-	2,719
<b>Participating interests, shares and investment funds</b>	<b>896,403</b>	-	-	-	-	<b>896,403</b>
Available for sale	14,227,209	-	504,582	-	504,582	13,722,627
Designated at fair value through profit or loss	486,462	-	-	-	-	486,462
<b>Bonds</b>	<b>14,713,672</b>	-	<b>504,582</b>	-	<b>504,582</b>	<b>14,209,089</b>
Loans and deposits recognized at amortized cost	504,958	-	-	305,323	305,323	199,636
<b>Other investments</b>	<b>504,958</b>	-	-	<b>305,323</b>	<b>305,323</b>	<b>199,636</b>
Held for trading	479	-	-	-	-	479
Held for hedging purposes	54,542	57,551	-	-	57,551	(3,010)
<b>Derivative financial instruments</b>	<b>55,021</b>	<b>57,551</b>	-	-	<b>57,551</b>	<b>(2,531)</b>
<b>Receivables arising from insurance operations or accepted reinsurance</b>	<b>224,682</b>	-	-	-	-	<b>224,682</b>
<b>Receivables arising from ceded reinsurance operations</b>	<b>110,833</b>	-	<b>102,909</b>	-	<b>102,909</b>	<b>7,924</b>
<b>Other receivables</b>	<b>147,406</b>	-	<b>5,264</b>	-	<b>5,264</b>	<b>142,143</b>
<b>Cash and cash equivalents</b>	<b>398,372</b>	-	-	-	-	<b>398,372</b>
<b>Total amount of exposure to credit risk</b>	<b>17,051,348</b>	<b>57,551</b>	<b>612,756</b>	<b>305,323</b>	<b>975,630</b>	<b>16,075,718</b>

Assets held for hedging purposes are considered at their net risk position by issuer. Derivatives vis-à-vis a counterparty whose net value is negative are therefore not included here because they have no credit risk exposure.

#### Participating interests, shares and investment funds

The breakdown of the Group's exposure towards price risk on shares can be found in chapter *II. Report of the Board of Directors*, point 4.6.4.3.

#### Bonds

The bond portfolio of the Group contains a certain number of securities backed by various types of assets. It consists of covered bonds, among other things.

Covered bonds are debt securities issued by a credit institution and whereof the payment is guaranteed by specifically dedicated (or «hedging assets») assets. The holders of covered bonds have, in the event of insolvency of the issuer, a «dual recourse» on the issuer's general assets on the one hand, and on the specifically dedicated assets, on the other hand. They represent 342.8 million euros on 31/12/2020 and 504.6 million euros on 31/12/2019.

#### Loans and deposits

The received guarantees linked with mortgages are limited to the outstanding balance in order to take the fair credit risk into account.

As far as loans and deposits are concerned, up to now, there has been no revaluation of the guarantee.

Loans are granted in accordance with a well-defined credit investment policy.

#### Derivative financial assets

In 2020, the amount of collateral received on derivative products stands at 28.7 million euros compared to 57.5 million euros at end-2019. Derivative financial instruments at end-2020 are therefore well covered by the collateral received.

## Receivables

The breakdown of guarantees relating to the account receivables can be found in chapter **VII. Notes relating to items not included in the balance sheet**, point 4.1.

The credit quality of the receivables is set out in Chapter **V. Notes to the consolidated balance sheet**, point 9.3.

## 4.6.2. Concentration risk

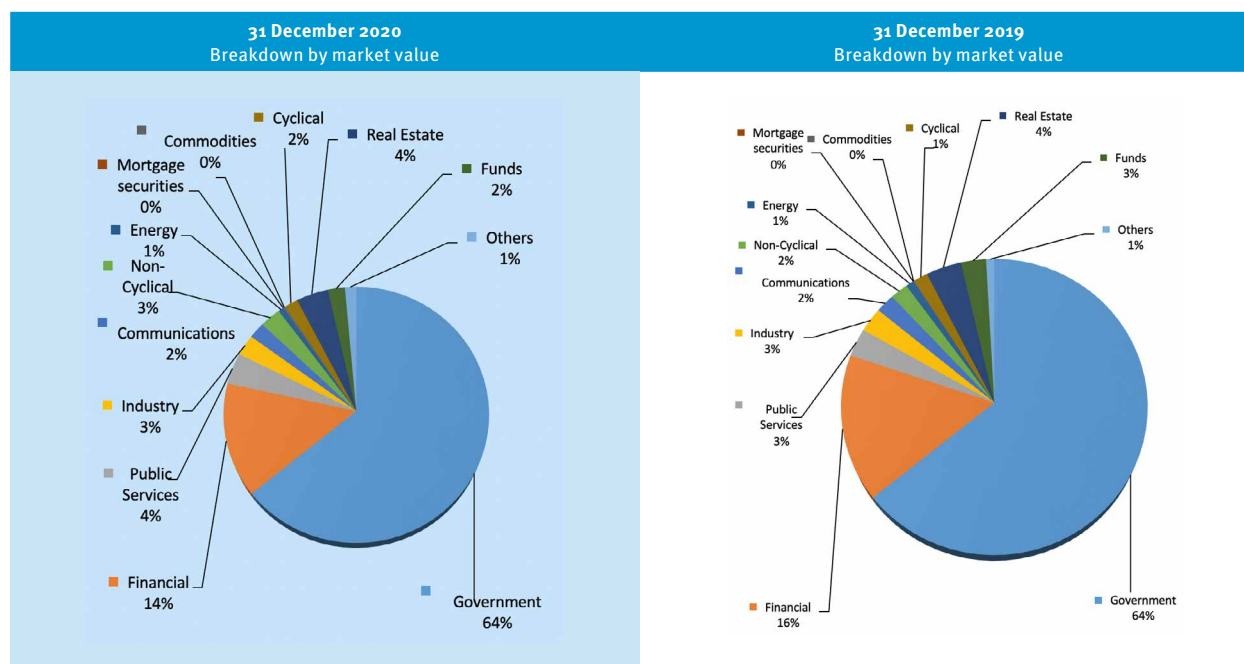
The concentration risk on the market risks includes the risk of additional losses borne by the company as a result of either, the lack of diversification in its assets portfolio (losses increased by the concentration of investments in a geographical zone or activity sector) or an important exposure to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

### 4.6.2.1. Sectoral distribution

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

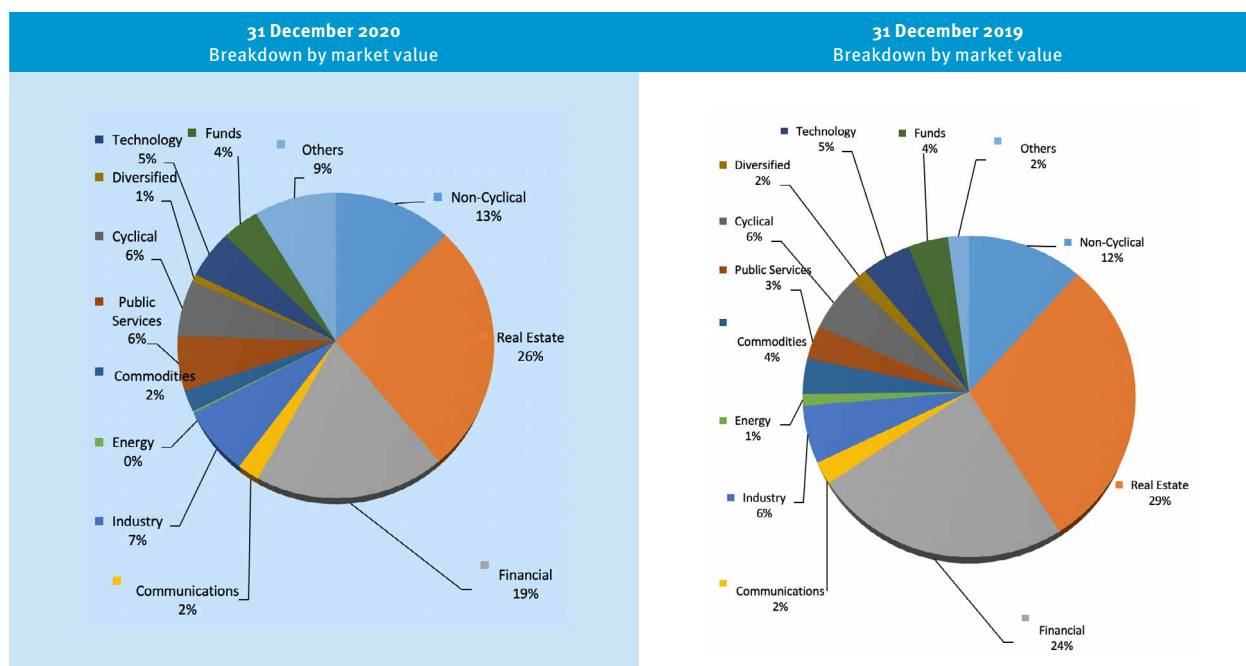
In 2020 and 2019, the sectoral distribution of the shares and investment funds as well as of the bonds and similar securities invested appears as follows:

## Bonds and similar securities





## Shares, participating interests and investment funds



### 4.6.2.2. Exposure to sovereign risk

At end-December 2020, the part invested in sovereign or supranational debt amounts to 67% of the total amount of the fair value of all the bonds (i.e. 10.426,4 million euros on a total of 15.505,7 million euros). End-2019, this part amounted to 67% (i.e. 9,812.2 million euros on a total of 14,713.7 million euros).

The table hereafter shows the exposure relating to debts issued or guaranteed by governments, in fair value, per geographical zone. It should be noted that purchases were made mainly in Spain, Portugal and Eastern European countries.

In thousands of euros; in market value

	31 December 2020	31 December 2019
Germany	403,191	441,279
Austria	174,182	154,642
Belgium	3,981,258	4,221,393
Spain	966,220	856,579
Central and Eastern Europe	565,218	624,393
France	1,519,345	1,437,801
Ireland	559,948	507,255
Italy	434,799	243,472
The Netherlands	20,677	21,786
Scandinavia	46,547	44,734
Portugal	847,423	585,287
Supranational securities	691,969	628,867
Others	215,598	44,692
<b>Total</b>	<b>10,426,376</b>	<b>9,812,179</b>

Within the framework of credit risk management, the details of sovereign risk exposure as mentioned above are analysed whilst including all debts issued or guaranteed by governments without limitation to their activity sector. By way of example, securities of companies active in public services but guaranteed by the Belgian state are considered as government and similar debts. This explains why the total amount of sovereign risk exposure, 10.426,4 million euros per December 31, 2020 (against 9,812.2 million euros per December 31, 2019), is higher than the amount mentioned under the sector «Governmental», i.e. 9.935,9 million euros (against 9,438.9 million euros per December 31, 2019).

### 4.6.3. Liquidity risk

#### 4.6.3.1. Nature and extent of the risks

We consider that the liquidity risk to which the Company is subject can be analysed in two distinct ways:

- Risk of market (il)liquidity: the risk of loss resulting from the fact that the company cannot easily compensate or eliminate a position at market price because of inadequate market depth or market disruptions.
- Risk of funding (il)liquidity: the risk of loss resulting from the fact that the company is not able to satisfy the need for present and future, expected and unexpected cash flows, without affecting its day-to-day operations or its financial position.

On the whole, the liquidity risk is the risk of not being able to meet the demands, expected or not, issued by the insureds or by other counterparties, without significantly burdening the profitability of the company.

This risk is analysed and monitored on a quarterly basis through comparisons between the contractual maturities of assets and liabilities, making it possible to measure the impact of a change in repayment profiles mainly in liabilities.

#### 4.6.3.2. ALM risks

A quarterly ALM report allows to diagnose the asset-liability management and the liquidity situation and to propose the necessary corrective measures. This report is analysed by the ALCO committee. The conclusions are presented to the Management Committee which takes, if necessary, the corrective measures required and which determines the specific steering of certain identified risks. A summary report is transmitted to the Board of Directors.

The ALCO Committee's mission is to contribute to the protection of Ethias in its aspects relating to profitability, liquidity and Solvency II positioning. This committee is responsible for validating the strategies regarding ALM, investment, the investment risk and for assuring their follow-up, for validating the strategic asset allocation (SAA), for ensuring the consistency with the Risk Appetite.

#### 4.6.3.3. Analysis of contractual maturities

The liquidity risk is analysed essentially within the company Ethias SA, which concentrates the majority of the Group's cash flows and on the basis of which the liquidity risk is analysed and monitored by the management. The table below shows the contractual cash flows expected by Ethias SA per category of financial assets and liabilities, grouped per maturity date.

In thousands of euros Only Ethias SA	31 December 2020							
	Book value	Expected cash flows (undiscounted)						
		Total amount of undiscounted flows	Up to 1 year	Between 1 and 5 years	Between 6 and 10 years	Between 11 and 20 years	More than 20 years	Undetermined maturity
Assets								
Bonds and similar securities	15,491,365	16,731,606	1,986,109	5,408,001	2,906,894	3,614,959	2,815,644	-
Participating interests, shares, investment funds and investment property	1,709,147	2,368,767	45,380	257,124	745,544	729,778	590,941	-
Loans and deposits	805,630	1,088,735	126,779	380,573	271,680	232,639	77,065	-
Cash and cash equivalents	479,793	479,793	479,793	-	-	-	-	-
Investments belonging to unit-linked insurance contracts	1,491,140	1,565,697	1,565,697	-	-	-	-	-
Derivatives	29,376	-	-	-	-	-	-	-
Total assets	20,006,452	22,234,599	4,203,759	6,045,698	3,924,117	4,577,376	3,483,649	-
Liabilities								
Insurance and investment contract liabilities	14,224,094	14,635,822	2,221,627	3,655,001	2,484,084	3,528,841	2,746,269	-
Liabilities belonging to unit-linked insurance contracts	1,491,140	1,491,140	1,491,140	-	-	-	-	-
Subordinated debts	491,364	614,441	23,271	160,618	424,234	3,014	3,304	-
Other financial debts	622,201	618,959	416,055	202,904	-	-	-	-
Derivatives	925	-	-	-	-	-	-	-
Total liabilities	16,829,724	17,360,362	4,152,093	4,018,523	2,908,318	3,531,855	2,749,573	-

In thousands of euros Only Ethias SA	31 December 2019							
	Book value	Expected cash flows (undiscounted)						Undeter- mined maturity
		Total amount of undiscounted flows	Up to 1 year	Between 1 and 5 years	Between 6 and 10 years	Between 11 and 20 years	More than 20 years	
Assets								
Bonds and similar securities	14,695,048	16,883,852	1,769,366	4,639,873	2,805,586	3,673,396	3,995,631	-
Participating interests, shares, investment funds and investment property	1,429,772	2,138,354	62,335	360,683	484,719	603,093	627,524	-
Loans and deposits	651,338	1,050,699	126,655	346,167	293,666	218,543	65,667	-
Cash and cash equivalents	354,676	354,676	354,676	-	-	-	-	-
Investments belonging to unit-linked insu- rance contracts	1,394,250	1,463,963	1,463,963	-	-	-	-	-
Derivatives	98,440	-	-	-	-	-	-	-
<b>Total assets</b>	<b>18,623,525</b>	<b>21,891,543</b>	<b>3,776,995</b>	<b>5,346,723</b>	<b>3,583,971</b>	<b>4,495,033</b>	<b>4,688,822</b>	<b>-</b>
Liabilities								
Insurance and investment contract liabilities	13,780,389	14,462,704	2,248,934	3,695,980	2,471,200	3,306,110	2,740,480	-
Liabilities belonging to unit- linked insurance contracts	1,394,250	1,394,250	1,394,250	-	-	-	-	-
Subordinated debts	487,707	636,153	23,323	162,740	444,339	2,738	3,012	-
Other financial debts	185,507	185,507	185,507	-	-	-	-	-
Derivatives	43,722	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>15,891,576</b>	<b>16,678,616</b>	<b>3,852,015</b>	<b>3,858,720</b>	<b>2,915,540</b>	<b>3,308,849</b>	<b>2,743,492</b>	<b>-</b>

The projection of cash flows is based on several assumptions.

#### Financial assets

The portfolios are projected in run-off, except for long-term insurance products where reinvestments are planned: we reflect the management decisions to reinvest according to the asset allocation defined for these products, so as to reproduce more realistically the actually expected liquidity flows. The activities having a decreasing profile are backed by a shorter asset portfolio to ensure the benefits provided.

Hence, liquidity is managed using the expected evolution profile of each insurance product.

We also note that actual maturities may differ from contractual maturities because certain assets are accompanied by early redemption clauses, with or without penalties, or maturity extension clauses.

#### Liabilities

Only contractual future premiums are taken into account, including for the Non-Life activities, and the expected cash flows on insurance contracts are based on the repurchase assumptions defined internally.

#### Repos

In 2019, it was assumed that repo's would be reimbursed at the first possible maturity date. For this reason, all cash flows related to other financial debts take place during the year and in the same way most of the cash is at maturity during the year.

In 2020, the repo margin strategy was put in place to anticipate investments and the reimbursement plan depends mainly on bond maturities.

#### Derivative instruments

Only hedges giving rise to an exchange of cash at maturity have been taken into account in the cash flow statement.

### 4.6.4. Market risk

The market risk reflects the risk related to the volatility level in the market value of the financial instruments which have an impact on the value of assets and liabilities of the company concerned.

It covers interest rate risk (sensitivity to changes in the interest rate curve), stock price risk (sensitivity to changes in the level or volatility of the stock market value), risk on real estate assets (sensitivity to changes in the level or volatility of the market value of real estate assets), spread risk (sensitivity to changes in the level or volatility of credit spreads related to the risk-free interest rate curve), foreign exchange risk (sensitivity to changes in the level or volatility of exchange rates), as well as the concentration risk.

Furthermore, the market risk reflects in principle the structural mismatch between assets and liabilities, in particular with regard to their duration.

The market risk on financial investments related to unit-linked contracts is assumed by the policyholder. Financial investments are not included in the different analyses below.

#### 4.6.4.1. Interest rate risk

The interest rate risk is the risk associated with the sensitivity of the value of assets, liabilities and financial instruments to the changes affecting the interest rate curve (including the slope) or the volatility of the interest rates.

Interest rate fluctuations can have an impact on the products marketed by the company, such as guarantees and bonuses, as well as on the value of the company's investments. This risk arises from the difference in sensitivity of assets and liabilities to changes in interest rates.

The monitoring of the market risk is realized in two ways:

- At the asset level, monthly monitoring of the duration of the portfolio's bond positions;
- In terms of asset-liability management: systematic analysis of the duration and sensitivity gap between assets and liabilities in order to reduce it as much as possible or, if necessary, to cover part of this risk.

#### 4.6.4.2. 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.

	31 December 2020						
	AAA	AA	A	BBB	BB and below	No rating	Total
In thousands of euros In market value							
Bonds and similar securities	816,637	6,444,242	2,721,842	4,637,957	174,425	710,577	15,505,679
Loans and deposits	-	14,506	68,158	-	-	586,610	669,275
Receivables	-	-	47	-	-	513,601	513,648
Cash and cash equivalents	207	52	489,657	-	323	41,505	531,744
<b>Total</b>	<b>816,844</b>	<b>6,458,801</b>	<b>3,279,705</b>	<b>4,637,957</b>	<b>174,747</b>	<b>1,852,293</b>	<b>17,220,346</b>

	31 December 2019						
	AAA	AA	A	BBB	BB and below	No rating	Total
In thousands of euros In market value							
Bonds and similar securities	733,402	6,688,201	2,718,613	3,704,699	142,226	726,530	14,713,672
Loans and deposits	-	15,654	7,079	-	-	482,225	504,958
Receivables	-	-	11	-	-	482,911	482,922
Cash and cash equivalents	-	-	362,803	1,250	230	34,089	398,372
<b>Total</b>	<b>733,402</b>	<b>6,703,856</b>	<b>3,088,506</b>	<b>3,705,949</b>	<b>142,457</b>	<b>1,725,755</b>	<b>16,099,924</b>

The proportion of «BBB» ratings (increasing for «Bonds and similar securities») is explained by the fact that the majority of reinvestments are made in this category of issuers, with the aim of optimizing the portfolio's risk/return ratio.

#### 4.6.4.3. Stock price risk

The share risk is the risk associated with the sensitivity of the value of financial instruments to changes which affect the level of the market value of the shares.

The price risk relates to the overall position in the market value of the share in participating interests, shares and investment funds. The overall position of the Ethias Group is shown in the below table.

In thousands of euros, in market value	31 December 2020		31 December 2019	
	Fair value	% of the value in the balance	Fair value	% of the value in the balance
Participating interests	128,659	0.62%	115,996	0.59%
Equities	639,478	3.07%	508,108	2.60%
Investment funds	311,461	1.49%	272,299	1.40%
<b>Total</b>	<b>1,079,599</b>	<b>5.18%</b>	<b>896,403</b>	<b>4.60%</b>

#### 4.6.4.4. Price risk on investment properties

The risk on real estate is the risk associated with the sensitivity of the value of financial instruments to changes which affect the level of the real estate assets' market value.

In 2020, the market value of the Group's investment properties amounts to 645 million euros (i.e. 3.10% of total assets) against 637 million euros (i.e. 3.28% of total assets) in 2019.

#### 4.6.4.5. Foreign currency exchange risk

The exchange risk (or currency risk) is the risk associated with the sensitivity of the value of financial instruments denominated in foreign currencies to changes which affect the level of the currency exchange rates. The foreign currency exchange risk is limited for the Group.

#### 4.6.5. Analysis of sensitivity to financial risks

The measurement and monitoring of each risk results in sensitivity analyses allowing to estimate the gross impact of stress tests on the overall result as well as on the company's solvency.

The table hereafter shows the shocks taken into account when assessing the different types of risk as well as their impact on the income statement and on other items of comprehensive income. The shocks considered are those used by the company's management as part of market risk assessment. The orders of magnitude used are similar to those identified within the framework of the Solvency II standard. The sensitivity analysis proposed is based on the portfolio of shares and bonds held by Ethias SA. In the case of shares, the impact on the SICAV «Ethias Sustainable Investment Fund» (E.S.I.F), formerly «RTD Ethias High Yield», is also taken into account. The amounts do not include the effects of the application of shadow accounting, nor of the adequacy test for the technical provision.

In thousands of euros; only Ethias SA (and plus Ethias S.I.F. in the case of shares)	31 December 2020	
	Estimated impact on the income statement	Estimated impact on other comprehensive income items
<b>Interest rate risk (excluding derivatives)</b>		
Increase in the yield curve by 100 basis points	(5,905)	(1,404,559)
Decrease in the yield curve by 100 basis points	5,905	1,404,559
<b>Credit spread risk</b>		
Increase in the credit spread by 100 basis points	(5,836)	(1,402,925)
Decrease in the credit spread by 100 basis points	5,836	1,402,925
<b>Stock price risk</b>		
Stock price decrease by 39 %	(100,772)	(245,686)
Stock price increase by 39 %	42,141	304,985

In thousands of euros; only Ethias SA (and plus Ethias S.I.F. in the case of shares)

	31 December 2019	
	Estimated impact on the income statement	Estimated impact on other comprehensive income items
<b>Interest rate risk (excluding derivatives)</b>		
Increase in the yield curve by 100 basis points	(6,280)	(1,207,190)
Decrease in the yield curve by 100 basis points	6,280	1,207,190
<b>Credit spread risk</b>		
Increase in the credit spread by 100 basis points	(15,504)	(1,207,795)
Decrease in the credit spread by 100 basis points	15,504	1,207,795
<b>Stock price risk</b>		
Stock price decrease by 39 %	(69,458)	(231,195)
Stock price increase by 39 %	43,124	257,219

Sensitivities to interest rates and credit spreads have increased in terms of the estimated impact following the increase in dirty value bond exposure. In terms of equity risk: we are seeing, in the event of a decline in equity levels, an increase in sensitivities between other items of comprehensive income (OCI) and P&L as equity exposure has increased in 2020. The P&L impact in the event of an increase in stock prices is higher at end-2020 compared to end-2019 because 2020 gave rise to more impairments than in 2019.

Derivative hedging strategies are used in order to mitigate Ethias' exposure to the risk of falling interest rates (forward swaps) and the risk of widening credit spreads on Belgian and French government bonds (forward bonds). The estimated impact of these hedging derivatives at 31/12/2020 on the sensitivity of other items of comprehensive income is presented below.

#### Impact related to forward swaps:

- Increase in the yield curve by 100 basis points: -14 million euro
- Decrease in the yield curve by 100 basis points: 14 million euro

#### Impact related to forward bonds:

- Increase in the credit spread by 100 basis points: +8 million euro
- Decrease in the credit spread by 100 basis points: -8 million euro

These different levels of impact have significantly decreased compared to 2019 following the maturity of part of our interest rate hedges and a large part of our spread hedges.

The amounts included in this chapter do not include the effect of the application of shadow accounting, nor of the adequacy test for the technical provisions. The application of these two accounting adjustments strongly offsets the sensitivity of the result and of the OCI to market risks. Indeed, the application of shadow accounting to these various shocks would imply residual impacts on own funds that are much lower than the amounts in the table. It should be noted that for the interest rate effect or the spread effect on bonds, there would only be a net impact on own funds of -356 million euros. It should also be noted that the residual impact on own funds of the equity shock on shares would be in the range of -79 million euros (for the equity downward shock) and +98 million euro (for the equity upward shock).

## 4.7. OPERATIONAL RISKS

The operational risk is described as “the risk of direct or indirect loss resulting from an inadequacy or failure attributable to procedures, processes, and people as well internal as external and to systems within the organization, or resulting from external events”.

External events are for instance natural disasters (fire, flooding...), legal changes, strikers preventing access to the workplace, etc.

The definition includes legal risk, but excludes strategic and reputational risks.

With regard to operational risks, Ethias carries out different types of risk assessment, namely:

- operational risk assessment on activities
- operational risk assessment on projects
- operational risk assessment on new products
- operational risk assessment on organizational changes
- analysis of transversal operational risks impacting the achievement of the company's strategic objectives
- analysis of information security risks and cyber risks.

The Management Committee directly monitors the operational risk. It analyses and proposes guidelines for the corresponding mitigation/management measures in accordance with Ethias' risk management policy.

## 5. Information regarding environmental and staffing matters

Information relating to environmental and staffing matters is dealt with in the annual reports of Ethias SA (as well as in Ethias SA's non-financial report that is appended to the annual report) and of its various subsidiaries. The Ethias group would be nothing without the strength and commitment of its employees.

## 6. Events subsequent to the date of the consolidated balance sheet

The Board of Directors of Ethias SA will propose to the General Assembly of May 2021 the payment of a dividend of 103 million euros as the criteria imposed by the NBB in its circular of January 2021 have been met.

On 5 March 2021, the Board of Directors validated the choice of the Ethias Management Committee, which also took into account the preference of the employees, with regard to the future location of the Liège main office in Coronmeuse, planned for 2024 at the earliest.

The Board of Directors of Ethias SA and the Board of Directors of EthiasCo validated the capital increase of Ethias Services, which is necessary to support the ambitions in terms of ecosystem development and complementary services in favour of our clients.

## 7. Information on circumstances which may significantly impact the company's development

### Regulatory developments - Solvency II

A revision, on a broader scale than previously known, of the parameters used in the calculation of the solvency requirement was envisaged for 2020. The European Insurance and Occupational Pensions Authority (EIOPA) had launched a consultation with stakeholders in the course of 2019 in order to identify the adjustments to be made in the calibration of the SCR in standard formula. These proposals aim at adapting the Solvency II regime to the market developments and to incorporate the practical experience gained during the first years of its application. The transposition of these measures into regulations has been postponed.

Nevertheless, in order to best anticipate the impact of future regulatory changes on our ratio, Ethias participates in the working group of the Professional Union of Belgian Insurance Companies (Assuralia). In addition, Ethias carefully analyses the European Commission's proposals in order to assess the financial and organizational impacts.

## 8. Research & Development

### 8.1. INNOVATION AND PRODUCT DEVELOPMENT

#### Flora



In September 2020, Ethias launched Flora, the first 100% digital insurtech in Belgium. Flora markets a tenant insurance through its app and aims to launch other products in 2021. Flora is positioned as a complementary distribution channel for Ethias, targeting mainly the market of millennials.



## Development of products and services

Ethias is clearly committed to an innovation dynamic, whether in terms of products or services, in order to best meet the needs of its clients and the general public. In addition to Flora (mentioned above), Ethias has also developed several innovations by capitalizing on the complementary nature of its skills within its IT subsidiary NRB and its subsidiary IMA Benelux specialized in assistance services:

- App4You: a digital platform for solidarity among citizens, available free of charge to everyone.
- Care4You: a platform that is made available free of charge to health care professionals and that responds to the new habits adopted by patients (during the first phase of the health crisis, doctors gave more than 3 million telephone consultations). Thanks to videoconferencing, the tool provides the opportunity to make appointments and manage consultations remotely with the patient. The platform is fully secured through identification via itsme. It is accessible on smartphone, tablet and computer.
- Let's Talk: a psychological assistance service offered free of charge to students and self-employed insured with Ethias.
- Medappcare: an app enabling citizens to find their way around the many applications available for health matters.
- In the case of Assistance claims: a geolocation service for both the beneficiary and the service provider (breakdown service, towing service, etc.) as well as a claims reporting webform that avoids the need to wait on the phone.
- Home Services by Ethias: a digital platform that enables users (Ethias clients and non-clients) to order services for making small repairs or doing work in their house (various services relating to heating, locksmithing, sanitary fittings and plumbing, electricity, woodwork ...).
- A certain number of «e-capabilities» (digital invoicing, electronic signature, digital documents, ...).

## Data Technology investments

Ethias has also acquired specific tools such as Data Visualisation, Data Catalogue and Data Quality and has embarked on developments aimed at centralizing data in a single, governed environment to support the company's strategic data ambitions.

## 8.2. TECHNOLOGICAL DEVELOPMENTS

Ethias continues to strengthen its position as the n° 1 Direct insurer, the n° 1 Digital insurer and the n° 1 insurer for Public Bodies. In this context, we are pursuing our IT transformation programmes:

- Ethias' IT services are reinforced by a centralization at group level at our subsidiary NRB, with a new multi-year contract that allows us to establish a long-term vision with control of IT expenses while maintaining ambitious investments to support our strategic vision. An 'agile' approach is being launched to increase our overall agility.
- Following the transformation of the car claims handling applications, the "Century" programme conducted a review of the home claims management applications;
- The "Digital" programme, which aims to offer Ethias' clients online services and innovative applications, has resulted in the creation of a new and modernized "Client Zone" that can be accessed via mobile platforms. At the same time, the use of the itsme (digital ID) platform facilitates access and reinforces the security of our digital applications.
- A reflection process has been launched on openness and possible partnerships with the implementation of standardized IT interfaces (Open Insurance).
- In order to gain agility and responsiveness to the needs of our markets, we have started a programme to modernize all existing legacy applications using Agile methodologies.
- Ethias has deployed an action plan on data management, focusing on data quality, data governance and data exploitation to create value for our clients.

Through our innovation initiatives, Ethias also follows the latest technological developments in the market, with Flora as a flagship achievement.

Certain developments have been the subject of deductions in the context of tax incentive measures for research and development.

## 9. Other activities of the Group

The net profit (loss) of the other activities of the Group is mainly generated by the NRB Group, by the company "Ethias Sustainable Investment Fund SA" (ESIF) and by the real estate subsidiaries.



In 2020, the NRB Group continued its growth strategy by acquiring the company People and Technology on 17 February, the Computerland Group on 26 May, the company Infohos Solutions on 4 June, the Prodata Group on 15 September 2020 and the company Trigone on 8 October. Within the framework of the NRB Group's reorganization, Trasys International is being liquidated with retroactive effect to 1 January 2021 and Ucon merged with NRB on 1 January 2021.

We note that the 2020 result is higher than in 2019 and above the budget.

The NRB Group's turnover is up by 18% compared to 2019. This increase is due to acquisitions made in 2020 (11%) as well as organic growth (7%).

The Group's net result amounts to 29 million euros (i.e. an increase by 41% compared to the previous year).

The strengthening of the partnership with Ethias through the signing of the "CommIT" contract in December will undoubtedly have a strong impact on NRB's development over the next few years, as it provides for major commitments on the part of NRB in terms of innovation, modernization and gradual transformation of the current systems, as well as continuous improvement of operations by optimizing capacities and within a contained budgetary envelope.

In addition, the Strategic Plan 2021-2026 includes an external growth component in line with the growing demands of the market.

Finally, the impact of the COVID-19 health crisis on NRB's business remains - for the time being - limited, both in terms of turnover and profitability, but it is advisable to remain vigilant in the coming months, which still contain a large degree of uncertainty.

The NRB sub-group contributes 36.5 million euros to the consolidated result, including 14.8 million euros in third-party interests.

Regarding the real estate subsidiaries and ESIF, there were no major events during 2020.

## 10. Governance report<sup>1</sup>

### 10.1. COMPOSITION OF THE BODIES

#### 10.1.1. The Management Committee

Name	Function
Philippe Lallemand	Chairman – Chief Executive Officer
Benoît Verwilghen	Vice-President – Chief Operating Officer Life
Cécile Flandre	Member – Chief Financial Officer
Luc Kranzen	Member – Chief Operating Officer Non-Life
Wilfried Neven <sup>2</sup>	Member – Chief Digital Transformation Officer
Brigitte Buyle <sup>3</sup>	Member – Chief Information Officer
Benoît-Laurent Yerna	Member – Chief Risk Officer

<sup>1</sup> Situation as of 31/12/2020

<sup>2</sup> As from 21/02/2020

<sup>3</sup> As from 21/02/2020

### 10.1.2. The Board of Directors

Name	Function
Myriam Van Varenbergh	Chair
Jacques Braggaar	Director
Marc Descheemaecker	Director
Kathleen Desmedt	Director
Philippe Donnay	(Independent) Director
Olivier Henin	Director
Ingrid Loos	(Independent) Director
Marc Meurant	Director
Philip Neyt	Director
Anne-Marie Seeuws	(Independent) Director
Karl Van Brom	Director
Bruno van Lierde	(Independent) Director
Philippe Lallemand	Director
Benoît Verwilghen	Director
Cécile Flandre	Director
Benoît-Laurent Yerna	Director

### 10.1.3. The Audit and Risk Committee

Name	Function
Bruno van Lierde	Chairman
Marc Descheemaecker	Member
Philippe Donnay	Member
Ingrid Loos	Member
Marc Meurant	Member

### 10.1.4. The Appointments and Remuneration Committee

Name	Function
Myriam Van Varenbergh	Chair
Jacques Braggaar	Member
Olivier Henin	Member
Anne-Marie Seeuws	Member

### 10.1.5. The Statutory Auditor

PwC - Reviseurs d'Entreprises SRL

Woluwe Garden, Woluwedal 18 – B-1932 Sint-Stevens-Woluwe

Represented by T. Meuleman, Accredited Auditor

A01894 - Appointed for the financial years 2020, 2021, 2022.

## 10.2. EXTERNAL OFFICES EXERCISED BY THE LEADERS OF THE GROUP

In accordance with the CBFA circular PPB-2006-13-CPB-CPA on the exercise of external functions by the leaders of insurance companies, we publish a list with the external offices exercised by the directors and the members of the Management Committee of Ethias SA in other companies than those with which Ethias SA establishes a close relationship.

Are not included in the list of external offices exercised in collective investment undertakings: asset-holding companies and so-called «management companies».

### 10.2.1. Directors of Ethias SA

Directors of Ethias SA				
Name	Company	Registered office	Field of activity	Office exercised
Braggaar Jacques	Mutualité Solidaris Mons-Wallonie picarde	Rue du Fort 48 7800 Ath	Health insurance fund	Director
	Wallimage	Rue du 11 Novembre 6 7000 Mons	Investments	Walloon Government Commissioner
	Wallimage Entreprises	Avenue Maurice Destenay 13 4000 Liege	Investments	Walloon Government Commissioner
Descheemaeker Marc	European Investment Bank	98-100 Boulevard Konrad Adenauer L-2950 Luxembourg	Investments and credits	Director
	Brussels Airport Company	Boulevard Reyers 80 1030 Brussels	Airport management	Chairman of the Board of Directors
	De Lijn	Motstraat 20 2800 Mechelen	Public transport	Chairman of the Board of Directors
	European Investment Fund	37b Avenue J.F. Kennedy L-2968 Luxembourg	Investments and credits	Director
	GIMV (listed bonds and stocks)	Karel Oomsstraat 37 2018 Antwerp	Investments	Director
	NMBS/SNCB	Rue de France 56 1060 Brussels	Railway transport	Director
Donnay Philippe	Walloon Agency for Export and Foreign Investment (AWEX)	Place Saintelette 2 1080 Brussels	Development and management of economic relations	Director
	Federal Planning Bureau	Rue Belliard 14-18 1040 Brussels	Production of economic studies and forecasts	Planning Commissioner
	National Accounts Institute	Rue du Progrès 50 1210 Brussels	Production of statistics, analyses and economic forecasts	Director
	Reacfin	Place de l'Université 25 1348 Louvain-la-Neuve	Actuarial, financial and risk consultancy	Independent director
Henin Olivier	Blueberry	Avenue E. Mounier 2 1200 Brussels	Financial holding	CFO
	Brussels Airport Company	Boulevard Reyers 80 1030 Brussels	Airport management	Director
	Fedimmo	Chaussée de Wavre 1945 1160 Brussels	Property management	Chairman of the Board of Directors
	Sabena Aerospace	Avenue E. Mounier 2 1200 Bruxelles	Aeronautical and space maintenance	CFO
	Federal Shareholding and Investment company	Avenue Louise 54/1 1050 Brussels	Financial holding	Vice-Chairman of the Board of Directors
Loos Ingrid	Universiteit Antwerpen	Prinsstraat 13 2000 Antwerp	Education	Director

<b>Meurant Marc</b>	AMIFOR	Boulevard Bischoffsheim 1-8 Bte 3 1000 Brussels	Insurance	Chairman of the Board of Directors
	Bessonnat	Rue Jean Piret 1B L-2350 Luxembourg	Financial holding	Chairman of the Board of Directors
	CPH Life	Rue Perdue 7 7500 Tournai	Insurance	Director
	M.M.H.	Boulevard A. de Fontaine 15 6000 Charleroi	Insurance	Executive Director
	Scottish Widows Europe	Avenue du Bois 1 L-1251 Luxembourg	Insurance	Director
	SmartPlan	Rue de Linthout 120 1040 Brussels	Insurance intermediation and brokerage	Chairman of the Board of Directors
<b>Neyt Philip</b>	Curalia	Rue Archimède 61 1000 Brussels	Insurance	Director
	Ghelamco Invest (listed bonds)	Zwaanhofweg 10 8900 Leper	Real estate investments	Director
<b>Van Lierde Bruno</b>	Buy Way	Rue de l'Evêque 26 1000 Brussels	Credits	Chairman of the Board of Directors
	Cliniques de l'Europe	Avenue Defré 2016 1180 Brussels	Hospitals	Chairman of the Board of Directors
	Sopartec	Place de l'université 1 1348 Louvain-la-Neuve	Investments	Chairman of the Board of Directors
	Tempora	Rue des Anciens Etangs 44-46 1170 Brussels	Design and management of exhibitions and cultural sites	Chairman of the Board of Directors
	Univercells	Rue Auguste Piccard 48 6041 Charleroi	Pharmaceuticals	Chairman of the Strategy Committee
	VIVES IUF	Place de l'université 1 1348 Louvain-la-Neuve	Investments	Director
<b>Van Varenbergh Myriam</b>	Vandenbussche	Groendreef 21 9880 Aalter	Construction and real estate development	Director

## 10.2.2. Effective leaders of Ethias SA

Effective leaders of Ethias SA				
Name	Company	Registered office	Field of activity	Office exercised
<b>Flandre Cécile</b>	Elia Asset	Boulevard de l'Empereur 20 1000 Brussels	Electricity transmission	Director
	Elia Groupe (listed bonds and stocks)	Boulevard de l'Empereur 20 1000 Brussels	Electricity transmission	Director
	Elia Transmission Belgium SA	Boulevard de l'Empereur 20 1000 Brussels	Electricity transmission	Director
<b>Lallemand Philippe</b>	Assuralia	Square de Meeûs 29 1000 Brussels	Insurance	Member of the Executive Committee and Director
	Safran Aero Boosters	Route de Liers 121 4041 Herstal	Aircraft and space construction	Director
<b>Neven Wilfried</b>	Xior Student Housing (listed equities)	Mechelsesteenweg 34 2018 Antwerp	Real estate	Independent director
<b>Verwilghen Benoît</b>	Fin.Co	Duboisstraat 48 2060 Antwerp	Investments	Director

### 10.3. JUSTIFICATION FOR THE INDEPENDENCE AND COMPETENCE OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE OF ETHIAS SA

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

The Audit and Risk Committee is chaired by Bruno van Lierde and is also composed of Ingrid Loos, Marc Descheemaecker, Philippe Donnay and Marc Meurant.

**M. van Lierde** is a graduate in law and economics (UC Louvain), and has completed the Stanford Executive Programme. He has extensive experience in financial services, having advised, as Senior Partner and Managing Director of the Boston Consulting Group, the general management of banks and insurance companies on strategy, mergers and acquisitions, organization, major change and performance improvement programmes. He is chairman of the Board of Directors of Buy Way, Sopartec, Inventures II, Tempora, Europe Hospitals and SOS Children's Villages (Belgium). He is also a Board member of NRB and Vives IUF and chairman of Univercells' Strategy Committee. He is Professor of Strategy at the Solvay Brussels School of Economics and Management. M. van Lierde also meets the independence criteria set out in paragraph 3.5. of the Belgian Corporate Governance Code.

**Ms. Loos** holds a degree in applied economics, a master in economics and a master in change management (Sioo - University of Utrecht-Amsterdam). She has made a career in the financial sector by holding senior positions in credit granting, financial engineering, risk management and internal audit. She was Secretary-General of the Fortis Group. She was also a director at PwC Belgium Advisory, where she was involved in corporate governance issues. Ms. Loos is also an independent member of the Audit Committee of the «Groep Stad Antwerpen» (City of Antwerp) and a director of the University of Antwerp. She meets the independence criteria set out in paragraph 3.5. of the Belgian Corporate Governance Code.

**M. Descheemaecker** has a degree in applied economics and a post-graduate degree in European Economic Studies. He was managing director of the SNCB, executive vice-president of the ISS group, managing director of ISS Belgium and director of Vitrufin (liquidated on 25/10/2019). He is currently chairman of the Board of Directors of Brussels Airport Company and De Lijn, and director of the EIB, the EIF, GIMV and the SNCB, where he is also chairman of the Audit Committee.

**Mr. Donnay** holds a licentiate and a master's degree in economics. After having been a macro-economist at Banque Degroof Luxembourg, Chief Economist at the FEB and Chief of Staff - General and Strategic Policy Units of the Deputy Prime Minister and Minister of Employment and Equal Opportunities and the Deputy Prime Minister and Minister for the Interior and Equal Opportunities, he is currently Plan Commissioner at the Federal Planning Bureau (FPB). He is also an independent director of Reacfin, director of the National Accounts Institute, of AWEX (and chairman of the Audit Committee), member of the High Council of Employment, the High Council of Finance (sections "taxation" and "parafiscal levies"), the Study Committee on Ageing and chairman of the Scientific Committee for the Economic Budget. He was also a director of Vitrufin (liquidated on 25/10/2019). He meets the independence criteria set out in paragraph 3.5. of the Belgian Corporate Governance Code.

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

#### 10.4. JUSTIFICATION FOR THE COMPETENCE OF THE MEMBERS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF ETHIAS SA

The Appointments and Remuneration Committee is composed of four non-executive directors. It is chaired by Myriam Van Varenbergh, Chair of the Board of Directors, and is also composed of Anne-Marie Seeuws, Jacques Braggaar and Olivier Henin.

**Ms. Van Varenbergh** holds a law degree, a specialization in tax law and an additional degree in corporate law, as well as a degree in forensic science. She also briefly followed studies in the United States. Ms. Van Varenbergh has been a Board member of Vandenbussche NV and the LUCA School of Arts for several years. She was a member of the Superior Council of Justice, of the Notary Nomination Commission and of the Flemish Council for Electoral Disputes. She was chair of the Council for Equal Opportunities between Men and Women, a Board member of the Flemish Regulator for the Media, of Fluida NV, etc. She was also a board member / member of the Executive Committee of Vitrufin.

**Ms. Seeuws** has a degree in applied economics. She has acquired solid experience in the insurance world, having been a director-member of the Executive Committee of Baloise Insurance, a director of Euromex Insurance, a director-member and then chair of the Executive Committee of Nateus Life Insurance, Nateus Insurance, Audi Insurance and a director of Nateus Netherlands and Korfina Insurance. She meets the independence criteria set out in paragraph 3.5. of the Belgian Corporate Governance Code.

**Mr. Braggaar** holds a bachelor's degree in law and master's degree in criminology. He held the position of Head of HR-Budget in various ministerial offices. He was Deputy Secretary General, member of the French-speaking and National Executive Committee of UNMS, where he was in charge of human resources management of the Directorate-General, and director of several non-profit associations linked to mutual organizations. He was also a director and member of Sowaer's Nomination and Remuneration Committee. He is currently Secretary General of the Socialist Party. He is a director of Solidaris and Government Commissioner for Wallimage SA and Wallimage Entreprises. Mr. Braggaar has a thorough knowledge of Ethias, having been a director of SMAP, then of Ethias Droit Commun (now EthiasCo) and of Vitrufin (liquidated on 25/10/2019).

**Mr. Henin** is licensed in law and holds a DEA in economic law. He was Cabinet Director of various Ministers, director of the European Investment Bank, representative of the Minister of Finance on the NBB's Council of Regency, government commissioner on the Board of Directors of the Deposit and Financial Instrument Protection Fund and CFO of the SNCB/NMBS. He is currently chairman of the Board of Fedimmo, vice-chairman of SFPI, CFO of Sabena Aerospace and Blueberry and director of Brussels Airport Company. Mr. Henin is also chairman of the Board of directors of EthiasCo.

## III. CONSOLIDATED FINANCIAL STATEMENTS

### 1. Consolidated balance sheet

In thousands of euros		Notes	31 December 2020	31 December 2019
<b>Assets</b>				
Goodwill	V.1		71,593	61,675
Other intangible assets	V.2		114,046	112,963
Operational buildings and other tangible fixed assets	V.3		80,947	94,600
Right-of-use of assets	V.4		34,873	18,922
Investments in associated companies	V.5		26,156	595
Investment properties	V.3		490,742	503,392
Financial assets available for sale			16,146,534	14,994,049
Financial assets at fair value through profit and loss			438,743	616,026
Loans, deposits and other financial investments recognized at amortized cost			646,262	483,324
Derivative financial instruments	V.7		29,663	98,742
Investments belonging to unit-linked insurance contracts			1,491,140	1,394,250
<b>Financial investments</b>	V.6		<b>18,752,343</b>	<b>17,586,391</b>
Reinsurers' share of technical provisions	V.14		157,602	157,350
Deferred tax assets	V.8		234	24,908
Receivables arising from insurance operations or accepted reinsurance	V.9		217,848	224,682
Receivables arising from ceded reinsurance operations	V.9		124,132	110,833
Other receivables	V.9		171,669	147,406
Any other assets	V.10		47,633	43,032
Cash and cash equivalents	V.11		531,744	398,372
Assets available for sale including assets from discontinued operations	V.12		18,868	21,276
<b>Total assets</b>			<b>20,840,431</b>	<b>19,506,398</b>

<b>Liabilities</b>			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		1,197,489	985,255
Net profit (loss) of the period		207,672	211,956
Other items of comprehensive income		599,117	490,523
<b>Equity of the Group</b>		<b>3,004,278</b>	<b>2,687,735</b>
<b>Non-controlling interests</b>		<b>69,453</b>	<b>65,374</b>
<b>Total equity</b>	<b>V.13</b>	<b>3,073,731</b>	<b>2,753,109</b>
Insurance contract liabilities		9,067,276	8,845,234
Investment contract liabilities with discretionary participation features		4,997,580	4,769,558
Investment contract liabilities without discretionary participation features		3,227	3,464
Liabilities belonging to unit-linked insurance contracts		1,491,140	1,394,250
Profit sharing liabilities		39,666	53,268
<b>Insurance and investment contract liabilities</b>	<b>V.14</b>	<b>15,598,890</b>	<b>15,065,775</b>
<b>Subordinated debts</b>	<b>V.15</b>	<b>487,694</b>	<b>484,037</b>
<b>Lease obligations due in less than one year</b>	<b>V.15</b>	<b>13,285</b>	<b>8,739</b>
<b>Lease obligations due in more than one year</b>	<b>V.15</b>	<b>21,794</b>	<b>10,211</b>
<b>Other financial debts</b>	<b>V.15</b>	<b>685,061</b>	<b>234,020</b>
<b>Employee benefits</b>	<b>V.16</b>	<b>285,032</b>	<b>290,283</b>
<b>Provisions</b>	<b>V.17</b>	<b>27,967</b>	<b>32,201</b>
<b>Derivative financial instruments</b>	<b>V.7</b>	<b>925</b>	<b>43,722</b>
<b>Tax liabilities payable</b>	<b>V.18</b>	<b>32,589</b>	<b>29,484</b>
<b>Deferred tax liabilities</b>	<b>V.8</b>	<b>87,295</b>	<b>31,259</b>
<b>Liabilities from operating activities</b>	<b>V.18</b>	<b>283,426</b>	<b>292,137</b>
<b>Other payables</b>	<b>V.18</b>	<b>242,742</b>	<b>231,421</b>
<b>Liabilities related to assets available for sale and discontinued operations</b>	<b>V.12</b>	<b>-</b>	<b>-</b>
<b>Total other liabilities</b>		<b>17,766,700</b>	<b>16,753,289</b>
<b>Total liabilities</b>		<b>20,840,431</b>	<b>19,506,398</b>

The statements and notes of chapters III. to VI. form an integral part of the consolidated financial IFRS statements as at 31 December 2020.



## 2. Consolidated income statement

In thousands of euros			31 December 2020	31 December 2019
	Notes			
Gross premiums	VI.1		2,720,187	2,661,771
Premiums ceded to reinsurers	VI.3		(39,340)	(40,338)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>			(3,498)	(1,702)
Other income from insurance activities			5,307	5,584
<b>Revenues from insurance activities <sup>(a)</sup></b>	VI.1		<b>2,682,655</b>	<b>2,625,314</b>
<b>Revenues from other activities</b>	VI.4		<b>347,846</b>	<b>294,837</b>
Net income from investments			387,108	410,193
Net realized gains or losses on investments			22,036	63,325
Change in fair value of investments through profit and loss <sup>(b)</sup>			29,456	160,919
<b>Net financial income</b>	VI.5		<b>438,600</b>	<b>634,437</b>
<b>NET REVENUES</b>			<b>3,469,101</b>	<b>3,554,588</b>
Claims and insurance benefits			2,505,959	2,698,055
Net expenses or revenues ceded to reinsurers	VI.3		(23,975)	(31,387)
Management costs <sup>(c)</sup>			314,557	304,861
<b>Technical expenses for insurance activities</b>	VI.2		<b>2,796,541</b>	<b>2,971,529</b>
<b>Expenses for other activities</b>	VI.4		<b>324,818</b>	<b>264,197</b>
Change in depreciation and amortization on investments (net)	VI.5		7,560	(225)
Other investment financial expenses	VI.5		16,289	24,518
Finance costs	VI.6		28,854	28,032
<b>Financial expenses</b>			<b>52,702</b>	<b>52,324</b>
<b>NET EXPENSES</b>			<b>3,174,061</b>	<b>3,288,051</b>
Goodwill impairment			-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>			<b>295,040</b>	<b>266,537</b>
Income taxes	VI.9		(71,046)	(41,002)
<b>NET PROFIT (LOSS) AFTER TAX</b>			<b>223,994</b>	<b>225,535</b>
Share of the associated companies in the result			(769)	(5)
Net profit (loss) from discontinued operations			-	-
<b>Net consolidated profit (loss) attributable to:</b>			<b>223,225</b>	<b>225,530</b>
Group's share			207,672	211,956
Non-controlling interests			15,553	13,574

a) Net of reinsurance

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

c) Including acquisition costs of the contracts, administrative costs and other technical expenses

### 3. Statement of consolidated comprehensive income

In thousands of euros	31 December 2020	31 December 2019
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>223,225</b>	<b>225,530</b>
Actuarial gains and losses on defined benefit pension liabilities	(25,029)	(35,807)
Tax	6,257	8,952
<b>Items that will not be reclassified to the income statement</b>	<b>(18,772)</b>	<b>(26,855)</b>
Change in fair value of financial assets available for sale	200,242	274,870
Change in fair value of derivative instruments designated as cash flow hedges	(28,656)	8,166
Tax	(44,221)	(61,505)
<b>Items likely to be reclassified to the income statement</b>	<b>127,366</b>	<b>221,530</b>
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	<b>108,594</b>	<b>194,675</b>
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>331,819</b>	<b>420,206</b>
Group's share	316,266	406,632
Non-controlling interests	15,553	13,574

## 4. Consolidated cash flows statement

In thousands of euros

	Notes	31 December 2020	31 December 2019
<b>Net profit (loss) before tax (Total 1)</b>		<b>295,040</b>	<b>266,537</b>
Depreciations and impairments on intangible and tangible assets	V.2, V.3, V.4	55,976	58,688
Change in depreciations on financial instruments and investment properties	V.3, V.6, VI.5	7,560	(225)
Change in fair value on investments through profit or loss	V.6, VI.5	(29,456)	(160,919)
Provisions for risks and expenses, and other liabilities	V.17, VI.7	(15,264)	(35,163)
Change in provisions of insurance and investments contracts	V.14	182,667	344,677
Deduction of amounts included in the current result before tax for inclusion in the actual cash flows		(344,945)	(398,902)
<b>Corrections of the amounts that do not impact cash flows (Total 2)</b>		<b>(143,461)</b>	<b>(191,844)</b>
Dividends and instalments on earned dividends		21,030	27,006
Earned financial income	VI.5	388,444	383,330
Use of provision for employee benefits		(20,786)	(19,705)
Change in current receivables and debts	V.9, V.18	(34,210)	44,170
Change in liabilities from insurance and investments contracts		(308)	(14,124)
Tax paid		(31,384)	(23,390)
<b>Other changes (Total 3)</b>		<b>322,785</b>	<b>397,286</b>
<b>Net cash flows from operating activities (Total 1+2+3)</b>		<b>474,364</b>	<b>471,979</b>
Shares in subsidiaries, net of acquired cash in hand	IV.3.1	(32,100)	(34,656)
Acquisition of financial assets and investment properties	V.3, V.6	(3,703,852)	(3,764,142)
Acquisition of intangible and tangible fixed assets	V.2, V.3, V.4	(41,393)	(36,696)
Disposals of shares in subsidiaries, net of transferred cash	IV.3.2	675	-
Disposals of financial assets and investment properties	V.3, V.6	3,021,387	3,215,500
Disposals of intangible and tangible fixed assets	V.2, V.3, V.4	3,812	2,480
<b>Net cash flows from investing activities</b>		<b>(751,472)</b>	<b>(617,514)</b>
Subscription to capital increase		-	-
Capital refund		-	-
Dividends paid by the parent company		-	-
Dividends paid to third parties		(5,775)	(5,227)
Issues of financial liabilities	V.15	8,347	13,621
Refund of financial liabilities	V.15	(13,708)	(36,095)
Interests paid on financial liabilities	VI.6	(26,438)	(24,427)
Issuance of lease obligations	V.15	15,151	-
Reimbursement of lease obligations	V.15	(16,029)	(10,336)
Interest paid on lease obligations	VI.6	(699)	(74)
<b>Net cash flows from financing activities</b>		<b>(39,150)</b>	<b>(62,539)</b>
<b>Total cash flows</b>		<b>(316,258)</b>	<b>(208,074)</b>
<b>Cash or cash equivalents at the beginning of the period</b>	V.11	<b>216,982</b>	<b>432,160</b>
<b>Cash or cash equivalents at the end of the period</b>	V.11	<b>(90,464)</b>	<b>216,982</b>
Change in the cash accounts		(316,258)	(208,074)
Impacts of exchange rate differences of foreign currency and of other transactions		6,873	(7,052)
Changes in accrued interests not yet due on cash equivalents		1,939	(52)
<b>Change in cash</b>		<b>(307,446)</b>	<b>(215,178)</b>

The line «Deduction of amounts included in the current result before tax for inclusion in the actual cash flows» mainly includes dividends and financial income received that are recognized in the income statement.

## 5. Consolidated statement of changes in equity

In thousands of euros	2020						
	Subs- cribed capital	Result carried forward	Unrea- lized gains and losses	Others	Equity of the Group	Non- controlling interest	Total equity
<b>Equity as of 1 January</b>	<b>1,000,000</b>	<b>1,197,212</b>	<b>464,881</b>	<b>25,642</b>	<b>2,687,735</b>	<b>65,374</b>	<b>2,753,109</b>
Net consolidated profit (loss) attributable to:	-	207,672	-	-	207,672	15,553	223,225
Total of other items of comprehensive income	-	-	137,923	(29,329)	108,594	-	108,594
Other movements	-	-	-	-	-	-	-
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>207,672</b>	<b>137,923</b>	<b>(29,329)</b>	<b>316,266</b>	<b>15,553</b>	<b>331,819</b>
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(5,775)	(5,775)
Change in the consolidation scope	-	277	-	-	277	(5,700)	(5,423)
Other movements	-	-	-	-	-	-	-
<b>Equity as of 31 December</b>	<b>1,000,000</b>	<b>1,405,161</b>	<b>602,804</b>	<b>(3,686)</b>	<b>3,004,278</b>	<b>69,453</b>	<b>3,073,731</b>

In thousands of euros	2019						
	Subs- cribed capital	Result carried forward	Unrea- lized gains and losses	Others	Equity of the Group	Non- control- ling interest	Total equity
<b>Equity as of 1 January</b>	<b>1,000,000</b>	<b>996,951</b>	<b>231,752</b>	<b>64,096</b>	<b>2,292,799</b>	<b>49,507</b>	<b>2,342,306</b>
Net consolidated profit (loss) attributable to:	-	211,956	-	-	211,956	13,574	225,530
Total of other items of comprehensive income	-	-	233,129	(38,454)	194,675	-	194,675
Other movements	-	-	-	-	-	-	-
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>211,956</b>	<b>233,129</b>	<b>(38,454)</b>	<b>406,632</b>	<b>13,574</b>	<b>420,206</b>
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(5,227)	(5,227)
Change in the consolidation scope	-	(6,606)	-	-	(6,606)	7,521	915
Other movements	-	(5,090)	-	-	(5,090)	-	(5,090)
<b>Equity as of 31 December</b>	<b>1,000,000</b>	<b>1,197,212</b>	<b>464,881</b>	<b>25,642</b>	<b>2,687,735</b>	<b>65,374</b>	<b>2,753,109</b>

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 dividends distributed for an amount of 5.8 million euros in 2020 mainly consist of dividends distributed outside of the Group by the NRB subgroup.

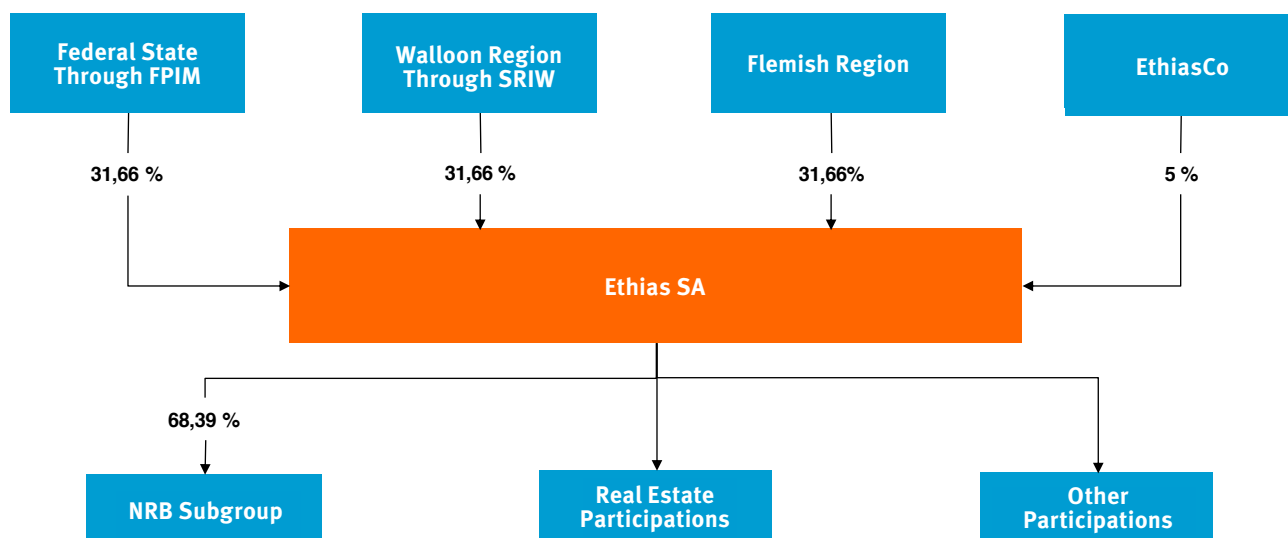
In 2020, the line «change in scope» includes an increase in the Group's equity following the change in Xperthis SA's percentage resulting from the intra-group transfer of participating interests in the latter. Minority interests are also impacted by this change as well as by the integration of People & Technology, the Computerland group, Infohos, the Prodata group and Trigone in the consolidation.

In 2019, the Group's equity decreased as a result of the change in NRB's ownership percentage in Xperthis Group. Minority interests were also impacted by this change as well as by the integration of Naos in the consolidation. In 2019, the line «other movements» includes the revaluation reversal of a building following the decision to sell it.

## IV. GENERAL INFORMATION

### 1. Legal structure

Its legal structure is as follows:



**Ethias SA** centralizes all Life and Non-Life insurance activities.

Ethias SA is held by the Federal State through SFPI-FPIM, by the Walloon Region through SRIW, by the Flemish Region and by EthiasCo (historical shareholder).

It is also the shareholder of several companies in the group, including Ethias Services (a service company specialising in pension insurance in particular), NRB (IT company), IMA Benelux (service company specializing in assistance) and various real estate subsidiaries.

The main purpose of **EthiasCo** is the holding and management of participating interests. Among these, the most important ones are Ethias SA, Socofe and VEH (both active in the energy sector).

## 2. Consolidation scope

### 2.1. LIST OF THE CONSOLIDATED SUBSIDIARIES

	31 December 2020					31 December 2019		
	Country	Sector	Currency	Integration percentage	Control percentage	Integration percentage	Control percentage	Change in scope
<b>Consolidating company</b>								
Ethias SA	Belgique	Assurance	EUR	100.00%	100.00%	100.00%	100.00%	
<b>Consolidated companies with 100 % consolidation</b>								
<b>Real estate subsidiaries</b>								
Air Properties	Luxembourg	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 (former Développement Cauchy)	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Dockx Jan	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Patrimoine	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Foncière du Berlaymont	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Real Goed Invest (former 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%	
Immovegnis	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%	
Naos	Luxembourg	Real estate	EUR	67.00%	67.00%	67.00%	67.00%	
Sagitta	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
UP 38	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	
Vecquim	Belgium	Real estate	EUR	0.00%	0.00%	100.00%	100.00%	Cession
Veran Real Estate	Belgium	Real estate	EUR	100.00%	100.00%	100.00%	100.00%	

<b>NRB Group</b>								
Adinfo	Belgium	IT	EUR	34.88%	51.00%	34.88%	51.00%	
Afelio	Belgium	IT	EUR	68.37%	100.00%	68.37%	100.00%	
Altair	Belgium	IT	EUR	53.39%	100.00%	0.00%	100.00%	Acquisition via Computerland
Athena Informati	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition via Computerland
B-data	Belgium	IT	EUR	34.88%	51.00%	0.00%	0.00%	Acquisition by NRB
Cevi	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Computerland	Belgium	IT	EUR	53.38%	78.06%	0.00%	0.00%	Acquisition by NRB
Civadis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Infohos	Belgium	IT	EUR	49.24%	90.00%	0.00%	0.00%	
Logins	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
NRB	Belgium	IT	EUR	68.39%	68.39%	68.39%	68.39%	
Orda's	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition via Computerland
People & Technology	Belgium	IT	EUR	68.39%	100.00%	0.00%	0.00%	Acquisition by NRB
Prodata Systems	Belgium	IT	EUR	34.88%	100.00%	0.00%	0.00%	Acquisition via B-data
Prodata Xpert	Belgium	IT	EUR	34.88%	100.00%	0.00%	0.00%	Acquisition via B-data
SLM	Belgium	IT	EUR	53.39%	100.00%	0.00%	0.00%	Acquisition via Computerland
Siggis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
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%	
Trigone Informatique	France	ICT	EUR	68.39%	100.00%	0.00%	0.00%	Acquisition by NRB
Ucon	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%	
Xperthis (former Xtenso)	Belgium	IT	EUR	49.24%	100.00%	54.71%	100.00%	Intra-group transfer
Xperthis Group	Belgium	IT	EUR	54.71%	80.00%	54.71%	80.00%	
<b>Others</b>								
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%	

#### Associated companies and equity method

<b>Real estate subsidiaries</b>								
WLP Holding	Belgium	Real estate	EUR	50.00%	50.00%	0.00%	0.00%	Acquisition by Ethias
WLP I	Germany	Real estate	EUR	25.00%	25.00%	0.00%	0.00%	Acquisition via WLP Holding
WLP II	Belgium	Real estate	EUR	50.00%	50.00%	0.00%	0.00%	Acquisition via WLP Holding
WLP III	Belgium	Real estate	EUR	50.00%	50.00%	0.00%	0.00%	Acquisition via WLP Holding
WLP VIII	Belgium	Real estate	EUR	50.00%	50.00%	0.00%	0.00%	Acquisition via WLP Holding
<b>NRB Group</b>								
Belgium DC	Belgium	IT	EUR	34.19%	50.00%	34.19%	50.00%	
<b>Others</b>								
IMA Benelux	Belgium	Other	EUR	33.00%	33.00%	0.00%	0.00%	Acquisition by Ethias

### 3. Acquisitions and disposals of subsidiaries

#### 3.1. ASSETS AND LIABILITIES OF COMPANIES ACQUIRED

In thousands of euros

	31 December 2020	31 December 2019
Goodwill and other intangible assets	17,714	-
Investment properties	-	75,798
Financial investments	-	-
Reinsurers' share of technical provisions	-	-
Other assets and tangible fixed assets	35,141	449
Cash and cash equivalents	4,329	122
Insurance and investment contract liabilities	-	-
Financial debts	(15,350)	(29,918)
Provisions for risks and expenses	(102)	-
Other liabilities	(37,769)	(10,758)
Participating interests accounted for using the equity method	26,331	-
Non-controlling interests	5,700	(7,515)
Changes in equity following acquisitions	(277)	6,600
<b>Net assets acquired</b>	<b>35,717</b>	<b>34,778</b>
Less: cash acquired	(4,339)	(122)
Less: goodwill	722	-
<b>Cash used for acquisitions</b>	<b>32,100</b>	<b>34,656</b>

In 2019, NRB acquired an additional 25 % of the shares in Xperthis Group, increasing its stake from 55 % to 80 %. For its part, Ethias SA acquired 67 % of the shares of Naos. Net cash flow relating to acquisitions in 2019 amounts to -10 million euros for Xperthis Group and -24.7 million euros for Naos.

In 2020, Ethias SA acquired 33 % of the shares of IMA Benelux and 50% of the shares of WLP Holding. For its part, NRB, which is continuing its expansion and growth strategy, acquired 100 % of the shares in People & Technology, 78 % of the shares in Computerland, 90 % of the parts in Infohos, 51 % of the shares in B-data and 100% of the shares in Trigone. The net cash flow relating to the acquisitions of 2020 amounts to -1 million euros for IMA Benelux, -26 million euros for WLP Holding, -3.5 million euros for People & Technology, -3.9 million euros for Computerland, 1,4 million euros for Infohos, 1.4 million euros for B-data and -0.4 million euros for Trigone.

#### 3.2. ASSETS AND LIABILITIES OF DIVESTED COMPANIES

In thousands of euros

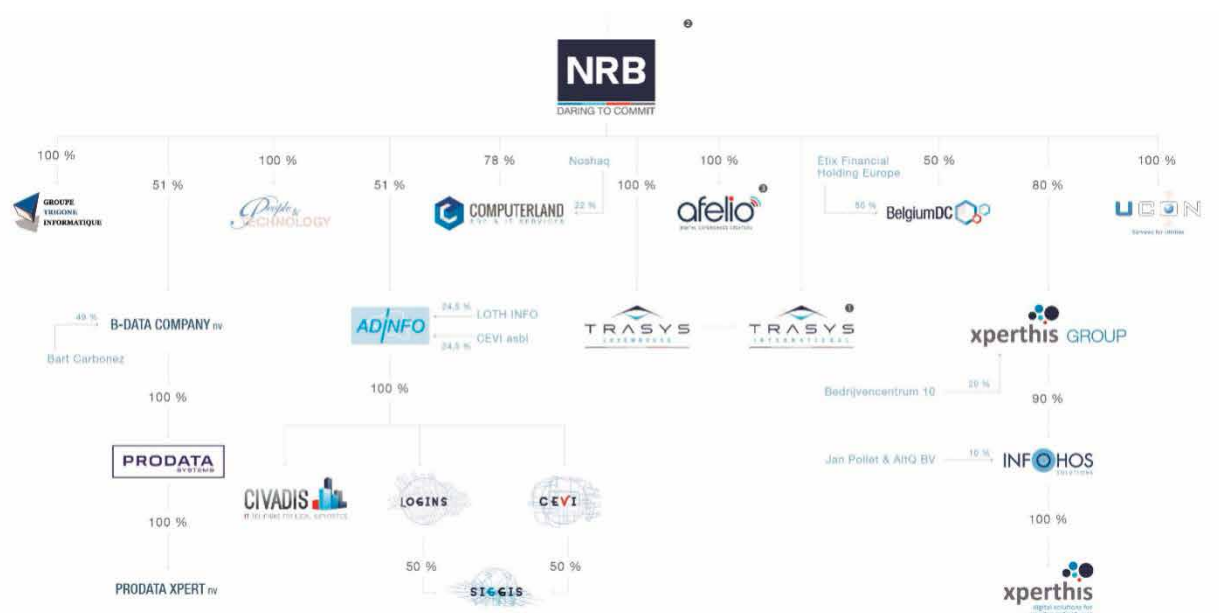
	31 December 2020	31 December 2019
Intangible assets	-	-
Financial investments	2,843	-
Reinsurers' share of technical provisions	-	-
Any other assets	5	-
Cash and cash equivalents	245	-
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Provisions for risks and expenses	-	-
Other liabilities	(36)	-
<b>Net assets divested</b>	<b>3,057</b>	-
Gain/(loss) on disposals, net of tax	(2,137)	-
Net cash received related to disposals without loss of control	-	-
Transferred cash	(245)	-
<b>Cash received for disposals</b>	<b>675</b>	-

The amounts presented above correspond to the disposal of Vecquim in January 2020.



## 4. Presentation of the NRB subgroup

The NRB sub-group, of which 68% is owned by Ethias, is as follows:



- 1) European Economic Interest Grouping (EEIG)
- 2) Including branches in Greece, UK and Spain
- 3) Of which 1 share held by Xperthis Group

The tables below present the consolidated statement of financial position, income statement and statement of comprehensive income of the NRB sub-group, considered at 100%, in application of the IFRS standards.

The amounts shown under the heading «non-controlling interests» relate to the holders of interests in subsidiaries of the NRB subgroup that do not give control to NRB. They received a dividend of 2.6 million euros in 2020 and of 2.1 million euros in 2019. In addition, the holders of NRB interests not giving control to Ethias received a dividend of 3.2 million euros in both 2020 and 2019.

## 4.1. CONSOLIDATED BALANCE SHEET

In thousands of euros	31 December 2020	31 December 2019
<b>Assets</b>		
<b>Goodwill</b>	<b>76,492</b>	<b>61,989</b>
<b>Other intangible assets</b>	<b>16,593</b>	<b>8,743</b>
<b>Operational buildings and other tangible fixed assets</b>	<b>21,727</b>	<b>29,228</b>
<b>Right-of-use of assets</b>	<b>17,562</b>	<b>14,811</b>
<b>Investments in associated companies</b>	<b>628</b>	<b>595</b>
<b>Investment properties</b>	<b>-</b>	<b>-</b>
Financial assets available for sale	210	210
Financial assets at fair value through profit and loss	22,938	27,091
Loans, deposits and other financial investments recognized at amortized cost	8,158	7,179
<b>Financial investments</b>	<b>31,305</b>	<b>34,480</b>
<b>Reinsurers' share of technical provisions</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>-</b>	<b>-</b>
<b>Receivables arising from insurance operations or accepted reinsurance</b>	<b>-</b>	<b>-</b>
<b>Receivables arising from ceded reinsurance operations</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>	<b>100,851</b>	<b>82,504</b>
<b>Any other assets</b>	<b>45,349</b>	<b>40,879</b>
<b>Cash and cash equivalents</b>	<b>37,552</b>	<b>28,187</b>
<b>Assets available for sale including assets from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>348,061</b>	<b>301,416</b>
<b>Liabilities</b>		
Share capital	16,837	16,837
Reserves and retained earnings	98,793	82,257
Net profit (loss) of the period	31,635	26,131
Other items of comprehensive income	2	2
<b>Equity of the Group</b>	<b>147,267</b>	<b>125,227</b>
<b>Non-controlling interests</b>	<b>20,786</b>	<b>19,920</b>
<b>Total equity</b>	<b>168,052</b>	<b>145,147</b>
<b>Insurance and investment contract liabilities</b>	<b>-</b>	<b>-</b>
<b>Subordinated debts</b>	<b>-</b>	<b>-</b>
<b>Lease obligations due in less than one year</b>	<b>9,640</b>	<b>7,108</b>
<b>Lease obligations due in more than one year</b>	<b>8,115</b>	<b>7,725</b>
<b>Other financial debts</b>	<b>35,355</b>	<b>23,855</b>
<b>Employee benefits</b>	<b>1,693</b>	<b>6,046</b>
<b>Provisions</b>	<b>7,804</b>	<b>6,930</b>
<b>Derivative financial instruments</b>	<b>-</b>	<b>-</b>
<b>Tax payables</b>	<b>10,047</b>	<b>9,142</b>
<b>Deferred tax liabilities</b>	<b>662</b>	<b>869</b>
<b>Liabilities from operating activities</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>	<b>106,693</b>	<b>94,595</b>
<b>Liabilities related to assets available for sale and discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total other liabilities</b>	<b>162,254</b>	<b>141,436</b>
<b>Total liabilities</b>	<b>348,061</b>	<b>301,416</b>

## 4.2. CONSOLIDATED INCOME STATEMENT

In thousands of euros

	31 December 2020	31 December 2019
<b>Revenues from insurance activities</b>	-	-
<b>Revenues from other activities</b>	<b>435,508</b>	<b>372,667</b>
Net income from investments	983	849
Net realized gains or losses on investments	1,065	(55)
Change in fair value of investments through profit and loss <sup>(a)</sup>	(2,166)	3,210
<b>Net financial income</b>	<b>(117)</b>	<b>4,005</b>
<b>NET REVENUES</b>	<b>435,391</b>	<b>376,672</b>
<b>Technical expenses for insurance activities</b>	-	-
<b>Expenses for other activities</b>	<b>388,940</b>	<b>333,694</b>
Change in depreciation and amortization on investments (net)	-	817
Other investment financial expenses	725	266
Finance costs	959	608
<b>Financial expenses</b>	<b>1,684</b>	<b>1,691</b>
<b>NET EXPENSES</b>	<b>390,624</b>	<b>335,385</b>
Goodwill impairment	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>	<b>44,767</b>	<b>41,286</b>
Income taxes	(8,471)	(10,311)
<b>NET PROFIT (LOSS) AFTER TAX</b>	<b>36,296</b>	<b>30,975</b>
Share of the associated companies in the result	34	(5)
<b>Net consolidated profit (loss) attributable to:</b>	<b>36,330</b>	<b>30,971</b>
Group's share	31,635	26,131
Non-controlling interests	4,695	4,840

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

## 4.3. STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

In thousands of euros

	31 December 2020	31 December 2019
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>36,330</b>	<b>30,971</b>
Actuarial gains and losses on defined benefit pension liabilities	-	-
Tax	-	-
<b>Items that will not be reclassified to the income statement</b>	-	-
Change in fair value of financial assets available for sale	-	-
Change in fair value of derivative instruments designated as cash flow hedges	-	-
Tax	-	-
<b>Other items likely to be reclassified to the income statement</b>	-	-
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	-	-
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>36,330</b>	<b>30,971</b>
Group's share	31,635	26,131
Non-controlling interests	4,695	4,840

## 5. Summary of significant accounting principles

### 5.1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 5.1.1. General principles

The consolidated financial statements of the Group are established on the basis of the IFRS reference document (International Financial Reporting Standards), as definitive, in force on 31 December 2020, and adopted by the European Union with effect as of that date.

The Group's consolidated financial statements are prepared on a going concern basis, with the Solvency II margin remaining relatively stable despite the COVID-19 crisis (187% at 31 December 2020 compared to 191% at 31 December 2019). 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).

#### 5.1.2. New standards, amendments and interpretations published and adopted since 1 January 2020

The following new standards and interpretations, applicable as from 1 January 2020, 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 used (see point IV.5.1.3);
- Amendments to IAS 39;
- Amendments to IFRS 7;
- Amendment IFRS 3;
- Amendment IFRS 16;
- Amendment IAS 1;
- Amendment IAS 8.

The impact of these amendments to IFRS on our consolidated financial statements at December 31, 2020 is not material.

#### 5.1.3. 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.

Furthermore, the Group has made an analysis of the standards and interpretations that will come into effect from January 1, 2021 onwards. The “deferral option”, which allows the deferred application of IFRS 9, at the same time as IFRS 17, was applied. In fact, the activities of Ethias and its subsidiaries meet the criteria of paragraph 20B of the amendment to IFRS 4 because they are mainly related to insurance. In this respect, management has assessed that the Group has not applied any previous version of IFRS 9 and, in accordance with paragraph 20D of the amendment to IFRS 4, the total book value of the Group's insurance-related liabilities for the year ended 31 December 2015, as required by the standard for a year ending before 01/04/2016, in relation to the total book value of all its liabilities amounts to 95%, which is more than 90%. In accordance with paragraph 20G of the amendment to IFRS 4, there has been no change in the Group's activities that would justify a revaluation.

Currently, the projects to implement IFRS 9 and IFRS 17 are ongoing.

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.

## IFRS 17 - Insurance Contracts

On 17 March 2020, the Board of IASB decided to postpone the effective date to 1 January 2023. Earlier application is permitted for entities that, at the date of first-time adoption of IFRS 17, already apply or begin to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Ethias will not make use of this early application option and will apply IFRS 9 and IFRS 17 as from financial years beginning on or after 1 January 2023. The process of adopting IFRS 17 is underway in the European Union. The version of the IFRS standard currently being adopted is the one that follows the IASB's amendments of June 2020.

IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features (currently only Ethias SA).

The main change brought about by IFRS 17 is the introduction of a general model for measuring the profitability of insurance contracts called BBA, "Building Block Approach". This model is based on a discounted estimate of future profits at the time of subscription of the insurance contracts grouped in an annual cohort. This estimate includes a risk adjustment to incorporate the uncertainty of future flows.

In the case of profitable contracts, this method is used to determine the Contractual Service Margin (CSM), which represents the estimate of future profits. This estimate of future profits will subsequently be taken into account in the income statement over time. In the case of unprofitable contracts, the expected loss will be taken into account at the time of subscription.

The IFRS 17 regulation also provides for 2 other valuation models for insurance contracts: a simplified model (PAA, Premium Allocation Approach) which can be used under certain conditions, among others for contracts with a term of one year or less, and a VFA model (Variable Fee Approach) for contracts with profit-sharing.

The recognition of current insurance income (premium) will be replaced by a recognition in the income statement as and when the service is rendered in accordance with the new methods for valuing insurance contracts.

As a corollary to the introduction of IFRS 17, the standard for the presentation of financial statements (IAS 1) will also be amended. This standard will change the way in which financial statements are presented by distinguishing insurance results (Insurance Revenue and Insurance Expense) from financial results related to insurance contracts.

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

The projects to implement IFRS 9 and IFRS 17 are ongoing. In particular, a calculation tool has been acquired and is being implemented.

## IFRS 9 - Financial Instruments

As noted above, the group meets the specific criteria for the temporary exemption offered to insurers to defer the application of IFRS 9.

In this context, IFRS 4 requires the presentation of certain information relating to assets classified as SPPI ("solely payments of principal and interest").

Changes in the fair value of financial instruments classified as «SPPI» with respect to all the financial assets presented in point 6.2 of Chapter V. **Notes to the consolidated balance sheet** are set out below:

	2020		
	Amortized cost	Fair value through other items of comprehensive income	Total
<b>Opening balance on 1 January</b>	<b>744,743</b>	<b>13,882,226</b>	<b>14,626,969</b>
Acquisition	60,900	2,245,478	2,306,378
Profits and losses realized on hedging instruments not yet transferred to profit or loss	-	(59,102)	(59,102)
Disposals and reimbursements	(49,816)	(1,590,784)	(1,640,600)
Foreign currency translation differences on monetary assets	-	1	1
Adjustment at fair value	1,829	557,414	559,243
Amortizations	-	(48,797)	(48,797)
Change in accrued interests not yet due, other	127,066	(5,639)	121,427
Impairments	44	(450)	(406)
<b>Balance at 31 December</b>	<b>884,766</b>	<b>14,980,347</b>	<b>15,865,113</b>

In thousands of euros

In thousands of euros

	2019		
	Amortized cost	Fair value through other items of comprehensive income	Total
<b>Opening balance on 1 January</b>	<b>985,308</b>	<b>12,520,048</b>	<b>13,505,356</b>
Acquisition	56,249	2,004,413	2,060,662
Profits and losses realized on hedging instruments not yet transferred to profit or loss	-	(38,903)	(38,903)
Disposals and reimbursements	(318,560)	(1,151,624)	(1,470,184)
Foreign currency translation differences on monetary assets	-	-	-
Adjustment at fair value	20,002	638,008	658,010
Amortizations	-	(38,684)	(38,684)
Change in accrued interests not yet due, other	1,136	(53,748)	(52,612)
Impairments	608	2,716	3,324
<b>Balance at 31 December</b>	<b>744,743</b>	<b>13,882,226</b>	<b>14,626,969</b>

The fair value of financial assets classified as «SPPI» in accordance with IFRS 9 that are neither held for trading nor recognized on the basis of fair value (i.e. assets related to branch 23 contracts) amounts to 15,865 million euros at 31 December 2020 compared to 14,627 million euros at 31 December 2019. The increase is mainly due to reinvestments and the increase in fair value.

In addition to this information, the bonds classified as SPPI, listed under the heading «Bonds and similar securities» in the table 4.6.4.2 of Chapter *II. Report of the Board of Directors*, are detailed in the table below:

In thousands of euros	31 December 2020						
	AAA	AA	A	BBB	BB and below	No rating	Total
SPPI bonds	816,637	6,413,136	2,486,237	4,384,930	93,955	413,467	14,608,361

In thousands of euros	31 December 2019						
	AAA	AA	A	BBB	BB and below	No rating	Total
SPPI bonds	658,014	6,651,284	2,429,128	3,494,552	42,743	429,518	13,705,239

The fair value of financial assets that meet the SPPI criteria, which are not recognized in FVTPL and whose credit risk is not low, represents a maximum exposure of 507 million euros at 31/12/2020 under IFRS 9 (472 million euros at 31/12/2019) due to the downgrading of a number of securities.

This amount includes only bonds that are below “investment grade” or have no rating. This exposure could be significantly reduced when Ethias uses its own methodology to determine the internal rating of the assets in the absence of a rating.

It should be noted that the other SPPI assets not incorporated in the above table, which include mortgage loans as well as cash accounts, are assumed to have a low credit risk at 31/12/2020.

## 5.2. 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.

### 5.3. CONSOLIDATION PRINCIPLES AND METHODS

The Group consolidates the entities of its scope by using the consolidation method according to the type of control it has on the entity.

The subsidiaries are the entities controlled by the Group.

The definition of control implies that an investor can have authority over another entity in various ways, not only through the power to direct the financial and operational policies. The investor has to evaluate if he has or not the rights allowing to direct the relevant activities of the other entity. Even if the exposure to risks and advantages is a control indicator, this is not the only element that is taken into account for the consolidation of all kinds of entities.

An investor controls an issuing entity if and only if all the elements below are combined:

- (a) The investor has authority over the issuing entity.
- (b) He is exposed or is entitled to variable yields because of his links with the issuing entity.
- (c) He has the capacity to exert his authority over the issuing entity so as to influence the amount of the yields which he obtains.

The accounts of a subsidiary are integrated into the consolidated accounts of the Group as of the date on which the parent company acquires control over the subsidiary until the date on which it ceases to have this control.

Intragroup transactions, balances and gains and losses on transactions between the companies of the Group have been eliminated. Investments without control over the net assets and net income are shown separately in the balance sheet and the income statement. After the acquisition date, non-controlling investments include the amount estimated at the acquisition date and the share in equity changes since the acquisition date attributable to non-controlling investments.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Interests in joint ventures are recognized in the consolidated accounts via the equity method.

Associated companies are entities over which the Group exerts a significant influence on the financial and operational policies without having control over these policies. The consolidated accounts incorporate the Group's share of the results of such companies using the equity method from the date on which the parent company acquires a significant influence until the date on which it ceases to have such influence. When the Group's share in losses of an associate equals or exceeds its interest in the associate, the Group's book value is reduced to nil and the Group's recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The amount of the Group's interests in associated companies includes any goodwill (net of accumulated impairment) identified at the time of the acquisition.

### 5.4. BUSINESS COMBINATIONS

Business acquisitions are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed (including possible costs) at the date of transaction. The excess of the cost of acquisition over the fair value of the Group's share in the identifiable net assets acquired is recognized as goodwill. Acquisition-related costs are generally recognized through profit or loss when incurred.

The identifiable assets acquired and liabilities assumed are recognized at fair value at the acquisition date.

Non-controlling interests can be initially measured either at fair value or at the proportionate share of the minority interest in the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The equity and net income attributable to the non-controlling interests are shown separately in the balance sheet and income statement respectively.

When the consideration which the Group transfers in exchange for the acquiree includes a variable part, the consideration is measured at fair value at the date of acquisition and is included as part of the consideration transferred in exchange for the acquiree within the frame of a business combination. Subsequent changes in the value of the consideration, if any, are recognized in profit or loss.

For associated companies, the goodwill is not separately recognized but integrated into the amount of investments in the associated companies. If the acquisition price is less than the fair value of the Group's share in the net assets of the subsidiary acquired, the difference is directly recognized through profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree that prior to the acquisition date have been recognized in the equity are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

When the Group conducts a business combination involving entities under joint control, the assets acquired and liabilities assumed are measured at book value such as existing in the accounts of the subsidiary prior to the business combination.

On the basis of the contractual rights and obligations of the parties involved, the Group has concluded that there are no joint undertakings as defined in IFRS 11 and that all the joint agreements concluded by the Group can be classified as joint ventures.

## 5.5. FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

### 5.5.1. Functional and reporting currency

The functional currency of all consolidated companies within the Group is the euro. The euro is also the Group's reporting currency.

### 5.5.2. Conversion

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through profit or loss.

Translation differences on non-monetary items measured at fair value through profit and loss are reported as part of the fair value gain or loss. Non-monetary items are translated when their fair value is determined. Translation differences on non-monetary items measured at fair value through the revaluation reserve are included in the revaluation reserve in equity.

## 5.6. INTANGIBLE ASSETS

### 5.6.1. Goodwill

#### 5.6.1.1. Measurement

The goodwill, initially estimated at purchase price, represents the surplus part of the fair value of the consideration transferred with regard to:

- the Group's share in the identifiable net assets acquired and liabilities assumed, and
- the fair value of each interest previously held by the acquiree.

A negative revaluation (negative goodwill) is recognized directly through profit or loss.

Variations in the percentage of ownership in fully-consolidated companies are considered as transactions with shareholders. Therefore neither fair value adjustments nor goodwill adjustments are made whenever the percentage increases or decreases take place without any change in the consolidation method.

#### 5.6.1.2. Impairment

The carrying amount of goodwill is systematically reviewed each year. For this purpose, the Group allocates goodwill to cash generating units or groups of such units

Goodwill is written down for impairment when the recoverable amount of the cash generating unit or group to which it has been allocated is lower than the book value.

The recoverable amount is the highest amount between the fair value net of the selling costs and the value in use.

The value in use is the sum of the future cash flows that are expected to be derived from a cash generating unit. The expected future cash flows which the Group takes into account are derived from the financial multi-annual plan approved by the management.



The calculation of the value in use shall also reflect the time value of money (current market risk-free rate of interest) adjusted for the price for bearing the uncertainty inherent in the asset. This is reflected in the discount rate. The discount rate which the Group takes into account is the average cost of capital.

### 5.6.2. Other intangible assets

Software and development costs are capitalized if they are related to investment projects, i.e. major projects that introduce or replace an important commercial objective or model.

Computer software and licences that have been purchased or internally generated for own use are stated at historical cost, less depreciation and any impairment losses.

Internally generated software and licence developments are only recognized as intangible fixed assets when the following conditions are met: identifiability criterion for the asset, control over the resource, likelihood of future economic profits and ability to reliably measure the cost.

Software developed by third parties, as well as internal and external development costs related to investment projects, are amortized on a straight-line basis over 5 years from the time the software or developments are available, while for central systems with a longer useful life, the period is 10 years.

Internal and external research expenses for these projects and all expenses for ICT projects other than investment projects are charged directly to the income statement. The acquisition of an insurance contract in a business combination or portfolio transfer is performed in accordance with paragraphs 31, 32 and 33 of IFRS4.

Other intangible assets with a finite useful life are amortised over their expected economic life.

Intangible fixed assets with an indefinite life are not amortized and are assessed for impairment in the same way as goodwill.

## 5.7. PROPERTY AND INVESTMENT PROPERTY

The Group recognizes property (held for investment or operating purposes) in accordance with the cost method.

Land and properties are recorded at acquisition value including purchase costs and taxes. This value is increased with further capitalizable expenses, net of depreciation and any impairment losses.

The properties and their various components are depreciated separately over their estimated useful life. The depreciable amount is net of their residual value if it can be reliably estimated.

When a building is made up of components with different useful lives, each component is depreciated separately over its estimated useful life. The Group has adopted the following components:

Components	Useful life
Land	Unrestricted
Structural work	Between 80 and 100 years
Roof	25 years
External woodwork	Between 30 and 40 years
Special techniques	20 years
Finishing	Between 10 and 15 years

The average useful life can be different depending on the type of property, the degree of completion or the construction period. The Group defines useful lives that generally should be used depending on the category to which the building belongs.

Borrowing costs directly attributable to the acquisition or construction of a property qualified under IAS 23 are part of the cost of that asset.

## 5.8. OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets include facilities, machinery and equipment, computer equipment, furniture and office equipment, as well as rolling stock. They are capitalized at their purchase or cost price, including incidental expenses. Depreciation is calculated on a straight line basis over their estimated useful lives, i.e. between 2 and 10 years. Furniture and office equipment whose acquisition value is negligible are supported.

## 5.9. FINANCIAL INVESTMENTS

### 5.9.1. Classification

Financial instruments are classified into the following categories:

- Financial assets available for sale at fair value, with changes in fair value recognized in equity. This category includes by default all other fixed maturity investments, shares, loans and receivables, which are not included in another class;
- Financial assets at fair value with changes in fair value recorded through profit or loss. These assets are of two types: (i) investments held for trading are investments for which the management intention is to earn short-term profits; and (ii) financial assets designated optionally.
- Loans, deposits and receivables carried at amortized cost. This relates to assets for fixed or determinable payments that are not quoted in an active market; and
- Financial assets held to maturity, recorded at amortized cost. These assets include fixed-term investments for which the company has the explicit intention and capacity to hold them to maturity.

The fair value option of designating, upon entry, financial assets and liabilities at their fair value with changes in fair value through profit or loss, is used by the Group primarily in the following cases:

- financial assets for which the choice of the fair value option allows to reduce the accounting disparity;
- managed groups of financial assets whose performance is evaluated on a fair value basis; and
- hybrid instruments, for which the Group has opted not to separate the embedded derivative from the host contract.

### 5.9.2. Reclassifications

Only the following reclassifications are allowed:

- A financial asset may, in exceptional circumstances, be reclassified out of the category of investments held for trading.
- A financial asset classified as available for sale may be reclassified out of the category of assets available for sale to: (i) the category of investments held to maturity when the intent or ability has changed or when the entity no longer has a reliable measurement of fair value; and (ii) the category of loans and receivables when the financial asset meets the definition of loans and receivables at the date of reclassification and when the entity has the intention and ability to hold the financial asset for a foreseeable period or until maturity.
- A financial asset classified as investments held to maturity may be reclassified as available for sale if the intention or ability of the entity has changed. If, within the two preceding years, the Group has reclassified or sold a substantial portion of its investment portfolio originally held to maturity, the Group can no longer classify investment into instruments held to maturity. Furthermore, in the case of sale or reclassification of a portion of these investments, the entire category of financial instruments held to maturity must be reclassified.

### 5.9.3. Initial recognition

The Group recognizes financial assets when the contractual obligations of the contract are met. Purchases and sales of financial assets are recorded on the trade date.

Financial assets are initially designated at fair value plus, in the case of an asset that is not designated at fair value through profit or loss, transaction costs directly attributable to the acquisition. However, transaction costs are not included in the acquisition cost of financial assets since they are not significant.

Securities given under repurchases are maintained in assets in the balance sheet. Hence, the Group conducts repurchase transactions and securities lending.

These correspond to disposals of financial assets to a counterparty, accompanied by a simultaneous repurchase commitment for these financial assets on a set date and at a set price. To the extent that virtually all the risks and benefits related to financial assets are retained by the Group over the life of the transaction, the Group will continue to recognize the financial assets. The cash consideration received for the sale is recorded separately. Interest expense on repurchase agreements and securities lending transactions is recognized over the term of the contracts.

#### 5.9.4. Measurement

Financial assets available for sale, those held for trading, assets optionally designated at fair value through profit or loss and all derivative instruments are measured at fair value.

The fair value is the price at which an asset could be exchanged between knowledgeable negotiators against competitive market conditions. The Group applies the hierarchy for determining fair value under IAS 39 as explained in more detail in the note relating to the determination of the fair value of financial instruments.

Assets available for sale are carried at fair value and unrealized gains and losses are recorded under a separate heading of equity (through other items of comprehensive income), except the following elements which are recorded directly through profit or loss: interest calculated using the effective interest rate method, currency differences on monetary financial assets and impairment losses.

Financial assets held to maturity, unlisted shares for which fair value cannot be measured reliably, and loans and receivables are recorded at amortized cost or at historical cost. Amortized cost is the amount at which the asset was valued at initial recognition net of principal repayments, plus or minus accumulated amortization (depending on the effective interest rate) of differences between the initial amount and the maturity amount and adjusted for any impairment losses. The effective interest rate is the rate that exactly discounts the expected future cash flows over the expected lifetime or, where more appropriate, over a shorter period to obtain the net book value of the asset or financial liability. The value of financial assets includes accrued interest not yet due at the balance sheet date.

#### 5.9.5. Impairment

At each date of the financial statements, the Group looks for the existence of objective evidence of impairment among its investments available for sale or measured at amortized cost. By their accounting, financial assets at fair value through profit or loss are not subject to an impairment test.

A financial asset or group of financial assets has undergone an other-than-temporary impairment when there is objective evidence of impairment due to one or more events whose impact on the estimated future cash flows of the asset(s) can be measured reliably.

For available-for-sale assets, a significant or prolonged decline in the fair value of the security below its carrying value is an indication of impairment.

##### 5.9.5.1. Financial assets available for sale

###### Equities

A significant or prolonged decline in the fair value of the security is applied when:

- the security had already been impaired from a previous closing; or
- a loss in value of 50 % compared to the acquisition value is observed on the closing date of the accounts; or
- the stock was in a constant state of unrealized loss in relation to its acquisition value over the last 12 months preceding the close.

###### Bonds

Impairments are systematically applied to the bonds in order to reflect the risk that the counterparties of such securities and receivables do not fully or partially honour their commitments relating thereto, including, but not limited to, the probability that the reimbursement of these securities and receivables is in whole or partly uncertain or compromised. When these securities' market value is permanently lower than their net book value, this circumstance is, unless proved otherwise, presumed to be an other-than-temporary impairment which is to be considered for the application of this provision.

The application of the above rules and the decision to recognize an impairment or not is subject to an analysis at each balance sheet closing date. In that analysis, we take into account the following criteria to identify durable losses in value, on the one hand, and to assess whether the recognition of an impairment is required:

###### Criteria for determining durable losses in value

- The insurance portfolio / separate management relating thereto;
- The ability of the company to hold these securities to maturity;
- The duration of the unrealized loss observed.

**Criteria taken into account to determine whether an impairment should be recognized**

- A significant increase in credit spreads for listed issuers;
- A significant deterioration in credit rating;
- A voluntary or imposed restructuring of the debt;
- The occurrence of a credit event under ISDA rules;
- Significant financial difficulties;
- A failure to pay interests or principal;
- The disappearance of an active market for that financial asset because of financial difficulties;
- A significant decrease in the value of collateral or underlying assets.

**Revaluation reserve**

If any such situation exists for financial assets available for sale, the cumulative loss determined as the difference between the acquisition cost and the current fair value is taken from the equity and is subject to an impairment through profit or loss. Losses in value on shares recorded through profit or loss are only included through profit or loss when the asset is sold or derecognized.

**5.9.5.2. Financial liabilities valued at amortized cost**

For investments valued at amortized cost, the amount of the impairment is equal to the difference between the net book value of the asset and the present value of expected future cash flows, determined using the original effective interest rate of the financial instrument and corrected for any provisions. The amount of the impairment is included in the net income of the accounting year. The impairment can be taken over in the result.

For assets recognized at amortized cost, including loans and investments classified as «assets held to maturity» or assets under the category «loans and receivables», the impairment test is first performed on a unitary basis. A collective test is then carried out for groups of assets with similar risks.

Some assets are subject to impairment given the economic circumstances, but without corresponding to any of the situations mentioned above. Thus, if under the risk management policy, a durable loss in value is identified, an impairment will be recognized according to the above terms.

**5.9.6. De-recognition**

Financial assets are no longer recognized when the contractual rights expire or when the Group disposes the financial asset. Gains or losses on the disposal of financial investments are determined using the weighted average cost method.

In case of the disposal of securities, the realized gain or loss is recognized through profit or loss on the date of completion and represents the difference between the sales price and the net book value of the asset.

**5.10. DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are initially recognized at fair value at the date of the contract's conclusion and are subsequently measured at fair value. All derivative financial instruments are recorded on the balance sheet (as assets when their fair value is positive and as liabilities when their fair value is negative). Unrealized gains and losses are recognized through profit or loss. In the case of derivative financial instruments held by the Group which are subject to a qualification as hedge accounting, the details of the accounting are mentioned below.

Embedded derivatives are components of compound instruments that meet the definition of a derivative. Depending on the choice for the fair value option, they are not separated from the host contract. Thus, the hybrid instrument, consisting of the host instrument and the derivative embedded in the contract, is measured at fair value with changes in fair value through profit or loss.

**Hedge accounting**

The Group designates certain derivative financial instruments as cash flow hedges.

At the time of establishing the hedge relationship, the entity prepares a documentation describing the relationship between the hedging instrument and the hedged item as well as its objectives of risk management and its strategy for undertaking various hedging transactions. Moreover, at the establishment of the hedging and periodically thereafter, the Group indicates whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in fair value of derivative financial instruments that are designated as cash flow hedges is recognized in other items of comprehensive income and accumulated in the reserve for the hedging of cash flows. The gain or loss relating to the ineffective portion is recognized immediately in the net income.

The amounts previously recognized in other items of comprehensive income and accumulated in equity are reclassified to the net income in the periods when the hedged item affects the net income, under the same position as that of the hedged item.

Under IAS 39, there is a cessation of the hedging relationships when:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedged forecast transaction, for cash flow hedging, is no longer highly probable;
- the hedge no longer meets the accounting criteria for hedging transactions;
- the entity alters or revokes the designation.

Any gain or loss recognized in other items of comprehensive income and accumulated in equity at that time is reclassified to the net income when the forecast transaction is ultimately recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is recognized immediately in the net income.

## 5.11. REINSURANCE

### 5.11.1. Disposals

Premiums, claims and technical reserves are stated before ceded reinsurance. The transferred quota share is included in the reinsurance result.

The reinsurers' share of technical provisions is subject to an impairment test at each balance. If there is objective evidence, as a result of an event that occurred after the initial recognition, that the provision for the reinsurer must be impaired, the Group reduces the book value of this asset accordingly and recognizes the resulting loss through profit or loss. When the reinsurance asset is guaranteed by securities received as collateral, the present value of future cash flows of the asset reflects the cash flows that may result from the realization of pledged assets after deducting the costs of implementing this guarantee, whether the realization is probable or not.

### 5.11.2. Acceptances

The rules for reinsurance acceptance contracts are included in the section *«Insurance and investment contracts liabilities»*.

## 5.12. RECEIVABLES

Receivables more and less than one year are recognized initially at fair value and are subsequently measured at amortized cost net of any impairment. An impairment is recognized when the age of the receivable exceeds one year or when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivable.

When the settlement of a portion of the receivable cash flows is deferred, the amounts receivable in the future are discounted to their present value.

## 5.13. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Regarding the cash flow table, cash and cash equivalents are presented net of bank overdrafts, debts incurred on repurchase operations and other financial debts.

## 5.14. EQUITY

Equity includes, in addition to share capital and retained earnings in reserve, the portion of unrealized gains and losses on investments, net of tax, and the impact of shadow accounting, of which the change in fair value is not recognized in the income as well as other items of comprehensive income.

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other assets to the holders. Additional costs, net of tax, directly attributable to the issue of an equity instrument are deducted from the value of the equity instrument.

Financial instruments issued by the Group are classified as equity instruments if their consideration clauses provide the issuer with control over the interest payment date and if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity.

Any financial instrument issued by the Group, comprising both an equity component and a debt instrument, is recognized separately in liabilities in the balance sheet, in which the equity component is reported as equity of the Group. Gains and losses associated with redemptions or refinancing of the equity component are presented as variations in equity.

When the Group buys back its own equity instruments, the amount paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to shareholders of the company until the shares are cancelled or «reissued».

Dividends and other distributions to shareholders are recognized directly in equity, net of tax. A debt corresponding to the amount of dividend not yet paid is not recognized as long as the dividend has not been declared and approved.

## 5.15. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

### 5.15.1. Classification

The Group issues contracts that cede an insurance risk or financial risk or both. Based on a review of each contract, the Group classifies its insurance and investment contract liabilities in four categories:

- Insurance contract liabilities
- Investment contract liabilities with discretionary participation features
- Investment contract liabilities without discretionary participation features
- Investment or insurance contract liabilities of which the financial risk is borne by the insured, i.e. corresponding to unit-linked contracts.

Insurance contracts, investment contracts with discretionary participation and reinsurance contracts are covered by IFRS 4 «Insurance Contracts», while investment contracts without discretionary participation are covered by IAS 39 «Financial instruments». Contracts that transfer neither an insurance risk nor a significant investment risk are covered by IFRS 15 «Revenue from Contracts with Customers», which calls for revenue recognition.

Insurance contracts, including reinsurance acceptances, are contracts with a significant insurance risk. These contracts can also cede a financial risk from the insured to the insurer. Investment contracts are contracts that carry a financial risk with no significant insurance risk.

IFRS 4 allows the separation of the deposit component («savings») and the risk component («insurance») of the contract. This separation or «unbundling» is permitted if the deposit component can be exploited regardless of the risk component.

Some insurance and investment contracts contain a discretionary participation clause. This element entitles the contract holder to receive additional benefits as a supplement to the guaranteed benefits:

- that normally account for a significant share of the contractual benefits;
- of which the amount and/or expiry date is contractually at the discretion of the Group;
- that are contractually based on the performance of a set of contracts, the investment returns of a portfolio of assets or the income of the Company, of a fund or other entity that issues the contract.

If a contract was initially recognized as an insurance contract, it cannot be reclassified as an investment contract even if the risk attached thereto becomes insignificant. Conversely, an investment contract whose characteristics change during the term of the contract, may, if the changes induce a significant insurance risk, be reclassified as insurance contracts.

### 5.15.2. Measurement and recognition

In accordance with IFRS 4, the rules regarding recognition and de-recognition as described below are based on the accounting principles used by the Group prior to the adoption of the IFRS, with as main exception the elimination of the flashing-light provision and the equalization and catastrophe provisions.

The accounting principles applicable prior to the IFRS and which are still in force after the conversion have the following main characteristics:

- provisions must be sufficient;
- provisions are calculated with caution;
- Life insurance provisions may not be discounted using an interest rate higher than the prudently estimated return of the assets;
- acquisition costs are deferred to the extent they are recoverable, and amortized on the basis of estimated gross profits over the lifetime of the contracts;
- reserves for claims represent the ultimate estimated cost.

#### 5.15.2.1. Non-Life insurance contracts

The assessment of provisions for claims is based on the estimated value of foreseeable expenses net of any recoveries. The provision for claims outstanding includes the claims and capital due remaining to be paid at the end of the period. The provisions related to claims are generally not discounted, except in limited cases.

Claims settlement and readjustment costs are recognized through profit or loss when incurred. Unsettled claims and readjustment expenses include estimates for reported claims and provisions for claims that are incurred but not reported.

Claims management costs are provisioned.

Mathematical provisions are also established to cover constituted annuities.

Premium provisions are calculated pro rata temporis. Additional premium provisions can be made if a group of homogeneous products proves to be unprofitable.

#### 5.15.2.2. Insurance contracts Life

Provisions for Life insurances include the mathematical provisions that represent the difference between the current values of the commitments made by the insurer and those made by the insured. Provisions are calculated according to the technical bases in force at the time of signing the contract. Adjustments can be made later following any changes made to the contracts.

Liabilities are discounted applying a rate that is at the most equal to the rate of the policy concerned, and using regulatory mortality tables. As for annuities, there is also provided a longevity provision to reflect the increase in life expectancy.

For contracts with risk coverage deaths, the constituted provision contains the portion of premiums written but not earned during the period concerned.

#### 5.15.2.3. Investment contracts with discretionary participation features

The provision for profit sharing corresponds to the interests of policyholders in technical and financial profits made by the companies. They are intended to be paid to the policyholders and to increase their guarantees after incorporation into mathematical provisions.

The discretionary participation elements are a conditional promise related to unrealized gains and losses. They are therefore incorporated into the unrealized gains and losses included in the equity. When the promise is unconditional, the amount thereon is reclassified to the liabilities of the Life insurance contracts.

Profit sharing also includes the deferred unrealized participation resulting from shadow accounting.



#### 5.15.2.4. Investment contracts without discretionary participation

Investment contracts without discretionary participation are treated as financial liabilities within the scope of IAS 39. These contracts are recognized:

- either at fair value with the changes accounted for through profit or loss. These are mainly unit-linked contracts;
- either at amortized cost using the effective interest rate method.

Deposit accounting is applied to all of these contracts. Net premiums received from these contracts are not recognized as revenue; all expenses associated with these contracts are recognized through profit or loss under «other operating income».

#### 5.15.2.5. Unit-linked contracts

Mathematical provisions for unit-linked contracts are valued on the basis of the assets underlying these contracts. Gains or losses resulting from the revaluation of these are recognized through profit or loss in order to neutralize the impact of the change in technical provisions.

#### 5.15.2.6. Shadow accounting and provision for deferred profit sharing

Shadow accounting allows to address the risk of imbalance in assets/liabilities that is artificially generated by different valuation methods for assets and liabilities. When the measurement of liabilities is directly affected by the implementation of gains or losses of assets, a provision for deferred profit sharing is recognized in consideration of unrealized gains or losses in investments.

The provision for deferred profit sharing is determined by applying fair value readjustments of assets participation rates estimated on the basis of contractual obligations associated with each portfolio. The estimated participation rate also takes into account the following elements: the regulatory and contractual terms of profit sharing, the programme of realization of gains and losses and the insurer's dividend policy. The determination of the share in gains and losses attributable to policyholders is determined by the characteristics of the contracts that are likely to benefit from these gains or losses.

Finally, when, following the liability adequacy tests (LAT - see below), the inadequacy found is related to the interest rates' weakness, shadow accounting allows to allocate an additional share in unrealized gains recognized on investments within insurance provisions.

Shadow accounting is done under the same terms as the accounting method applied to the underlying financial investments: in profit if it concerns financial investments accounted for through profit or loss, or for reserve revaluation in other items of comprehensive income for investments available for sale.

#### 5.15.2.7. Liability Adequacy Test (LAT)

Adequacy tests are performed to ensure the adequacy of insurance liabilities with regard to estimated future cash flows. The tests are performed on homogeneous products groups, both in Life and in Non-Life. The assumptions set for the projection of future cash flows are consistent with those used internally to other models and are determined so as to be in line with the economic, demographic ... reality. The present value of future cash flows is determined using a discount rate that reflects market conditions at the reporting date, the specific composition of asset portfolios and the characteristics of the asset-backed liabilities. Any shortcomings are provisioned with an offsetting impact to income.

#### 5.15.2.8. Embedded derivatives

Embedded derivatives that meet the definition of insurance contracts or that match repurchase options for a defined amount are not valued separately from the host contract. If other embedded derivatives are not closely related to the host contracts or do not meet the definition of an insurance contract, they are measured separately at fair value through profit or loss.

#### 5.15.2.9. Revenue recognition

Premiums of contracts in force during the accounting year are included in the earnings, taking into account the premiums to be issued in Non-Life which are the subject of an estimate for the portion earned at the end of the accounting year.

In accordance with IFRS 15, revenues generated through management contracts are recognized in line with the services provided.



## 5.16. SUBORDINATED DEBTS AND FINANCIAL DEBT

The financial debt, subordinated or not, is recognized initially at fair value and subsequently measured using the amortized cost method. Costs directly attributable to the establishment of a new loan are deducted from the face value of the loan and recognized in the income over the term of the loan using the effective interest rate method.

## 5.17. PROVISIONS

Provisions mainly include provisions for litigation, restructuring and off-balance sheet credit commitments.

Provisions are measured at the present value of the expenditures expected to settle the obligation. The chosen interest rate is the pre-tax rate that reflects the time value of money as defined by the market.

Provisions are recognized when:

- the Group has a legal or implied obligation resulting from past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is possible to reliably estimate the exact amount of the obligation.

## 5.18. LEASE CONTRACTS

### 5.18.1. The Group as lessee

The Group mainly enters into lease contracts for the rental of its equipment and small materials, in particular IT equipment, as well as the rental of company cars.

At the start date of the contract, Ethias recognizes a right-of-use asset at cost and a liability (lease obligation) at the present value of the lease payments that have not yet been made.

The asset is depreciated over its useful life or the term of the contract, if shorter. If the lease contract transfers ownership of the underlying asset to the lessee at the end of its term, or if the cost of the right-of-use asset takes into account the future exercise of a purchase option by the lessee, the asset is depreciated over its useful life.

The lease obligation is reduced by the rental payments made and increased by the interests.

When a change is made to a lease contract, the lease obligation is revalued and the amount of the revaluation is carried on the right-of-use asset.

### 5.18.2. The Group as lessor

A lease is classified as finance lease if the lease cedes substantially all the risks and benefits incidental to ownership of the asset. A contract that is not a finance lease agreement is a simple lease contract.

The Group enters into operating leases primarily related to the exploitation of its real estate properties.

When an asset is used as part of an operational lease, the lease payments received are recognized in the income statement linearly over the period of the lease. The underlying asset is recognized using the rules applicable to this type of asset.

When an asset held is leased under a finance lease, the Group records a receivable equal to the net investment in the lease, which may be different from the present value of minimum payments due under the contract. The interest rate used for discounting is the implicit rate included in the base contract. The revenues are recognized over the term of the lease using the implicit interest rate.

## 5.19. EMPLOYEE BENEFITS

### 5.19.1. Post-employment benefits

The post-employment benefits include the pension plans, the life insurance and orphanhood insurances. The Group has various defined benefit plans and defined contribution pensions plans in place for its employees:

- For defined benefit pension plans, expenses related to these plans are assessed separately for each plan using the method of «Projected Unit Credit». Under this method, the cost of the plan is recognized as expense through profit or loss so as to spread the cost evenly over the career of employees participating in pension plans. The obligations relating to the pension plans recorded on the balance sheet are valued on the basis of the present value of future cash outflows, including taxes and contributions payable by the plan, net of any costs of past services not yet recognized.
- Defined contribution pension plans are subject to the Belgian law on supplementary pensions that imposes a minimum guaranteed return on the contributions paid. Therefore, these programmes are considered under IFRS as defined benefit pension plans.

Some of the employee pension plans are insured with the insurance company Ethias SA. Therefore, the assets backing these pension plan do not meet the conditions to be considered as plan assets and are therefore considered non-financed. Therefore, the assets backing the pension plan do not meet the conditions to be considered as plan assets.

The present value of cash flows is calculated using an interest rate corresponding to those of corporate bonds of first category with a maturity similar to those of the corresponding liabilities.

The costs of past services result from the adoption of or from the change in the pension plan. They are recognized as expenses over the average remaining period until the corresponding benefits become vested for the personnel.

Actuarial differences include, for assets and liabilities, the effects of differences between previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions on the liabilities of the plans. Actuarial differences are fully recognized in the other items of comprehensive income during their period in which they occur.

### 5.19.2. Short-term benefits

Employee entitlements to annual leave, merit bonuses and other various premiums are recognized when the amounts in question should be paid to the employees. A debt is made to cover the estimated expense for services rendered by employees up to the balance sheet date.

### 5.19.3. Other long-term benefits

The expected costs of these benefits are recognized during the period of employment using the same methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized through profit or loss related to the period in which they occur.

### 5.19.4. Early retirement

The Group has established an early retirement programme for its employees. A liability and an expense are recognized from the time when there is a clear commitment on the part of the entity and that the latter has formalized the outlines of the programme concerned. The debt recognized in the balance sheet is the present value of the early retirement obligation to the closing date of the accounting year.

### 5.19.5. Other contract termination compensation

In the case of severance costs payable as a result of the decision of the entity to terminate the employment of one or more staff members, the entity shall recognize a liability and an expense of severance.

## 5.20. DISCONTINUED OPERATIONS AND AVAILABLE-FOR-SALE ASSETS

A discontinued operation is a component which the entity has disposed of or is classified as available for sale, and (i) which represents a line of business or a separate major geographical area, (ii) which is part of a single, coordinated plan to dispose of a business line or a separate major geographical area; or (iii) is a subsidiary acquired exclusively for resale.

The category «Discontinued operations and available-for-sale assets» comprises assets including properties or activities available for sale or discontinued within twelve months from the closing date of the accounting year. Subsidiaries available for sale remain in the scope of consolidation until the day when the Group loses effective control. The assets and activities (assets and liabilities) concerned are valued at the lower of net book value and fair value net of the selling costs. They are presented in separate assets and liabilities positions in the balance sheet. Any realized loss is also shown separately through profit or loss.

## 5.21. REVENUE RECOGNITION

The revenues from ordinary activities correspond to the fair value of the consideration received or receivable, net of intercompany sales or services rendered. The revenues from ordinary activities are recognized as follows:

### 5.21.1. Income from insurance activities

Regarding the recognition of revenues from insurance activities, we refer to the rules mentioned in the section «Insurance and investment contract liabilities».

### 5.21.2. Financial income

Interest income is recognized pro rata temporis using the effective interest rate method. When a receivable is impaired, the Group reduces its book value to its recoverable amount, which represents the future cash flows, discounted at the original effective interest rate of the instrument, and continues to recognize the effect of undiscounting in the interest income. Interest income on impaired loans are recognized using the original effective interest rate method.

Dividends are recognized when the right to receive the dividend is established.

### 5.21.3. Other goods and services

Contracts that do not expose the insurer to an insurance risk or expose it to a non-significant insurance risk and do not create financial asset or liability are classified in the category «service contracts». In accordance with IFRS 15, revenue associated with a transaction involving the rendering of services is recognized by reference to the stage of completion of the transaction.

The subsidiaries of the NRB sub-group develop and sell customized software. Revenue is recognized using the percentage-of-completion method, in which profit is recognized as revenue as work is completed. Impairments are recognized in order to reflect any known losses caused in the projects. When circumstances lead to a change in the initial estimate of revenues, of costs or of the stage of completion, the estimate is revised. These revisions may result in an increase or decrease in the estimated revenues or costs and are recognized through profit or loss of the period in which the management becomes aware of those circumstances.

## 5.22. INCOME TAXES

Deferred tax assets and liabilities are generated by temporary differences between the book and tax values of the assets and liabilities and, if applicable, by carryforwards of unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits, against which the deductible temporary differences can be utilized, will be available. Deferred tax liabilities are recognized for all taxable temporary differences.

## 5.23. CONTINGENT LIABILITIES

A contingent liability is:

- a possible liability resulting from past events and whose existence will be confirmed only by the occurrence or not of one or more uncertain future events not fully within the Group's control; or
- a present liability resulting from past events, but not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the liability or that the amount of the liability cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the balance sheet. They are subject to an explanation in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are assessed continually to determine whether an outflow of economic benefits has become probable or assessable with sufficient reliability, in which case a provision is recognized in the financial statements of the accounting year in which the change in probability or evaluation occurs.

## 5.24. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period refers to events that occur between the balance sheet date and date of the publication date of the balance sheet. There are two types of events:

- those that give rise to adjustments to the consolidated financial statements if they help confirm situations that existed at the balance sheet date;
- those who impose the provision of additional information if they indicate situations that arose after the balance sheet date, and if they are relevant and significant.

In the case of dividends, the debt corresponding to the amount not yet paid of the dividends is not recognized as long as the dividend has not been approved by the general assembly.

## 6. Critical accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with the IFRS brings the Group to make judgements, estimates and assumptions that have an impact on the application of valuation rules and on the amounts of the assets, liabilities, revenues and expenses, and which by their nature contain a certain degree of uncertainty. These estimates are based on the experience and assumptions which the Group considered as reasonable on the basis of the circumstances. The actual results would and will by definition often differ from these estimates. The revisions of the accounting estimates are recognized during the period in which the estimates are reviewed and in the course of all future periods covered. The judgements and estimates mainly relate to the domains listed below.

For more information with regard to the introduction of the following estimates we refer to the corresponding notes in the consolidated financial statements.

### 6.1. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a certain number of financial instruments is determined on the basis of valuation techniques. This is especially the case for the perpetual bonds which are recognized at fair value through profit or loss or for derivative instruments. In addition, the Group also appeals to valuation techniques to determine the fair value of certain instruments that are communicated in the explanatory notes. This concerns, for example, the determination of the fair value of loans or the fair value of bonds. The Group selects the methods and retains the assumptions which seem the most appropriate by mainly referring to the existing market conditions at the end of each reporting period.

The sensitivity analysis for financial risks is available under point 4.6.5 in chapter *II. Report of the Board of Directors*.

### 6.2. INSURANCE AND INVESTMENT LIABILITIES

The technical provisions for Life insurances are calculated on the basis of various assumptions. Judgement is required when making these assumptions and the assumptions used are based on various internal and external sources of information. For the recognition of the technical provisions, IFRS 4 currently refers largely to the local accounting standards. The technical provisions are often calculated on the basis of technical parameters applicable at the time of the conclusion of the contract and shall be subject to the liability adequacy test. The following main parameters are taken into account:

- The discount rate, which in general, shall be equivalent to the technical interest rate and which remains constant during the duration of the contract. In some cases, it is corrected on the basis of legal provisions and internal policy decisions;
- The mortality and sickness rates which are based on the standard mortality tables and may be adjusted depending on past experience;
- The assumptions with regard to the costs based on the actual cost levels and management costs;

The assumptions with regard to the technical provisions in Non-Life insurance are based on past experiences (including certain assumptions with regard to the number of claims; the compensations and the costs of settling claims), adjusted to take account of such factors as anticipated market experience, claims and the increase of claims and external factors such as legal decisions and legislation. The technical provisions are not updated except when long-term obligations and/or annuities (e.g. hospitalization, work accidents, etc.) are involved.

The impact of the sensitivity analyses on the income statement can be found in chapter **II. Report of the Board of Directors**, under point 4.5.1.2 for Non-Life and under point 4.5.2.2. for Life.

### 6.3. EMPLOYEE BENEFIT

The debt relating to the employee benefits is determined on the basis of an actuarial method, including a certain number of financial and demographic assumptions, described in point 16.3.1 of chapter **V. Note to the consolidated balance sheet**. Any change in these assumptions would have an impact on the amount of this debt. An important assumption with a great sensitivity on debt is the discount rate. At the end of each reporting period, the Group determines this rate by referring to the market rate at the closing date of first category corporate bonds with a maturity comparable to the maturity of the commitments. The other major assumptions are based on the market or reflect the best estimate of the Group. The results of the sensitivity analysis may be consulted under point 16.3.2. in chapter **V. Note to the consolidated balance sheet**.

### 6.4. DEFERRED TAXES

The deferred tax assets are only recognized in order to reduce the temporary differences and the losses carried forward when it is probable that future taxable profits shall allow to compensate these differences and losses and when fiscal losses shall remain available taking into account their origin, the period of their occurrence and their compliance with the legislation on their recovery. The Group's capacity to earn the deferred tax assets is measured through an analysis based on the estimate of future Group results. Given the various uncertainties with regard to the evolution of the financial markets among others, the Group based in its analysis on a time horizon of five years. The underlying assumptions of these analyses shall be reviewed on a yearly basis. The notes with regard to the deferred taxes can be found under point 8 in section **V. Note to the consolidated balance sheet**.

The preparation of consolidated financial statements requires an estimate of income taxes and deferred tax assets and liabilities under the tax laws of the various jurisdictions in which the Group operates. Under IAS 12, deferred tax assets and liabilities are to be measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

## 7. 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.
- Segment «Public Bodies & Companies Non-Life»: this segment mainly covers the risks for public services and their staff members for whom Ethias offers since long guarantees, such as civil liability, health care, work accidents, sporting accidents, vehicle, assistance, etc. Ethias 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.
- The Group's other activities, which mainly come from IT activities, including the design, development and marketing of IT solutions, real estate activities through the Group's real estate companies and, finally, financial activities through the SICAV «Ethias Sustainable Investment Fund» are presented separately.
- Are included in terms of adjustments: accounting entries relating to IFRS, eliminations of intercompany transactions and consolidation adjustments.

The results of the segments for the years ended on 31 December 2020 and 2019 respectively are detailed below:

		PUBLIC & CORPORATE SECTOR		PRIVATE INDIVIDUALS		OTHERS	Statu- tory income statement BGAAP	Statu- tory income statement BGAAP	ADJUST- MENTS	IFRS consolidated financial statement
In thousands of euros	Notes	NON-LIFE	LIFE	NON-LIFE	LIFE	NON- TECHNICAL	Ethias SA	Subsi- diaries	Total Adjustments	31 December 2020
Gross premiums	VI.1	792,510	1,305,552	589,507	42,213	-	2,729,782	-	(9,595)	2,720,187
Premiums ceded to reinsurers	VI.3	(30,905)	(1,506)	(6,930)	-	-	(39,340)	-	-	(39,340)
Change in the provision for unearned premiums and outstanding risks (a)		(410)	-	(3,088)	-	-	(3,498)	-	-	(3,498)
Other income from insurance activities		1,257	568	28	3,542	-	5,394	-	(87)	5,307
<b>Revenues from insurance activities (a)</b>	<b>VI.1</b>	<b>762,452</b>	<b>1,304,614</b>	<b>579,516</b>	<b>45,755</b>	<b>-</b>	<b>2,692,337</b>	<b>-</b>	<b>(9,682)</b>	<b>2,682,655</b>
<b>Revenues from other activities</b>	<b>VI.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,142</b>	<b>11,142</b>	<b>518,026</b>	<b>(181,323)</b>	<b>347,846</b>
Net income from investments		70,180	294,088	29,190	37,684	(14,767)	416,376	47,785	(77,053)	387,108
Net realized gains or losses on investments		-	-	-	-	-	-	3,252	18,784	22,036
Change in fair value of investments through profit and loss (b)		-	-	-	-	-	-	(12,139)	41,595	29,456
<b>Net financial income</b>	<b>VI.5</b>	<b>70,180</b>	<b>294,088</b>	<b>29,190</b>	<b>37,684</b>	<b>(14,767)</b>	<b>416,376</b>	<b>38,898</b>	<b>(16,674)</b>	<b>438,599</b>
<b>NET REVENUES</b>		<b>832,633</b>	<b>1,598,702</b>	<b>608,706</b>	<b>83,439</b>	<b>(3,624)</b>	<b>3,119,855</b>	<b>556,924</b>	<b>(207,678)</b>	<b>3,469,101</b>
Insurance service expenses		666,760	1,490,712	337,300	59,200	-	2,553,971	-	(48,013)	2,505,959
Net expenses or revenues ceded to reinsurers	VI.3	(22,612)	(746)	(641)	-	-	(23,998)	-	23	(23,975)
Management costs (c)		160,180	38,597	133,019	13,348	-	345,144	-	(30,587)	314,557
<b>Technical expenses for insurance activities</b>	<b>VI.2</b>	<b>804,327</b>	<b>1,528,563</b>	<b>469,678</b>	<b>72,548</b>	<b>-</b>	<b>2,875,117</b>	<b>-</b>	<b>(78,576)</b>	<b>2,796,541</b>
<b>Expenses for other activities</b>	<b>VI.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,874</b>	<b>21,874</b>	<b>475,421</b>	<b>(172,477)</b>	<b>324,818</b>
Change in depreciation and amortization on investments (net)	VI.5	-	-	-	-	-	-	10,742	(3,182)	7,560
Other investment financial expenses	VI.5	-	-	-	-	-	-	5,181	11,108	16,289
Finance costs	VI.6	-	-	-	-	-	-	10,265	18,589	28,854
<b>Financial expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,187</b>	<b>26,515</b>	<b>52,702</b>
<b>NET EXPENSES</b>		<b>804,327</b>	<b>1,528,563</b>	<b>469,678</b>	<b>72,548</b>	<b>21,874</b>	<b>2,896,990</b>	<b>501,609</b>	<b>(224,538)</b>	<b>3,174,061</b>
Goodwill impairment		-	-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>28,305</b>	<b>70,139</b>	<b>139,028</b>	<b>10,891</b>	<b>(25,498)</b>	<b>222,865</b>	<b>55,315</b>	<b>16,860</b>	<b>295,040</b>
Income taxes	VI.9	-	-	-	-	(18,223)	(18,223)	(9,916)	(42,906)	(71,046)
Transfer/Charge to untaxed reserves		-	-	-	-	(1,778)	(1,778)	(3,238)	5,017	(0)
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>28,305</b>	<b>70,139</b>	<b>139,028</b>	<b>10,891</b>	<b>(45,499)</b>	<b>202,863</b>	<b>42,161</b>	<b>(21,030)</b>	<b>223,994</b>
Share of the associated companies in the result		-	-	-	-	-	-	-	(769)	(769)
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>28,305</b>	<b>70,139</b>	<b>139,028</b>	<b>10,891</b>	<b>(45,499)</b>	<b>202,863</b>	<b>42,161</b>	<b>(21,799)</b>	<b>223,225</b>
Group's share							202,863	42,161	(37,352)	207,672
Non-controlling interests								-	15,553	15,553

	Notes	PUBLIC & CORPORATE SECTOR		PRIVATE INDIVIDUALS		OTHERS	Statutory income statement BGAAP	Statutory income statement BGAAP	ADJUSTMENTS	IFRS consolidated financial statement
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON-TECHNICAL	Ethias SA	Subsidiaries	Total Adjustments	31 December 2019
In thousands of euros										
Gross premiums	VI.1	836,908	1,199,901	582,217	51,482	-	2,670,508	-	(8,737)	2,661,771
Premiums ceded to reinsurers	VI.3	(30,375)	(2,883)	(7,075)	(5)	-	(40,338)	-	-	(40,338)
Change in the provision for unearned premiums and outstanding risks (a)		258	-	(1,960)	-	-	(1,702)	-	-	(1,702)
Other income from insurance activities		1,601	54	381	3,548	-	5,584	-	-	5,584
<b>Revenues from insurance activities (a)</b>	<b>VI.1</b>	<b>808,392</b>	<b>1,197,071</b>	<b>573,564</b>	<b>55,024</b>	<b>-</b>	<b>2,634,051</b>	<b>-</b>	<b>(8,737)</b>	<b>2,625,314</b>
<b>Revenues from other activities</b>	<b>VI.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,391</b>	<b>12,391</b>	<b>445,102</b>	<b>(162,656)</b>	<b>294,837</b>
Net income from investments		70,047	429,162	39,450	49,729	(17,707)	570,680	50,357	(210,844)	410,193
Net realized gains or losses on investments		-	-	-	-	-	-	8,377	54,948	63,325
Change in fair value of investments through profit and loss (b)		-	-	-	-	-	-	7,865	153,053	160,919
<b>Net financial income</b>	<b>VI.5</b>	<b>70,047</b>	<b>429,162</b>	<b>39,450</b>	<b>49,729</b>	<b>(17,707)</b>	<b>570,680</b>	<b>66,599</b>	<b>(2,842)</b>	<b>634,437</b>
<b>NET REVENUES</b>		<b>878,439</b>	<b>1,626,233</b>	<b>613,013</b>	<b>104,753</b>	<b>(5,317)</b>	<b>3,217,122</b>	<b>511,701</b>	<b>(174,235)</b>	<b>3,554,588</b>
Insurance service expenses		756,715	1,527,914	353,520	74,165	-	2,712,314	-	(14,259)	2,698,055
Net expenses or revenues ceded to reinsurers	VI.3	(29,490)	(1,670)	(227)	-	-	(31,387)	-	-	(31,387)
Management costs (c)		146,777	11,334	148,574	16,444	-	323,128	-	(18,267)	304,861
<b>Technical expenses for insurance activities</b>	<b>VI.2</b>	<b>874,002</b>	<b>1,537,578</b>	<b>501,867</b>	<b>90,608</b>	<b>-</b>	<b>3,004,055</b>	<b>-</b>	<b>(32,526)</b>	<b>2,971,529</b>
<b>Expenses for other activities</b>	<b>VI.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,948</b>	<b>13,948</b>	<b>410,492</b>	<b>(160,243)</b>	<b>264,197</b>
Change in depreciation and amortization on investments (net)	VI.5	-	-	-	-	-	-	9,778	(10,003)	(225)
Other investment financial expenses	VI.5	-	-	-	-	-	-	13,380	11,138	24,518
Finance costs	VI.6	-	-	-	-	-	-	8,760	19,272	28,032
<b>Financial expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,917</b>	<b>20,407</b>	<b>52,324</b>
<b>NET EXPENSES</b>		<b>874,002</b>	<b>1,537,578</b>	<b>501,867</b>	<b>90,608</b>	<b>13,948</b>	<b>3,018,003</b>	<b>442,410</b>	<b>(172,362)</b>	<b>3,288,051</b>
Goodwill impairment		-	-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>4,437</b>	<b>88,655</b>	<b>111,146</b>	<b>14,145</b>	<b>(19,265)</b>	<b>199,119</b>	<b>69,291</b>	<b>(1,873)</b>	<b>266,537</b>
Income taxes	VI.9	-	-	-	-	(8,936)	(8,936)	(10,221)	(21,845)	(41,002)
Transfer/Charge to untaxed reserves		-	-	-	-	(660)	(660)	(222)	883	-
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>4,437</b>	<b>88,655</b>	<b>111,146</b>	<b>14,145</b>	<b>(28,862)</b>	<b>189,522</b>	<b>58,848</b>	<b>(22,835)</b>	<b>225,535</b>
Share of the associated companies in the result		-	-	-	-	-	-	-	(5)	(5)
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>4,437</b>	<b>88,655</b>	<b>111,146</b>	<b>14,145</b>	<b>(28,862)</b>	<b>189,522</b>	<b>58,848</b>	<b>(22,839)</b>	<b>225,530</b>
Group's share							189,522	58,848	(36,413)	211,956
Non-controlling interests								-	13,574	13,574

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. The column “adjustments” in the tables above reconciles 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 do not have any clients that account for a significant part of our revenues.

## 7.1. BGAAP RESULT OF ETHIAS SA

The year 2020 records a net result of 205 million euros, up 8% compared to 2019 thanks to a strong performance in Non-Life business. After withdrawals and transfer to untaxed reserves, the result to be appropriated amounts to 203 million euros.

Total premium income amounts to 2,730 million euros, an increase of 2% compared to the 2019 premium income, driven by a strong performance in Life insurance (+8%) which compensates for the slight decrease in Non-Life premium income (-3%), due to the impact of the pandemic, portfolio consolidations and the decision to reduce activities on the international level.

Despite the turbulent year on the financial markets as a result of the health crisis, the investment results in 2020 are positive thanks to the capital gains allowing to compensate for the write-downs on shares.

With regard to overheads, an exceptional charge relating to the group insurance of the personnel (Ethias Pension Fund OFP) was made for an amount of 10 million euros (of which 9 million euros in Non-Life and 1 million euros in Life).

### 7.1.1. Non-Life

**The result of Non-Life business amounts to 167 million euros.**

Income amounts to 1,382 million euros and decreases by 3% compared to 2019. It breaks down as follows between the segments "Private Individuals" and "Public Bodies & Companies":

- Income for Private Individuals increases by 1% compared to 2019 and amounts to 590 million euros;
- Income for Public Bodies & Companies amounts to 792 million euros and decreases by 5% compared to 2019, mainly due to the impact of the pandemic, portfolio consolidations and the decision to reduce activities on the international level.

The operational net combined ratio amounts to 94% compared to 97% in 2019. This evolution is mainly the result of a decrease in the claims ratio, which can be explained in particular by the effects of the pandemic and the strengthening of technical reserves.

### 7.1.2. Life

**The result of Life business amounts to 81 million euros.**

Income at end-2020 is up by 8% compared to 2019 and amounts to 1,348 million euros, including 42 million euros in Private Individuals and 1,306 million euros in Public Bodies & Companies.

Income in Life Individuals decreases by 18% compared to 2019.

Premium income for Life Public Bodies & Companies increases by 9% compared to 2019, mainly coming from the 1<sup>st</sup> pillar.

The good performance of the Life business in 2020 is explained in particular by growing operating results and non-recurring financial income of 18 million euros as well as by significant mortality gains. These good results made it possible to endow the fund for future appropriations with an amount of 12 million euros and the provision for profit-sharing (net of taxes) with 37 million euros, mainly for ring-fenced funds from the 1<sup>st</sup> pillar.

### 7.1.3. Non-Technical

The non-technical result before tax shows a negative contribution of 25 million euros, mainly due to the expense of subordinated loans, impairments on receivables and voluntary aid related to COVID-19. Tax expenses for the year amount to 18 million euros and benefit from the use of tax losses carried forward and deductions of income from innovation.



## 7.2. BGAAP RESULT OF SUBSIDIARIES

The sum of the results of the Group's other activities, in BGAAP and before eliminations and consolidation adjustments, amounts to 42.2 million euros. They mainly comprise the results of NRB and its subsidiaries for EUR 50.1 million.

## 7.3. ADJUSTMENTS

Total adjustments amount to -21.8 million euros, of which -37.4 million euros in Group's share and +15.6 million euros in in third-party interests.

The main movements are the following:

- The recognition of employee benefits, in accordance with IAS 19, decreases Life income by 9 million euros, decreases insurance payments by 10 million euros and decreases Life technical provisions by 2 million euros; overheads related to claims handling costs, administrative costs, acquisition costs and financial management costs, and expenses for other activities decrease by 19 million euros. The total impact of adjustments related to IAS 19 thus amounts to +22 million euros.
- The recognition of Life technical provisions under IFRS 4 positively impacts the result by 20.4 million euros following the application of shadow accounting on products classified as FVPL. In Non-Life, the cancellation of the allocation to the equalization and catastrophe provision amounts to +6 million euros. At the subsidiaries, the cancellation of a provision reversal decreases the result by -3.3 million euros.
- The application of IAS 39 leads to an adjustment on the result of financial instruments of -12.5 million euros.
- The application of IFRS 36 leads to an adjustment on the result of 3.3 million euros. This relates to the elimination of changes in the amortization of goodwill recorded under BGAAP on Whestia, on Trasys and at Prodata Xpert.
- The allocation to the fund for future appropriation made in BGAAP is cancelled (12 million euros).
- The elimination of dividends from subsidiaries amount to -35.2 million euros.
- Deferred taxes related to IFRS adjustments and consolidation adjustments impact the income statement by -43 million euros, including -40 million relating to the use of tax losses carried forward.
- Other adjustments: transfer to the untaxed reserves (5.2 million euros) and cancellation of intra-group impairment loss (3 million euros).

# 8. Capital management

## 8.1. CAPITAL MANAGEMENT PURPOSES

The objective of capital management is to ensure that Ethias has own funds at all time, not only above the Solvency Capital Requirement but also above the internally set tolerance limit. Capital management is proactive in order to maintain the company's growth and sustainability. Capital management plans to adapt the business and financial strategy according to the level of solvency. The objective is to maintain a stable solvency within a predefined target range.

Details of changes in the Group's consolidated equity are provided in point 13 of chapter **V. Note to the consolidated balance sheet**.

## 8.2. SOLVENCY II MARGIN LEVEL

Ethias SA's Solvency II margin at end-December 2020, established according to the standard formula, stands at 187% after deduction of a dividend of 103 million euros which will be proposed to the General Assembly.

The solvency and financial condition report of Ethias SA provides additional information on the management of the regulatory capital of Ethias SA.

For more info: <https://www.ethias.be/corporate/fr.html>

## V. NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. Goodwill

#### 1.1. EVOLUTION OF GOODWILL

In thousands of euros	2020	2019
<b>Gross value on 1 January</b>	<b>61,675</b>	<b>61,675</b>
Accumulated impairments on 1 January	-	-
<b>Net book value on 1 January</b>	<b>61,675</b>	<b>61,675</b>
Acquisition	9,918	-
Other changes	-	-
<b>Net book value on 31 December</b>	<b>71,593</b>	<b>61,675</b>

In 2020, the acquisition of 100 % of the shares in People & Technology and Trigone and 78 % of the shares in Computerland by NRB, and the acquisition of 100% of the shares in Prodata Systems by B-data, generated goodwill of 9.9 million euros.

Goodwill was generated on:

- entities of the NRB subgroup, for 56.5 million euros;
- the acquisition of the Whestia entity («outstanding balance» insurance portfolio) for 15.1 million euros.

#### 1.2. IMPAIRMENT TEST ON GOODWILL

In accordance with IAS 36, we performed an impairment test on the goodwill recognized at the time of the acquisition of Whestia. The purpose of this test is to compare the fair value of the segment with the value of the net book assets. The result of the test led us not to recognize any impairment on goodwill as at 31 December 2020. A significant decrease in the fair value of the segment, which could result from an increase of more than 15 % in the expected mortality rate, would lead to the recognition of an impairment.

The comparison of the value of the companies in the NRB Group resulting from the «Discounted Cash Flow» (DCF) method with the book value of specific items in the consolidated accounts (goodwill, intangible assets, tangible assets and items determining the working capital requirement of the company concerned, i.e. other receivables, other assets, social security payables and tax debts) made it possible to conclude that no impairment should be recorded on NRB's goodwill in the consolidated accounts at 31/12/2020. This conclusion remains valid when the assumptions used with the DCF method are simultaneously stressed, via an increase in the weighted average cost of capital (by an increase in the risk-free rate of 0.7%, a decrease in the proportion of the cost of debt and the increase in the terminal value) and a decrease of 0.25% in the EBITDA projections.

## 2. Other intangible assets

In thousands of euros	2020		
	Software and IT developments	Other intangible assets	Total
<b>Gross value on 1 January</b>	<b>235,409</b>	<b>44,576</b>	<b>279,985</b>
Accumulated amortization on 1 January	(136,346)	(15,907)	(152,252)
Accumulated impairments on 1 January	(14,769)	-	(14,769)
<b>Net book value on 1 January</b>	<b>84,294</b>	<b>28,669</b>	<b>112,963</b>
Acquisitions	17,520	1,079	18,599
Disposals	(17)	-	(17)
Reclassifications	1,717	-	1,717
Change in the consolidation scope	3,828	3,968	7,796
Net amortization	(15,534)	(4,759)	(20,293)
Impairments	(6,719)	-	(6,719)
Other changes	-	-	-
<b>Net book value on 31 December</b>	<b>85,088</b>	<b>28,958</b>	<b>114,046</b>

In thousands of euros	2019		
	Software and IT developments	Other intangible assets	Total
<b>Gross value on 1 January</b>	<b>210,672</b>	<b>44,106</b>	<b>254,778</b>
Accumulated amortization on 1 January	(116,244)	(20,722)	(136,966)
Accumulated impairments on 1 January	-	-	-
<b>Net book value on 1 January</b>	<b>94,428</b>	<b>23,384</b>	<b>117,813</b>
Acquisitions	25,897	939	26,837
Disposals	-	-	-
Reclassifications	(8,959)	8,959	1
Change in the consolidation scope	-	-	-
Net amortization	(12,304)	(4,614)	(16,918)
Impairments	(14,769)	-	(14,769)
Other changes	-	-	-
<b>Net book value on 31 December</b>	<b>84,294</b>	<b>28,669</b>	<b>112,963</b>

In 2019, a review of the activation of IT programmes led to the recognition of an additional amortization of 14.8 million euros.

In 2020, an impairment loss of 7.3 million euros was recorded on software and IT developments that are no longer useful in the new technologies used by the front office.

### 3. Tangible fixed assets and investment properties

In thousands of euros	2020			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
<b>Gross value to be depreciated on 1 January</b>	<b>619,108</b>	<b>132,981</b>	<b>148,031</b>	<b>900,121</b>
Acquisitions	28,280	207	6,964	35,451
Disposals and withdrawals	(34,541)	(4,085)	(46,415)	(85,041)
Properties held for sale	2,408	-	-	2,408
Change in the consolidation scope	(5,258)	50	7,284	2,076
Reclassifications from one heading to another	892	(892)	(20,355)	(20,355)
Other changes	-	-	-	-
<b>Gross value on 31 December</b>	<b>610,889</b>	<b>128,261</b>	<b>95,510</b>	<b>834,660</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(115,716)</b>	<b>(74,524)</b>	<b>(111,888)</b>	<b>(302,129)</b>
Depreciations of the financial year	(16,409)	(3,263)	(8,656)	(28,329)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	15	15
Reversals following disposals	9,889	2,254	44,818	56,961
Net impairment and reversal on properties held for sale	-	-	-	-
Change in the consolidation scope	2,415	(72)	(5,897)	(3,554)
Reclassifications from one heading to another	(325)	325	14,066	14,066
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 31 December</b>	<b>(120,147)</b>	<b>(75,281)</b>	<b>(67,543)</b>	<b>(262,971)</b>
<b>Net book value on 31 December</b>	<b>490,742</b>	<b>52,980</b>	<b>27,967</b>	<b>571,690</b>
<b>Fair value on 31 December</b>	<b>645,384</b>	<b>91,909</b>	<b>29,957</b>	<b>767,250</b>

	2019			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
In thousands of euros				
<b>Gross value to be depreciated on 1 January</b>	<b>577,303</b>	<b>182,971</b>	<b>206,601</b>	<b>966,875</b>
Acquisitions	1	746	9,114	9,860
Disposals and withdrawals	(32,249)	(2,256)	(65,484)	(99,989)
Properties held for sale	(2,705)	(44,827)	(2,150)	(49,683)
Change in the consolidation scope	75,798	-	-	75,798
Reclassifications from one heading to another	961	(3,651)	(1)	(2,691)
Other changes	-	-	(49)	(49)
<b>Gross value on 31 December</b>	<b>619,108</b>	<b>132,981</b>	<b>148,031</b>	<b>900,121</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(112,664)</b>	<b>(93,250)</b>	<b>(165,389)</b>	<b>(371,303)</b>
Depreciations of the financial year	(16,627)	(4,878)	(11,759)	(33,264)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	11	-	61,737	61,748
Reversals following disposals	10,979	900	2,805	14,684
Net impairment and reversal on properties held for sale	635	21,964	718	23,317
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	1,949	741	-	2,690
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 31 December</b>	<b>(115,716)</b>	<b>(74,524)</b>	<b>(111,888)</b>	<b>(302,129)</b>
<b>Net book value on 31 December</b>	<b>503,392</b>	<b>58,457</b>	<b>36,143</b>	<b>597,992</b>
<b>Fair value on 31 December</b>	<b>637,040</b>	<b>114,670</b>	<b>37,358</b>	<b>789,068</b>

Investment properties and held for own use are valued annually by independent real estate experts.

The COVID-19 pandemic does not call into question the value of our properties.

The fair value of investment properties represents the estimated amount at which the real estate could be exchanged on the valuation date between a buyer and a willing seller on the basis of a transaction at arm's length.

With regard to investment properties, the valuation method is that of the perpetual capitalization of the Estimated Rental Value (ERV). This method, in line with international valuation standards, is generally applied in the market where it is probable that the flow of income is constant. It consists in the perpetual capitalization of the estimated rental value, by using a rate of return, plus or minus a series of adjustments to take into account elements that may have a material impact on the value of the real estate assets.

The capitalisation rate is obtained on the basis of observations of comparable property values (and therefore rates of return) on the property investment market and depends inter alia on the location of the property, the quality of the property, the quality of the tenant and the length of the leases.

For buildings held for own use, the method of capitalizing the estimated rental value in perpetuity is also used. This estimated rental value is based on a «sale & lease back» scenario.

Investment properties and held for own use are classified as level 3. Indeed, the valuation methods used by the experts are not based on observable data on these markets. In particular, market rental values or capitalization rates should be considered as input data of level 3.

## 4. Right-of-use of assets

In thousands of euros	2020			
	Immovable properties	IT equipment	Vehicles	Total
<b>Gross value to be depreciated on 1 January</b>	<b>8,795</b>	<b>14,720</b>	<b>5,771</b>	<b>29,286</b>
Acquisitions	3,184	1,468	10,971	15,623
Disposals and withdrawals	(1,109)	(1,363)	(2,158)	(4,630)
Included loan costs	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	(5,890)	11,464	5,890	11,464
Other changes	14,115	(4,207)	2,893	12,801
<b>Gross value on 31 December</b>	<b>19,095</b>	<b>22,083</b>	<b>23,367</b>	<b>64,545</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(2,539)</b>	<b>(5,357)</b>	<b>(2,468)</b>	<b>(10,364)</b>
Depreciations of the financial year	(4,221)	(4,034)	(8,791)	(17,045)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	1,109	1,363	2,158	4,630
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	1,779	(6,893)	(1,779)	(6,893)
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 31 December</b>	<b>(3,871)</b>	<b>(14,921)</b>	<b>(10,880)</b>	<b>(29,673)</b>
<b>Net book value on 31 December</b>	<b>15,224</b>	<b>7,161</b>	<b>12,487</b>	<b>34,873</b>

In thousands of euros	2019			
	Immovable properties	IT equipment	Vehicles	Total
<b>Gross value to be depreciated on 1 January</b>	<b>8,795</b>	<b>14,720</b>	<b>5,771</b>	<b>29,286</b>
Acquisitions	-	-	-	-
Disposals and withdrawals	-	-	-	-
Included loan costs	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	-	-	-	-
Other changes	-	-	-	-
<b>Gross value on 31 December</b>	<b>8,795</b>	<b>14,720</b>	<b>5,771</b>	<b>29,286</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciations of the financial year	(2,539)	(5,357)	(2,468)	(10,364)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	-	-	-	-
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 31 December</b>	<b>(2,539)</b>	<b>(5,357)</b>	<b>(2,468)</b>	<b>(10,364)</b>
<b>Net book value on 31 December</b>	<b>6,257</b>	<b>9,363</b>	<b>3,302</b>	<b>18,922</b>

The line «Reclassifications from one heading to another» includes, on the one hand, the reclassification of vehicles included under «Immovable properties» in 2019 and, on the other hand, computer equipment previously included in “Other tangible fixed assets”.

The line «Other changes» includes properties not recognized at end-2019 as well as a change in methodology on the valuation of the rights of use of assets in 2020.

## 5. Investments in associated companies and joint ventures

### 5.1. INFORMATION ABOUT ASSOCIATED COMPANIES AND JOINT VENTURES

Prior to applying the equity method, the figures for joint ventures are:

In thousands of euros	Percentage of ownership	Assets	Liabilities	Equity	Revenues	Net profit or loss
Belgium DC	34.19%	4,131	3,216	915	809	68
IMA Benelux	33.00%	4,892	3,537	1,356	6,539	(694)
WLP Holding	50.00%	49,440	23,525	25,915	791	(45)
WLP I	25.00%	31,049	26,035	5,014	1,062	(1,207)
WLP II	50.00%	19,024	16,246	2,777	94	(720)
WLP III	50.00%	94,340	77,515	16,825	-	-
WLP VIII	50.00%	18,646	18,955	(309)	316	(344)
<b>Total on 31 December 2020</b>		<b>221,523</b>	<b>169,029</b>	<b>52,494</b>	<b>9,611</b>	<b>(2,942)</b>
Belgium DC	34.19%	4,265	3,418	847	703	(9)
<b>Total on 31 December 2019</b>		<b>4,265</b>	<b>3,418</b>	<b>847</b>	<b>703</b>	<b>(9)</b>

In 2020, Ethias SA acquired 33 % of IMA Benelux and 50 % of WLP Holding, which owns 50 % of WLP I and 100 % of WLP II, WLP III and WLP VIII.

Belgium DC is held for 50 % by NRB.

### 5.2. EVOLUTION OF INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

In thousands of EUR	2020	2019
<b>Net book value on 1 January</b>	<b>595</b>	<b>599</b>
Interests sold during the financial year	-	-
Interests acquired during the financial year	26,331	-
Reclassifications	-	-
Share in the result of the financial year	(769)	(5)
Dividends paid	-	-
Other changes	-	-
<b>Net book value on 31 December</b>	<b>26,156</b>	<b>595</b>

The difference between the equity of the associated companies and the share of participating interests below corresponds to their contribution in the Group's equity.

## 6. Financial investments

### 6.1. OVERVIEW OF FINANCIAL INVESTMENTS BY CATEGORY

In thousands of euros	31 December 2020					
	Cost price	Impairments	Reassess-ment through other items of comprehensive income	Reassess-ment through profit or loss	Net book value	Fair value
Available for sale	51,969	(12,321)	89,012	-	128,659	128,659
<b>Participating interests</b>	<b>51,969</b>	<b>(12,321)</b>	<b>89,012</b>	<b>-</b>	<b>128,659</b>	<b>128,659</b>
Available for sale	446,367	(16,271)	94,791	-	524,887	524,887
Designated at fair value through profit or loss	117,856	-	-	(11,790)	106,066	106,066
Held for trading	9,234	-	-	(709)	8,526	8,526
<b>Equities</b>	<b>573,457</b>	<b>(16,271)</b>	<b>94,791</b>	<b>(12,498)</b>	<b>639,478</b>	<b>639,478</b>
Available for sale	200,706	(2,669)	99,416	-	297,453	297,453
Designated at fair value through profit or loss	12,542	-	-	1,466	14,009	14,009
<b>Investment funds</b>	<b>213,248</b>	<b>(2,669)</b>	<b>99,416</b>	<b>1,466</b>	<b>311,461</b>	<b>311,461</b>
Available for sale	13,245,096	(1,239)	1,951,679	-	15,195,536	15,195,536
Designated at fair value through profit or loss	297,666	-	-	12,477	310,143	310,143
<b>Bonds</b>	<b>13,542,762</b>	<b>(1,239)</b>	<b>1,951,679</b>	<b>12,477</b>	<b>15,505,679</b>	<b>15,505,679</b>
Loans and deposits	646,356	(94)	-	-	646,262	669,275
<b>Other investments</b>	<b>646,356</b>	<b>(94)</b>	<b>-</b>	<b>-</b>	<b>646,262</b>	<b>669,275</b>
Held for trading	1,917	-	-	(1,590)	327	327
Held for hedging purposes	-	-	29,336	-	29,336	29,336
<b>Derivative financial assets</b>	<b>1,917</b>	<b>-</b>	<b>29,336</b>	<b>(1,590)</b>	<b>29,663</b>	<b>29,663</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,339,882</b>	<b>-</b>	<b>-</b>	<b>151,259</b>	<b>1,491,140</b>	<b>1,491,140</b>
<b>Total</b>	<b>16,369,591</b>	<b>(32,595)</b>	<b>2,264,233</b>	<b>151,114</b>	<b>18,752,343</b>	<b>18,775,356</b>



	31 December 2020					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
In thousands of euros						
Available for sale	49,759	(12,321)	78,559	-	115,996	115,996
<b>Participating interests</b>	<b>49,759</b>	<b>(12,321)</b>	<b>78,559</b>	<b>-</b>	<b>115,996</b>	<b>115,996</b>
Available for sale	298,993	(9,555)	102,803	-	392,241	392,241
Designated at fair value through profit or loss	105,069	-	-	8,079	113,149	113,149
Held for trading	2,964	-	-	(245)	2,719	2,719
<b>Equities</b>	<b>407,026</b>	<b>(9,555)</b>	<b>102,803</b>	<b>7,834</b>	<b>508,108</b>	<b>508,108</b>
Available for sale	173,607	(3,081)	88,077	-	258,602	258,602
Designated at fair value through profit or loss	11,172	-	-	2,524	13,696	13,696
<b>Investment funds</b>	<b>184,779</b>	<b>(3,081)</b>	<b>88,077</b>	<b>2,524</b>	<b>272,299</b>	<b>272,299</b>
Available for sale	12,825,899	(11,339)	1,412,650	-	14,227,209	14,227,209
Designated at fair value through profit or loss	469,770	-	-	16,692	486,462	486,462
<b>Bonds</b>	<b>13,295,669</b>	<b>(11,339)</b>	<b>1,412,650</b>	<b>16,692</b>	<b>14,713,672</b>	<b>14,713,672</b>
Loans and deposits	488,511	(5,187)	-	-	483,324	504,958
<b>Other investments</b>	<b>488,511</b>	<b>(5,187)</b>	<b>-</b>	<b>-</b>	<b>483,324</b>	<b>504,958</b>
Held for trading	1,472	-	-	(993)	479	479
Held for hedging purposes	-	-	98,263	-	98,263	98,263
<b>Derivative financial assets</b>	<b>1,472</b>	<b>-</b>	<b>98,263</b>	<b>(993)</b>	<b>98,742</b>	<b>98,742</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,274,094</b>	<b>-</b>	<b>-</b>	<b>120,157</b>	<b>1,394,250</b>	<b>1,394,250</b>
<b>Total</b>	<b>15,701,310</b>	<b>(41,484)</b>	<b>1,780,352</b>	<b>146,214</b>	<b>17,586,391</b>	<b>17,608,026</b>

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, classified as level 3, 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 main changes concern the items «bonds» and «derivative financial assets». Fair value adjustments on the item “bonds”, which change from 1.413 million euros as of December 31, 2019 to 1,952 million euros at December 31, 2020, are mainly related to the significant decrease in swap rates from 47 basis points (over 10 years) to 64 basis points (over 30 years) in 2020.

The decrease in the net book value of derivatives held for hedging purposes (-69 million euros) in 2020 is mainly explained by the maturities of spread and interest rate hedging derivatives.

## 6.2. EVOLUTION OF FINANCIAL INVESTMENTS

In thousands of euros	2020						
	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
<b>Opening balance on 1 January</b>	<b>14,994,049</b>	<b>613,307</b>	<b>2,719</b>	<b>483,324</b>	<b>98,742</b>	<b>1,394,250</b>	<b>17,586,391</b>
Acquisitions	2,824,158	44,266	83,077	339,235	1,087	383,750	3,675,572
Reclassifications between categories	-	-	-	(7,021)	-	-	(7,021)
De-recognition following exercise option	-	-	-	-	(122,639)	-	(122,639)
Profits and losses realized on hedging instruments not yet transferred to profit or loss	(59,102)	-	-	-	59,102	-	-
Disposals and reimbursements	(2,119,215)	(209,647)	(75,454)	(169,266)	(59,133)	(329,882)	(2,962,597)
Foreign currency translation differences on monetary assets	1	-	-	-	-	-	1
Adjustment at fair value	571,452	(16,043)	(1,816)	-	52,504	48,540	654,638
Amortizations	(47,149)	842	-	31	-	(5,019)	(51,294)
Changes in accrued interests not yet due	(6,046)	(2,508)	-	406	-	(499)	(8,647)
Impairments	(11,615)	-	-	(446)	-	-	(12,061)
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
<b>Net book value on 31 December</b>	<b>16,146,534</b>	<b>430,218</b>	<b>8,526</b>	<b>646,262</b>	<b>29,663</b>	<b>1,491,140</b>	<b>18,752,343</b>

In thousands of euros	2019						
	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
<b>Opening balance on 1 January</b>	<b>13,619,615</b>	<b>691,401</b>	<b>-</b>	<b>481,852</b>	<b>52,317</b>	<b>1,173,222</b>	<b>16,018,407</b>
Acquisitions	3,008,079	145,757	40,410	177,009	1,472	391,414	3,764,141
Reclassifications between categories	-	-	-	6,933	-	-	6,933
De-recognition following exercise option	-	-	-	-	(119,954)	-	(119,954)
Profits and losses realized on hedging instruments not yet transferred to profit or loss	(38,903)	-	-	-	38,903	-	-
Disposals and reimbursements	(2,306,907)	(237,423)	(37,263)	(186,067)	(38,903)	(311,357)	(3,117,920)
Foreign currency translation differences on monetary assets	-	-	-	-	-	-	-
Adjustment at fair value	755,196	13,639	(429)	-	164,907	147,781	1,081,093
Amortizations	(37,725)	1,639	-	397	-	(6,104)	(41,793)
Changes in accrued interests not yet due	(2,127)	(1,705)	-	438	-	(705)	(4,100)
Impairments	(3,178)	-	-	2,761	-	-	(417)
Change in the consolidation scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
<b>Net book value on 31 December</b>	<b>14,994,049</b>	<b>613,307</b>	<b>2,719</b>	<b>483,324</b>	<b>98,742</b>	<b>1,394,250</b>	<b>17,586,391</b>

Adjustments to the fair value for derivatives (assets) break down into 53.7 million euros for derivative hedging instruments (against 165.9 million euros in December 2019) and -1.2 million euros for derivative trading instruments (against -1.0 million euros in December 2019).

## 6.3. EVOLUTION OF IMPAIRMENTS ON INVESTMENTS

### 6.3.1. Impairment on available-for-sale investments

In thousands of euros	2020	2019
<b>Balance on 1 January</b>	<b>(36,296)</b>	<b>(49,874)</b>
Provision for impairments	(11,615)	(3,178)
Reversals of impairments	-	-
Reversals due to disposals	15,410	16,731
Change in the consolidation scope	-	-
Reclassifications	-	25
Other changes	-	-
<b>Balance at 31 December</b>	<b>(32,501)</b>	<b>(36,296)</b>

### 6.3.2. Impairments on loans, deposits and other financial investments

In thousands of euros	2020	2019
<b>Balance on 1 January</b>	<b>(5,187)</b>	<b>(8,581)</b>
Provision for impairments	(665)	(170)
Reversals of impairments	220	2,932
Reversals due to disposals	5,539	633
Change in the consolidation scope	-	-
Reclassifications	-	-
Other changes	-	-
<b>Balance at 31 December</b>	<b>(94)</b>	<b>(5,187)</b>

### 6.3.3. Past due financial investments

A financial asset is past due when the counterparty has failed to make a payment by the contractual due date. For example, if a counterparty fails to pay the contractual interest due on a scheduled date, the entire contract shall be considered as past due. The table below gives information about the maturity overrun of the outstanding, but not yet depreciated, financial assets. The default risk analysis on the investment portfolio did not show such a risk on the investments that are considered as «Not past due».

In thousands of euros	31 December 2020							
	Book value before impairment	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 less than 12 months	Expired by more than 12 months
Available-for-sale investments	15,196,775	(1,239)	15,195,536	-	15,195,536	-	-	-
Held-to-maturity financial assets	-	-	-	-	-	-	-	-
Financial assets unlisted on an active market	-	-	-	-	-	-	-	-
Loans, deposits and other financial investments	646,356	(94)	646,262	1,102	643,447	1,060	401	253
<b>Total</b>	<b>15,843,131</b>	<b>(1,333)</b>	<b>15,841,798</b>	<b>1,102</b>	<b>15,838,982</b>	<b>1,060</b>	<b>401</b>	<b>253</b>

In thousands of euros	31 December 2019							
	Book value before impairment	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 less than 12 months	Expired by more than 12 months
Available-for-sale investments	14,238,549	(11,339)	14,227,209	-	14,227,209	-	-	-
Held-to-maturity financial assets	-	-	-	-	-	-	-	-
Financial assets unlisted on an active market	-	-	-	-	-	-	-	-
Loans, deposits and other financial investments	488,511	(5,187)	483,324	577	475,237	6,737	346	426
<b>Total</b>	<b>14,727,060</b>	<b>(16,527)</b>	<b>14,710,533</b>	<b>577</b>	<b>14,702,447</b>	<b>6,737</b>	<b>346</b>	<b>426</b>

## 6.4. DEFINITION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	31 December 2020			
	Level 1 Listed prices on an active market	Level 2 Valuation methods based on observable market data	Level 3 Valuation methods not based on obser- vable market data	Net book value
In thousands of euros				
<b>Financial assets</b>				
Available for sale	3	-	128,657	128,659
<b>Participating interests</b>	<b>3</b>	<b>-</b>	<b>128,657</b>	<b>128,659</b>
Available for sale	463,799	-	61,088	524,887
Designated at fair value through profit or loss	106,066	-	-	106,066
Held for trading	8,526	-	-	8,526
<b>Equities</b>	<b>578,391</b>	<b>-</b>	<b>61,088</b>	<b>639,478</b>
Available for sale	170,139	21,341	105,973	297,453
Designated at fair value through profit or loss	14,009	-	-	14,009
Held for trading	-	-	-	-
<b>Investment funds</b>	<b>184,148</b>	<b>21,341</b>	<b>105,973</b>	<b>311,461</b>
Available for sale	13,686,202	1,368,708	140,626	15,195,536
Designated at fair value through profit or loss	137,850	154,750	17,542	310,143
Held for trading	-	-	-	-
<b>Bonds</b>	<b>13,824,053</b>	<b>1,523,458</b>	<b>158,168</b>	<b>15,505,679</b>
Held for trading	286	41	-	327
Held for hedging purposes	-	29,336	-	29,336
<b>Derivative financial assets</b>	<b>286</b>	<b>29,376</b>	<b>-</b>	<b>29,663</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,463,370</b>	<b>27,771</b>	<b>-</b>	<b>1,491,140</b>
<b>Total financial assets</b>	<b>16,050,250</b>	<b>1,601,946</b>	<b>453,885</b>	<b>18,106,081</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	<b>1,466,597</b>	<b>27,771</b>	<b>-</b>	<b>1,494,368</b>
Held for trading	-	-	-	-
Held for hedging purposes	-	925	-	925
<b>Derivative financial liabilities</b>	<b>-</b>	<b>925</b>	<b>-</b>	<b>925</b>
<b>Total financial liabilities</b>	<b>1,466,597</b>	<b>28,696</b>	<b>-</b>	<b>1,495,293</b>

In thousands of euros

	31 December 2019			
	Level 1 Listed prices on an active market	Level 2 Valuation methods based on observable market data	Level 3 Valuation methods not based on obser- vable market data	Net book value
<b>Financial assets</b>				
Available for sale	3	-	115,993	115,996
<b>Participating interests</b>	<b>3</b>	<b>-</b>	<b>115,993</b>	<b>115,996</b>
Available for sale	387,601	-	4,640	392,241
Designated at fair value through profit or loss	113,149	-	-	113,149
Held for trading	2,719	-	-	2,719
<b>Equities</b>	<b>503,468</b>	<b>-</b>	<b>4,640</b>	<b>508,108</b>
Available for sale	154,757	20,259	83,587	258,602
Designated at fair value through profit or loss	13,696	-	-	13,696
Held for trading	-	-	-	-
<b>Investment funds</b>	<b>168,453</b>	<b>20,259</b>	<b>83,587</b>	<b>272,299</b>
Available for sale	13,189,103	905,490	132,616	14,227,209
Designated at fair value through profit or loss	124,077	307,752	54,633	486,462
Held for trading	-	-	-	-
<b>Bonds</b>	<b>13,313,180</b>	<b>1,213,242</b>	<b>187,250</b>	<b>14,713,672</b>
Held for trading	303	176	-	479
Held for hedging purposes	-	98,263	-	98,263
<b>Derivative financial assets</b>	<b>303</b>	<b>98,440</b>	<b>-</b>	<b>98,742</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>1,367,349</b>	<b>26,901</b>	<b>-</b>	<b>1,394,250</b>
<b>Total financial assets</b>	<b>15,352,756</b>	<b>1,358,842</b>	<b>391,470</b>	<b>17,103,068</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	<b>1,370,814</b>	<b>26,901</b>	<b>-</b>	<b>1,397,715</b>
Held for trading	-	-	-	-
Held for hedging purposes	-	43,722	-	43,722
<b>Derivative financial liabilities</b>	<b>-</b>	<b>43,722</b>	<b>-</b>	<b>43,722</b>
<b>Total financial liabilities</b>	<b>1,370,814</b>	<b>70,623</b>	<b>-</b>	<b>1,441,437</b>

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.

## 6.5. 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 valuation is based on the «Bid Price» supplied by a single counterparty, the security will be recognized in level 2.

In any case, the fair value of the various instruments recognized in level 2 is not based on estimates of the Group.

#### **Level 3: Valuation methods not based on observable market data**

At this level, the fair value is estimated by means of a valuation model which translates the way in which interveners on the market could reasonably determine the price of the instrument if the transaction would take place. This valorization is based on valuation methods which include data that are not based on observable market data.

The valuation of the bond portfolio in level 3 is based on the discounting of future cash flows by using the interest rate curve, the credit spread and maturity assumptions when it comes to perpetual bonds. The valuation of these bonds classified in level 3 stands at 158 million euros at December 31, 2020 compared with 187 million euros at December 31, 2019.

Private equity funds, real estate funds and non-controlling interests of the Group also belong to level 3. The fair value of these participating interests is namely essentially determined on the basis of an internal 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 participating interest for other companies.

The valuation of these assets classified in level 3 stands at 234 million euros at December 31, 2020 compared with 199 million euros at December 31, 2019.

In 2020, we invested in Euroclear for an amount of 56.4 million euros, of which the IFRS level is 3 because it is an unlisted share. The valuation at end-December 2020 is based on the acquisition price.

## 6.6. IMPORTANT TRANSFERS BETWEEN INVESTMENTS ESTIMATED AT FAIR VALUE IN LEVEL 1 AND 2

In thousands of euros	31 December 2020		31 December 2019	
	From level 1 to level 2	From level 2 to level 1	From level 1 to level 2	From level 2 to level 1
<b>Financial assets</b>				
Available for sale	-	-	-	-
<b>Participating interests</b>	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Equities</b>	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Investment funds</b>	-	-	-	-
Available for sale	35,579	84,086	8,240	54,141
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Bonds</b>	<b>35,579</b>	<b>84,086</b>	<b>8,240</b>	<b>54,141</b>
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
<b>Derivative financial assets</b>	-	-	-	-
<b>Investments belonging to unit-linked insurance contracts</b>	-	-	-	-
<b>Total financial assets</b>	<b>35,579</b>	<b>84,086</b>	<b>8,240</b>	<b>54,141</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	-	-	-	-
Held for trading	-	-	-	-
Held for hedging purposes	-	-	-	-
<b>Derivative financial liabilities</b>	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

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

Transfers between investments from level 2 to level 1 (84.1 million euros at end-2020 compared to 54.1 million euros in December 2019) involve securities for which the source of the market price was the price given by a counterparty and which are currently valued by the BGN price (generic Bloomberg) and, inversely, transfers from level 1 to level 2 (i.e. for 35.6 million euros compared to 8.2 million euros in December 2019) involve securities that were valued by BGN (generic Bloomberg) and that are currently valued by the market price given by a counterparty.



## 6.7. EVOLUTION OF INVESTMENTS ESTIMATED AT FAIR VALUE IN LEVEL 3

In thousands of euros	2020		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
<b>Opening balance on 1 January</b>	<b>336,836</b>	<b>54,633</b>	<b>391,470</b>
Acquisitions	102,208	-	102,208
Reclassifications between categories	-	-	-
Reclassification to level 3	-	-	-
Exit from level 3	-	(22,749)	(22,749)
Disposals and reimbursements	(14,627)	(14,999)	(29,626)
Adjustment at fair value through equity	10,539	-	10,539
Adjustment at fair value through profit or loss	-	671	671
Depreciation (premiums/discounts)	1,420	-	1,420
Changes in accrued interests not yet due	(33)	(14)	(47)
Impairments through profit or loss	-	-	-
Other changes	-	-	-
<b>Closing balance on 31 December</b>	<b>436,343</b>	<b>17,542</b>	<b>453,885</b>

In thousands of euros	2019		
	Available-for-sale investments	Financial assets at fair value through profit or loss	Total
<b>Opening balance on 1 January</b>	<b>246,895</b>	<b>64,094</b>	<b>310,989</b>
Acquisitions	86,294	-	86,294
Reclassifications between categories	-	-	-
Reclassification to level 3	52,992	-	52,992
Exit from level 3	-	-	-
Disposals and reimbursements	(64,340)	-	(64,340)
Adjustment at fair value through equity	13,966	-	13,966
Adjustment at fair value through profit or loss	-	(8,830)	(8,830)
Depreciation (premiums/discounts)	1,339	-	1,339
Changes in accrued interests not yet due	(269)	(631)	(900)
Impairments through profit or loss	(41)	-	(41)
Other changes	-	-	-
<b>Closing balance on 31 December</b>	<b>336,836</b>	<b>54,633</b>	<b>391,470</b>

The amount of acquisitions (102 million euros - AFS) mainly includes the acquisition of the Euroclear share (56.4 million euros) as well as in debt funds (+11 million euros) and in infrastructure (+27 million euros). Disposals/reimbursements (14.6 million euros - AFS) relate to partial reimbursements of investments in infrastructure and debt funds. The amount of the transfer from level 3 to level 1 (22.7 million euros - FVPL) relates to the switch from the model price to the BGN (generic Bloomberg) market price of the perpetual bond «MACIFS 3.916 10/29/4».

## 7. Derivative financial instruments

The table below gives an overview of the derivative assets and liabilities:

In thousands of euros	31 December 2020					
	Maturity dates			Total nominal value	Positive fair value	Negative fair value
	< 1 year	Between 1 and 5 years	> 5 year			
Interest rate swaps	-	-	-	-	-	-
Options on interest rates	-	-	-	-	-	-
Forward bonds	-	-	-	-	-	-
Options on shares or indices	23,205	-	-	23,205	327	-
Credit swaps	-	-	-	-	-	-
<b>Subtotal held for trading</b>	<b>23,205</b>	<b>-</b>	<b>-</b>	<b>23,205</b>	<b>327</b>	<b>-</b>
Interest rate swaps	-	-	-	-	-	-
Forward bonds	-	100,000	-	100,000	-	(925)
Forward swaps	150,000	-	-	150,000	29,336	-
<b>Subtotal held for hedging</b>	<b>150,000</b>	<b>100,000</b>	<b>-</b>	<b>250,000</b>	<b>29,336</b>	<b>(925)</b>
<b>Total</b>	<b>173,205</b>	<b>150,272</b>	<b>-</b>	<b>273,205</b>	<b>29,663</b>	<b>(925)</b>

In thousands of euros	31 December 2019					
	Maturity dates			Total nominal value	Positive fair value	Negative fair value
	< 1 year	Between 1 and 5 years	> 5 year			
Interest rate swaps	-	-	-	-	-	-
Options on interest rates	-	-	-	-	-	-
Forward bonds	-	-	-	-	-	-
Options on shares or indices	12,505	272	-	12,777	479	-
Credit swaps	-	-	-	-	-	-
<b>Subtotal held for trading</b>	<b>12,505</b>	<b>272</b>	<b>-</b>	<b>12,777</b>	<b>479</b>	<b>-</b>
Interest rate swaps	-	-	-	-	-	-
Forward bonds	200,000	-	-	200,000	44,564	(43,722)
Forward swaps	200,000	150,000	-	350,000	53,699	-
<b>Subtotal held for hedging</b>	<b>400,000</b>	<b>150,000</b>	<b>-</b>	<b>550,000</b>	<b>98,263</b>	<b>(43,722)</b>
<b>Total</b>	<b>412,505</b>	<b>150,272</b>	<b>-</b>	<b>562,777</b>	<b>98,742</b>	<b>(43,722)</b>

The hedging solutions against the fall in interest rates were maintained in 2020 with a twofold objective:

- To partially protecting oneself against a degradation of our equity in case of an extension of the fall in interest rates;
- To decrease the volatility of our equity in economic value.

With regard to the hedging against lower interest rates, no ineffectiveness of the hedge that should be recorded in the income statement has been identified. As regards spread hedging, initial costs of 0.9 million euros were recognized in the income instatement. Estimating the effectiveness of the spread hedge once these costs have been taken into account does not imply taking into account ineffectiveness.

## 8. Deferred tax assets and liabilities

### 8.1. BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES

In thousands of euros	31 December 2020		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	-	1,462	(1,462)
Available-for-sale investments in other items of comprehensive income	-	539,175	(539,175)
Financial assets designated at fair value through profit or loss	-	3,803	(3,803)
Insurance and investment liabilities in other items of comprehensive income	371,267	-	371,267
Insurance and investment liabilities through profit or loss	87,944	6,869	81,074
Employee benefits in other items of comprehensive income	19,676	-	19,676
Employee benefits through profit or loss	2,085	-	2,085
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	-	32,650	(32,650)
Carried forward tax losses	15,927	-	15,927
<b>Gross deferred tax assets and liabilities</b>	<b>496,899</b>	<b>583,960</b>	<b>(87,061)</b>
Compensation through taxable entity	(496,665)	(496,665)	-
<b>Net deferred tax assets and liabilities</b>	<b>234</b>	<b>87,295</b>	<b>(87,061)</b>

In thousands of euros	31 December 2019		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	843	-	843
Available-for-sale investments in other items of comprehensive income	-	406,813	(406,813)
Financial assets designated at fair value through profit or loss	-	5,411	(5,411)
Insurance and investment liabilities in other items of comprehensive income	283,125	-	283,125
Insurance and investment liabilities through profit or loss	91,617	11,440	80,177
Employee benefits in other items of comprehensive income	13,419	-	13,419
Employee benefits through profit or loss	7,641	-	7,641
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	-	35,728	(35,728)
Carried forward tax losses	56,394	-	56,394
<b>Gross deferred tax assets and liabilities</b>	<b>453,039</b>	<b>459,391</b>	<b>(6,352)</b>
Compensation through taxable entity	(428,132)	(428,132)	-
<b>Net deferred tax assets and liabilities</b>	<b>24,908</b>	<b>31,259</b>	<b>(6,352)</b>

The change of -81 million euros is mainly due to the fluctuation in deferred taxes affecting the investments classified as AFS and in the use of tax losses carried forward, partially offset by the change in deferred tax assets calculated on insurance liabilities, which show an increase.

## 8.2. EVOLUTION OF DEFERRED TAX ASSETS AND LIABILITIES

In thousands of euros	2020			2019		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
<b>Net book value on 1 January</b>	<b>24,908</b>	<b>31,259</b>	<b>(6,352)</b>	<b>99,229</b>	<b>23,060</b>	<b>76,171</b>
Changes through profit or loss	(134,952)	(92,171)	(42,782)	(25,758)	(4,104)	(21,654)
Change in other items of comprehensive income	110,279	148,243	(37,964)	(48,564)	3,989	(52,553)
Change in scope	-	(36)	36	-	8,315	(8,315)
Other changes	-	-	-	-	-	-
<b>Net book value on 31 December</b>	<b>234</b>	<b>87,295</b>	<b>(87,061)</b>	<b>24,908</b>	<b>31,259</b>	<b>(6,352)</b>

## 9. Receivables

### 9.1. BREAKDOWN OF RECEIVABLES BY NATURE

In thousands of euros	31 December 2020		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	246,479	(28,632)	217,848
Receivables arising from ceded reinsurance operations	124,132	-	124,132
Receivables arising from other operations	79,742	(1,187)	78,555
Tax receivables	7,872	-	7,872
Other receivables	86,837	(1,595)	85,241
<b>Total</b>	<b>545,062</b>	<b>(31,414)</b>	<b>513,648</b>

In thousands of euros	31 December 2019		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	250,066	(25,384)	224,682
Receivables arising from ceded reinsurance operations	110,833	-	110,833
Receivables arising from other operations	59,113	(1,248)	57,864
Tax receivables	9,234	-	9,234
Other receivables	80,454	(146)	80,308
<b>Total</b>	<b>509,700</b>	<b>(26,778)</b>	<b>482,922</b>

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 increase of 31 million euros mainly results from the increase in receivables arising from ceded reinsurance operations (13 million euros), particularly due to the coverage of technical liabilities by pledged securities, and the increase in receivables arising from other activities (21 million euros) due to the acquisitions made by NRB in 2020.

## 9.2. EVOLUTION OF IMPAIRMENTS ON RECEIVABLES

In thousands of euros

	2020	2019
<b>Impairments on receivables on 1 January</b>	<b>(26,778)</b>	<b>(19,897)</b>
Provisions of the financial year	(15,763)	(15,466)
Expenditures of the financial year	1,463	1,631
Reversals of the financial year	9,580	8,859
Change in the consolidation scope	(102)	-
Other changes	186	(1,906)
<b>Impairments on receivables on 31 December</b>	<b>(31,414)</b>	<b>(26,778)</b>

## 9.3. 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 euros	31 December 2020							
	Book value before impairment	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 less than 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	246,479	(28,632)	217,848	-	76,293	120,917	19,369	1,268
Receivables arising from ceded reinsurance operations	124,132	-	124,132	-	124,132	-	-	-
Other receivables	174,451	(2,782)	171,669	101	161,729	7,483	1,892	463
<b>Total</b>	<b>545,062</b>	<b>(31,414)</b>	<b>513,648</b>	<b>101</b>	<b>362,154</b>	<b>128,401</b>	<b>21,262</b>	<b>1,731</b>

In thousands of euros	31 December 2019							
	Book value before impairment	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 less than 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	250,066	(25,384)	224,682	-	74,433	134,830	12,286	3,133
Receivables arising from ceded reinsurance operations	110,833	-	110,833	-	110,833	-	-	-
Other receivables	148,801	(1,394)	147,406	-	143,066	2,670	1,361	309
<b>Total</b>	<b>509,700</b>	<b>(26,778)</b>	<b>482,922</b>	<b>-</b>	<b>328,332</b>	<b>137,500</b>	<b>13,648</b>	<b>3,443</b>

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

## 10. Any other assets

In thousands of euros	31 December 2020	31 December 2019
Interest and rent accrued but not yet due	444	397
Other accruals	18,321	17,090
Any other assets	28,867	25,544
<b>Total</b>	<b>47,633</b>	<b>43,032</b>

## 11. Cash and cash equivalents

In thousands of euros	31 December 2020	31 December 2019
Cash at bank and in hand	531,744	397,122
Cash equivalents	-	1,250
<b>Total of the cash and cash equivalents</b>	<b>531,744</b>	<b>398,372</b>
Payables arising from repurchase operations (repo)	(575,631)	(123,590)
Bank overdraft and other debts included in the cash flow statement	(46,578)	(57,800)
Cash and cash equivalents regarding the groups intended to be transferred	-	-
<b>Total of the repurchase operations, cash and cash equivalents in the cash flow statement</b>	<b>(90,464)</b>	<b>216,982</b>

As of December 31, 2020, the amount received as collateral for forward swap securities totals 28,7 million euros (compared to 57,6 million euros as of December 31, 2019) and 16,9 million euros for repo's (compared to -1.3 million euros as of December 31, 2019).

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.

## 12. Available-for-sale assets and liabilities including assets from discontinued activities

In thousands of euros	2020	2019
Intangible assets	-	-
Investment properties	-	2,071
Operational buildings	17,773	17,773
Other tangible fixed assets	1,095	1,432
<b>Total</b>	<b>18,868</b>	<b>21,276</b>

In 2019, Ethias decided to put two of its buildings up for sale. One of the two sales was completed in October 2020, the other will be completed in the course of 2021.

In 2021, the Board of Directors of Ethias has approved the sale of the Liège main office. The sale includes the building on the Rue des Croisiers and the car park on the Rue du Méry, for a total book value of 36 million euros.

## 13. Equity

### 13.1. SUBSCRIBED CAPITAL

The capital issued and paid on 31 December 2020 amounts to 1,000 million euros. It is represented by 20 million shares without indication of the nominal value.

In thousands of euros	31 December 2020	
	In thousands of euros	Number of shares
Registered shares without par value	1,000,000	20,000,000
<b>Total</b>	<b>1,000,000</b>	<b>20,000,000</b>

## 13.2. OTHER ITEMS OF COMPREHENSIVE INCOME

The statement of comprehensive income is presented under point 3 in Chapter *III. Consolidated financial statements*.

### 13.2.1. Evolution of the revaluation reserve of the available-for-sale financial assets

In thousands of euros	2020	2019
<b>Net book value on 1 January</b>	<b>464,881</b>	<b>231,752</b>
Revaluation	571,452	755,196
Related taxes	(155,122)	(161,823)
Shadow accounting	(352,566)	(472,506)
Related taxes	88,141	118,127
Transfer resulting from disposals or impairments	(18,644)	(7,820)
Related taxes	4,661	1,955
Other changes	-	-
<b>Net book value on 31 December</b>	<b>602,804</b>	<b>464,881</b>

### 13.2.2. Evolution of the reserve for actuarial losses and profits on retirement benefit obligations

In thousands of euros	2020	2019
<b>Net book value on 1 January</b>	<b>(32,934)</b>	<b>(6,079)</b>
Recognized actuarial profits and losses	(25,029)	(35,807)
Related taxes	6,257	8,952
Other changes	-	-
<b>Net book value on 31 December</b>	<b>(51,706)</b>	<b>(32,934)</b>

The actuarial gains and losses recognized in 2020 are explained by the decrease in the discount rate partially offset by experience and demographic effects.

### 13.2.3. Evolution of the reserve for hedge accounting

In thousands of euros	2020	2019
<b>Net book value on 1 January</b>	<b>58,575</b>	<b>70,173</b>
Revaluation	23,115	47,950
Related taxes	5,156	(29,710)
De-recognition following exercise option	(49,375)	(37,386)
Related taxes	12,344	9,346
Profits and losses realized on hedging instruments not yet transferred to profit or loss	-	-
Related taxes	-	-
Amortizations	(2,395)	(2,398)
Related taxes	599	599
Other changes	-	-
<b>Net book value on 31 December</b>	<b>48,018</b>	<b>58,575</b>

With regard to the forward bonds and swaps, profits or losses associated with the hedging contract are reclassified to the income statement in the same periods as those during which the covered expected cash flows affect the net profit (loss) (i.e. during the accounting period of interest revenues related to the bond acquired by means of the hedging contract).

The item «Revaluation» records revaluations at fair value on forward bonds in the framework of hedging programmes as well as on forward swaps.

## 14. Insurance and investment contract liabilities

### 14.1. 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.

#### 14.1.1. Liabilities related to Non-Life insurance contracts

In thousands of euros	31 December 2020	31 December 2019
Mathematical provisions	968,039	920,126
Provisions for unearned premiums	296,447	292,976
Claims provisions	2,532,491	2,536,602
Shadow accounting	-	-
Other provisions	205,746	205,899
<b>Total insurance contract liabilities (gross)</b>	<b>4,002,723</b>	<b>3,955,603</b>
Reinsurers' share in liabilities related to Non-Life insurance contracts	156,291	155,524
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>3,846,431</b>	<b>3,800,079</b>

The increase is explained by the strengthening of the Non-Life reserves in 2020.

#### 14.1.2. Liabilities related to Life insurance contracts

In thousands of euros	31 December 2020	31 December 2019
Mathematical provisions	4,203,610	4,189,353
Claims provisions	-	-
Shadow accounting	860,943	700,277
Other provisions	-	-
<b>Insurance contract liabilities</b>	<b>5,064,554</b>	<b>4,889,631</b>
<b>Liabilities related to unit-linked insurance contracts</b>	<b>447,704</b>	<b>403,561</b>
<b>Total insurance contract liabilities (gross)</b>	<b>5,512,258</b>	<b>5,293,192</b>
Reinsurers' share in liabilities related to Life insurance contracts	1,311	1,826
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>5,510,947</b>	<b>5,291,365</b>

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.

The shadow accounting adjustment arises from unrealized gains and losses on the investment portfolio.

The increase in liabilities related to Life insurance contracts is mainly explained by the decrease in interest rates.



### 14.1.3. Investment contract liabilities

In thousands of euros	31 December 2020	31 December 2019
Mathematical provisions	4,376,813	4,320,344
Claims provisions	-	-
Shadow accounting	620,767	449,215
<b>Investment contract liabilities with discretionary participation features</b>	<b>4,997,580</b>	<b>4,769,558</b>
<b>Liabilities related to unit-linked investment contracts with discretionary participation features</b>	<b>1,029,997</b>	<b>977,178</b>
Mathematical provisions	3,227	3,464
<b>Investment contract liabilities without discretionary participation features</b>	<b>3,227</b>	<b>3,464</b>
<b>Liabilities related to unit-linked investment contracts without discretionary participation features</b>	<b>13,440</b>	<b>13,511</b>
<b>Total investment contract liabilities (gross)</b>	<b>6,044,244</b>	<b>5,763,712</b>
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
<b>Total investment contract liabilities (after deduction of the reinsurers' share)</b>	<b>6,044,244</b>	<b>5,763,712</b>

The increase in liabilities related to investment contracts is mainly explained by the decrease in interest rates.

### 14.1.4. Profit sharing liabilities

In thousands of euros	31 December 2020	31 December 2019
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	3,597	21,104
Profit sharing related to investment contracts	36,069	32,164
<b>Liabilities for profit sharing of policyholders</b>	<b>39,666</b>	<b>53,268</b>

## 14.2. EVOLUTION OF LIABILITIES RELATED TO NON-LIFE INSURANCE CONTRACTS

### 14.2.1. Evolution of gross values before reinsurance

In thousands of euros	2020	2019
<b>Insurance contract liabilities on 1 January</b>	<b>3,955,603</b>	<b>3,864,559</b>
Claims paid in the previous years	(422,469)	(380,603)
Change in claim costs compared to the previous financial years	(64,777)	(151,509)
Addition to liabilities on claims of the current year	485,443	595,088
Transfer of received/ceded reserves	-	-
Change in gross reserves for unearned premiums	3,497	1,625
Change in the consolidation scope	-	-
Shadow accounting	-	-
Other changes	45,425	26,443
<b>Insurance contract liabilities on 31 December</b>	<b>4,002,723</b>	<b>3,955,603</b>

Other changes in reserves mainly include changes in mathematical provisions.

### 14.2.2. Evolution of the reinsurers' share

In thousands of euros	2020	2019
<b>Reinsurers' share in insurance contract liabilities on 1 January</b>	<b>155,524</b>	<b>140,537</b>
Reinsurers' share in claims costs	(14,355)	(6,199)
Change in claim costs compared to the previous financial years	4,342	13,248
Addition to liabilities on claims of the current year	10,807	8,029
Other changes in reserves	(27)	(91)
<b>Reinsurers' share in insurance contract liabilities on 31 December</b>	<b>156,291</b>	<b>155,524</b>

### 14.2.3. Development triangles

The table below shows the evolution of the reserves for unsettled claims over the last 10 years. All intended contracts are insurance contracts as defined in the IFRS. This table shows the accumulated values. The columns include all the previous years and the year under review.

In thousands of euros	Claims occurrence years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Provisions for gross claims on the closing date	2,099,521	2,092,978	2,110,994	2,092,494	2,104,045	2,076,655	2,175,915	2,219,389	2,312,238	2,313,458
<b>Accumulated payments:</b>										
2012	424,653									
2013	652,680	397,164								
2014	829,149	621,242	392,400							
2015	902,025	715,510	529,082	317,918						
2016	977,346	809,244	652,016	483,331	338,794					
2017	1,045,508	891,250	747,095	590,706	466,909	310,154				
2018	1,106,182	960,814	828,395	687,415	583,283	466,862	365,399			
2019	1,146,937	1,008,913	887,010	756,142	665,950	573,091	515,840	380,603		
2020	1,186,001	1,052,902	943,619	820,365	743,635	669,022	633,816	551,874	422,469	-
<b>Revaluated reserves:</b>										
2012	1,982,916									
2013	1,933,713	1,981,278								
2014	1,874,301	1,880,709	1,944,985							
2015	1,829,145	1,795,333	1,817,847	1,890,299						
2016	1,751,804	1,699,181	1,707,645	1,731,871	1,880,139					
2017	1,713,925	1,656,289	1,631,421	1,620,225	1,706,555	1,847,647				
2018	1,686,131	1,625,352	1,597,015	1,574,840	1,623,482	1,721,569	1,988,529			
2019	1,678,627	1,611,064	1,580,048	1,546,365	1,593,903	1,675,555	1,920,411	2,097,752		
2020	1,684,568	1,614,109	1,578,086	1,539,465	1,578,858	1,652,732	1,880,588	2,029,127	2,250,484	
Current claim liabilities	498,566	561,207	634,467	719,100	835,223	983,710	1,246,772	1,477,253	1,828,015	2,313,458
<b>Surplus (insufficiency) of the initial provision compared to the estimated cost price on 31 December 2020:</b>										
In nominal value	414,954	478,869	532,908	553,029	525,187	423,922	295,327	190,262	61,754	
In percent	19.76%	22.88%	25.24%	26.43%	24.96%	20.41%	13.57%	8.57%	2.67%	
Other liabilities for claims related to Non-Life insurance contracts										219,033
<b>Total of the provisions for claims related to Non-Life insurance contracts</b>										<b>2,532,491</b>

We have calculated the impact of the reinsurance effect on the development triangles and this was considered not significant.

## 14.3. EVOLUTION OF LIABILITIES RELATED TO LIFE INSURANCE CONTRACTS (WITHOUT UNIT-LINKED INSURANCE CONTRACTS)

### 14.3.1. Evolution of gross values before reinsurance

In thousands of euros	2020	2019
<b>Insurance contract liabilities on 1 January</b>	<b>4,889,631</b>	<b>4,567,127</b>
Premiums	235,088	260,894
Benefits	(278,562)	(260,485)
Time value	93,365	98,219
Internal transfers	(37,511)	(80,278)
Transfer of received/ceded reserves	1,855	(9,975)
Shadow accounting	160,666	311,917
Other changes in reserves	22	2,210
<b>Insurance contract liabilities on 31 December</b>	<b>5,064,554</b>	<b>4,889,631</b>

In 2020, the adequacy test for technical provisions did not result in any additional adjustments to the reserves. The last adjustment made was in 2018 and amounted to 66 million euros.

### 14.3.2. Evolution of the reinsurers' share

In thousands of euros	2020	2019
<b>Reinsurers' share in insurance contract liabilities on 1 January</b>	<b>1,826</b>	<b>2,067</b>
Ceded premiums	-	-
Reinsurers' share in claims costs	-	-
Reinsurers' share in time value	-	-
Transfers	-	-
Other changes in reserves	(515)	(241)
<b>Reinsurers' share in insurance contract liabilities on 31 December</b>	<b>1,311</b>	<b>1,826</b>

## 14.4. EVOLUTION OF INVESTMENT CONTRACT LIABILITIES WITH PROFIT-SHARING (WITHOUT UNIT-LINKED INSURANCE CONTRACTS)

### 14.4.1. Evolution of gross values before reinsurance

In thousands of euros	2020	2019
<b>Investment contract liabilities on 1 January</b>	<b>4,769,558</b>	<b>4,593,694</b>
Premiums	1,093,593	972,670
Benefits	(1,102,429)	(1,054,798)
Time value	43,464	50,601
Internal transfers	(7,133)	130
Transfer of received/ceded reserves	8,686	(993)
Shadow accounting	171,552	174,874
Other changes in reserves	20,287	33,380
<b>Investment contract liabilities on 31 December</b>	<b>4,997,580</b>	<b>4,769,558</b>

The Group did not conclude a reinsurance agreement within the framework of its unit-linked insurance contracts.

## 14.5. EVOLUTION OF LIABILITIES RELATED TO UNIT-LINKED INSURANCE CONTRACTS

In thousands of euros	2020	2019
<b>Liabilities related to unit-linked insurance contracts on 1 January</b>	<b>1,394,250</b>	<b>1,173,222</b>
Premiums	339	249
Benefits	(656)	(16,910)
Revaluation of the provisions	52,825	157,654
Technical result and other transfers	-	-
Internal transfers	44,644	80,148
Transfer of received/ceded reserves	-	-
Other changes in reserves	(262)	(113)
<b>Liabilities related to unit-linked insurance contracts on 31 December</b>	<b>1,491,140</b>	<b>1,394,250</b>

The Group did not conclude a reinsurance agreement within the framework of its unit-linked insurance contracts.

Transfers of reserves from the 1<sup>st</sup> and 2<sup>nd</sup> pillars have been made from branch 21 to branch 23 for an amount of up to 45 million euros.

## 14.6. INSURANCE LIABILITY ADEQUACY TESTING

The adequacy of insurance liabilities («Liability Adequacy Test») is tested using current best estimates of all contractual cash flows, based on the following assumptions:

- Liabilities are updated through an appropriate risk-free interest rate curve in order to take into account the asset and liability management implemented in the company's long-term commitments.
- The surrender law was estimated on the basis of the historic data.

The main accounting estimates and significant judgements are included under point 6 of chapter **IV. General information**.

The net present value of the cash flows is compared with the corresponding technical liabilities. Any inadequacy is recognized in the income statement.

Unrealized gains observed and recognized on assets covering Life insurance liabilities and investment contracts are allocated to liabilities related to Life insurance contracts and investment contracts via the shadow accounting adjustment.

The tests carried out at end-2020 confirmed the adequacy of the liabilities recognized.

## 15. Financial debts

### 15.1. CHANGES IN FINANCIAL DEBTS

In thousands of euros	2020			
	Subordina- ted debts	Lease obligations	Other finan- cial debts	Total
<b>Opening balance on 1 January</b>	<b>484,037</b>	<b>18,950</b>	<b>234,020</b>	<b>737,007</b>
Issuances	-	15,151	8,347	23,497
Interests payable	22,602	699	3,836	27,136
Repayments	(22,602)	(16,727)	(17,544)	(56,873)
Foreign currency translation differences on monetary assets	-	-	-	-
Amortizations	3,671	-	-	3,671
Changes in accrued interests not yet due	(14)	-	(1,939)	(1,953)
Issuances of payables arising from repurchase operations (repo)	-	-	835,867	835,867
Repayments of payables arising from repurchase operations (repo)	-	-	(381,888)	(381,888)
Change in bank overdrafts and other debts included in the cash flow statement	-	-	(11,212)	(11,212)
Change in the consolidation scope	-	-	15,350	15,350
Reclassifications between categories	-	4,206	-	4,206
Other changes	-	12,801	225	13,026
<b>Net book value on 31 December</b>	<b>487,694</b>	<b>35,079</b>	<b>685,061</b>	<b>1,207,834</b>

In thousands of euros	2019			
	Subordina- ted debts	Lease obligations	Other finan- cial debts	Total
<b>Opening balance on 1 January</b>	<b>480,369</b>	<b>29,286</b>	<b>302,891</b>	<b>812,546</b>
Issuances	-	-	13,621	13,621
Interests payable	22,640	74	1,597	24,311
Repayments	(22,640)	(10,410)	(37,692)	(70,743)
Foreign currency translation differences on monetary assets	-	-	-	-
Amortizations	3,687	-	-	3,687
Changes in accrued interests not yet due	(18)	-	52	34
Issuances of payables arising from repurchase operations (repo)	-	-	561,959	561,959
Repayments of payables arising from repurchase operations (repo)	-	-	(654,588)	(654,588)
Change in bank overdrafts and other debts included in the cash flow statement	-	-	16,115	16,115
Change in the consolidation scope	-	-	29,918	29,918
Reclassifications between categories	-	-	(25)	(25)
Other changes	-	-	173	173
<b>Net book value on 31 December</b>	<b>484,037</b>	<b>18,950</b>	<b>234,020</b>	<b>737,007</b>

## 15.2. BREAKDOWN BY NATURE

In thousands of euros	31 December 2020		31 December 2019	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	487,694	580,854	484,037	583,732
<b>Subordinated debts</b>	<b>487,694</b>	<b>580,854</b>	<b>484,037</b>	<b>583,732</b>
<b>Lease obligations</b>	<b>35,079</b>	<b>35,079</b>	<b>18,950</b>	<b>18,950</b>
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	870	870	55	55
Payables arising from repurchase operations (repo)	575,631	575,631	123,590	123,590
Collateral received as guarantee	45,708	45,708	57,745	57,745
Others	62,853	62,853	52,630	52,630
<b>Other financial debts</b>	<b>685,061</b>	<b>685,061</b>	<b>234,020</b>	<b>234,020</b>
<b>Total of the financial debts</b>	<b>1,207,834</b>	<b>1,300,995</b>	<b>737,007</b>	<b>836,702</b>

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.

The increase in financial debts is mainly due to the significant purchase of repo's (+452 million euros).

## 15.3. BREAKDOWN BY MATURITY

In thousands of euros	31 December 2020				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Convertible subordinated bond loans	-	-	-	-	-
Non-convertible subordinated bond loans	19,685	75,000	393,008	-	487,694
<b>Subordinated debts</b>	<b>19,685</b>	<b>75,000</b>	<b>393,008</b>	<b>-</b>	<b>487,694</b>
<b>Lease obligations</b>	<b>13,285</b>	<b>15,344</b>	<b>6,451</b>	<b>-</b>	<b>35,079</b>
Convertible bond loans	-	-	-	-	-
Non-convertible bond loans	-	-	-	-	-
Bank overdrafts	870	-	-	-	870
Payables arising from repurchase operations (repo)	575,631	-	-	-	575,631
Collateral received as guarantee	45,708	-	-	-	45,708
Others	29,318	6,033	27,503	-	62,853
<b>Other financial debts</b>	<b>651,526</b>	<b>6,033</b>	<b>27,503</b>	<b>-</b>	<b>685,061</b>
<b>Total of the financial debts</b>	<b>684,496</b>	<b>96,377</b>	<b>426,961</b>	<b>-</b>	<b>1,207,834</b>

In thousands of euros	31 December 2019				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Convertible subordinated bond loans	-	-	-	-	-
Non-convertible subordinated bond loans	19,709	75,000	375,328	14,000	484,037
<b>Subordinated debts</b>	<b>19,709</b>	<b>75,000</b>	<b>375,328</b>	<b>14,000</b>	<b>484,037</b>
<b>Lease obligations</b>	<b>8,739</b>	<b>9,722</b>	<b>489</b>	<b>-</b>	<b>18,950</b>
Convertible bond loans	-	-	-	-	-
Non-convertible bond loans	-	-	-	-	-
Bank overdrafts	55	-	-	-	55
Payables arising from repurchase operations (repo)	123,590	-	-	-	123,590
Collateral received as guarantee	57,745	-	-	-	57,745
Others	17,574	6,281	28,775	-	52,630
<b>Other financial debts</b>	<b>198,964</b>	<b>6,281</b>	<b>28,775</b>	<b>-</b>	<b>234,020</b>
<b>Total of the financial debts</b>	<b>227,412</b>	<b>91,003</b>	<b>404,592</b>	<b>14,000</b>	<b>737,007</b>

The item «maturities less than 1 year» of the bond loans consists of accrued interest not yet due (19.7 million euros at December 31, 2020).

The amortization of issue costs on the non-convertible subordinated bond amounts to 3.8 million euros as of December 31, 2020 (compared to 3.3 million euros as of December 31, 2019).

## 16. Employee benefits

### 16.1. DESCRIPTION OF THE EMPLOYEE BENEFITS

#### 16.1.1. Post-employment benefits

Various remuneration plans granted at the leaving date of the employees or during their retirement were implemented within the Group. This category mainly includes:

##### Pension benefit obligations

The majority of the systems granted to the employees of the different subsidiaries of the Group are insured within the Group itself through the company Ethias SA or financed in the Ethias Pension Fund. There are two separate types of systems that coexist:

- «Defined benefit» pension commitments, according to which a predefined amount, resulting from the application of a formula, will be paid to an employee upon retirement, or during retirement. This amount generally depends on the following factors: number of years of service, salary and statutory pension limits.
- Pension commitments of the «defined contribution» type by which an employer commits up to the amount of a financing. The employer limits his commitment to the payment of contributions and not to a «predetermined» benefit, contrary to the defined benefit schemes. The employees' pension amount is calculated in proportion to the accumulation of the paid and capitalized contributions.

The Belgian law on complementary insurances imposes a guaranteed minimum yield on employer's and individual contributions. The taking into account of this law, related to the definition (design) of the pension commitment, can in some cases mean that the Belgian defined contribution plans are considered as defined benefit plans according to IAS 19. In general, the employer retains an obligation after the contribution payment.

At the beginning of July 2017, Ethias SA entrusted the financing of a large part of the «retirement» component of the pension commitments in favour of its employees to the Ethias Pension Fund OFP, the multi-employer pension fund created in May 2017.

With regard to the retirement component of the «defined benefit» commitment type, the entire financing of this component was entrusted to the Ethias Pension Fund OFP for persons in employment on 1 July 2017, which resulted in the transfer of their reserves managed under this group insurance to the Ethias Pension Fund OFP.

For the retirement component of the “defined contribution” commitment type, only future contributions (due from 1 July 2017 onwards) will be paid into the Ethias Pension Fund OFP (the reserves set up in this group insurance until that date will continue to be managed within the frame of the reduced policies).

The «decease and disability» component of supplementary pension commitments remains managed as part of group insurance within the Group.

The debt registered on the balance sheet for the bonds transferred to the Ethias Pension Fund OFP corresponds to the pension obligation minus the representative assets held in the Ethias Pension Fund OFP, i.e. 68 million euros.

The Group remains its own insurer for a bond amounting to 174 million euros. Regarding this obligation, by the fact that the Group itself insures part of the future benefits of the pension schemes allocated to its employees, the representative assets of the pension plans do not correspond with the definition of the scheme in the sense of IAS 19.

### Other post-employment benefits

These other post-employment benefits mainly include various advantages offered to pensioners and pre-pensioners: access to health care cover, to cultural activities of the employee association and other miscellaneous 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.

### 16.1.2. Long-term benefits

Long-term benefits refer to advantages granted to active employees and which are not fully payable within the twelve months following the end of the financial year in which the employees provided the services. These benefits include, inter alia, long-term compensated absences, long-service bonuses as well as allowances scheduled within the frame of the «60+» plan (put in place in 2015 and in 2017), concerning the gradual retirement of persons born before January 1, 1961.

### 16.1.3. Termination benefits

Termination benefits refer to amounts paid to employees in the event of dismissal or resignation. This category of advantages also includes provisions constituted by the employer for the charge of the benefits paid to the pre-pensioners until the age of 65. These benefits should only be provisioned if the company committed itself explicitly to grant them.

## 16.2. OVERVIEW OF EMPLOYEE BENEFITS BY NATURE

The debt for employee benefits is analysed as follows:

In thousands of euros	31 December 2020	31 December 2019
Post-employment benefits	241,865	232,012
Long-term employee benefits	41,787	52,096
Termination benefits	1,381	6,175
<b>Total</b>	<b>285,032</b>	<b>290,283</b>

The current value of the financed bonds amounts to 442 million euros (the fair value of the assets is 374 million euros) and that of the non-financed bonds is 174 million euros.

Amounts of the projected benefits

In thousands of euros	2021	2020
Post-employment benefits	10,334	3,249
Long-term employee benefits	10,855	9,569
Termination benefits	56	393
<b>Total</b>	<b>21,245</b>	<b>13,211</b>

## 16.3. ACTUARIAL ASSUMPTIONS AND SENSITIVITY ANALYSIS

### 16.3.1. Actuarial assumptions

Debts for employee benefits are calculated on an actuarial basis, based on the projected unit credit method. The main parameters (financial and demographic assumptions) used for the debt calculation are summarized below:

In thousands of euros	31 December 2020	31 December 2019
Discount rate according to duration:		
3 years	0.00%	0.00%
10 years	0.26%	0.70%
15 years	0.45%	0.95%
25 years	0.54%	1.40%
Expected wage increase	0.50%	0.50%
Inflation rate	1.60%	1.60%
Staff turnover rate:		
For agents of the 148		
in the last 7 years of their career	0.00%	0.00%
otherwise	1.50%	1.50%
For the other groups		
For the DB	1.50%	2.40%
For the DC	4.00%	2.40%
Life table	32% of MR/FR	32% of MR/FR

The discount rates used to actualize the commitments are defined by reference to the market rate at the closing date of first category corporate bonds with a maturity that is comparable to the maturity of the commitments.

The life assumptions are based on official life tables and on experience observed within the Group. All assumptions reflect the Group's best estimate.

The average duration of the Life benefit of the pension schemes is 15 years

### 16.3.2. Sensitivity analysis

We analysed the impact of the change in the main actuarial assumptions on the debt assessment regarding employee benefits.

This analysis showed that an increase in discount rate with 25 basis points should lower the debt with regard to employee benefits with 21 million euros. A decrease of the same level would however result in a debt increase of 22 million euros.

The impact of an increase with 25 basis points of the expected wage increase rate amounts to 18.4 million euros.

In thousands of euros	31 December 2020	31 December 2019
<b>Discount rate</b>		
Increase in rates with 25 basis points	(21,068)	(19,558)
Decrease in rates with 25 basis points	22,050	21,676
<b>Expected wage increase</b>		
Increase in rates with 25 basis points	18,444	17,918



## 16.4. CHANGE IN LIABILITIES OF THE DEFINED BENEFIT SCHEMES

In thousands of euros	2020	2019
<b>Net liabilities of the defined benefit schemes as of January 1<sup>st</sup></b>	<b>232,012</b>	<b>231,248</b>
Total expenses of the defined benefit schemes	27,000	23,396
Contributions paid by the employer	(32,436)	(45,704)
Benefits paid directly by the employer	(9,740)	(12,736)
Revaluation	25,029	35,807
<b>Net liabilities of the defined benefit schemas of December 31<sup>st</sup></b>	<b>241,865</b>	<b>232,012</b>

The main movements in 2020 are a decrease in the contribution paid by Ethias to the OFP and a significant impact of the decrease in the discount rate.

## 16.5. CHANGES IN DEFINED BENEFIT SCHEME OBLIGATIONS AND LONG-TERM BENEFITS

In thousands of euros	2020			2019		
	Post-em- ploy-ment benefits	Long-term benefits	Total	Post-em- ploy-ment benefits	Long- term benefits	Total
<b>Defined benefit scheme obligation as of January 1<sup>st</sup></b>	<b>571,802</b>	<b>52,097</b>	<b>623,899</b>	<b>500,212</b>	<b>57,741</b>	<b>557,954</b>
Cost price of services	30,433	110	30,543	26,450	112	26,562
Interest charges	5,478	16	5,493	9,398	269	9,666
Benefits paid directly by the employer	(9,740)	(10,345)	(20,085)	(12,736)	(7,948)	(20,684)
Benefits paid	(10,242)	-	(10,242)	(4,891)	-	(4,891)
Others	(5,558)	-	(5,558)	(7,269)	-	(7,269)
Revaluation	33,822	(91)	33,731	60,636	1,923	62,559
<b>Defined benefit scheme obligation as of December 31<sup>st</sup></b>	<b>615,995</b>	<b>41,787</b>	<b>657,782</b>	<b>571,802</b>	<b>52,097</b>	<b>623,899</b>

## 16.6. CHANGE IN FAIR VALUE OF THE DEFINED BENEFIT SCHEME ASSETS

In thousands of euros	2020	2019
<b>Fair value of the defined benefit scheme assets as of January 1<sup>st</sup></b>	<b>339,790</b>	<b>268,964</b>
Interest income	3,352	5,184
Employers' contributions	32,437	45,704
Benefits paid	(10,242)	(4,891)
Income of interests on plan assets in excess of interest income	8,793	24,829
<b>Fair value of the defined benefit scheme assets as of December 31<sup>st</sup></b>	<b>374,130</b>	<b>339,790</b>

## 16.7. ALLOCATION OF DEFINED BENEFIT SCHEME ASSETS

In thousands of euros	2020	
	Value	%
Bonds	276,726	74%
Equities	70,508	19%
Real estate	493	0%
Cash	14,401	4%
Illiquid assets	12,002	3%
<b>Total</b>	<b>374,130</b>	<b>100%</b>

## 16.8. ITEMS AFFECTING THE INCOME STATEMENT RELATING TO DEFINED BENEFIT SCHEMES

In thousands of euros	31 December 2020	31 December 2019
Cost price of services	30,433	26,450
Net interest charges	2,125	4,214
Others	-	-
<b>Total expenses</b>	<b>32,558</b>	<b>30,665</b>

## 17. Provisions

In thousands of euros	2020			
	Provisions for disputes	Provisions for financial risks	Other non-tech- nical provisions	Total
<b>Provisions on 1 January</b>	<b>13,555</b>	<b>1,876</b>	<b>16,770</b>	<b>32,201</b>
Provisions (+)	5,441	-	3,689	9,130
Expenditures (-)	(3,393)	-	(5,121)	(8,514)
Reversals (-)	-	(1,876)	(3,076)	(4,952)
Transfers (+/-)	-	-	-	-
Change in scope	102	-	-	102
Other changes	-	-	-	-
<b>Provisions on 31 December</b>	<b>15,705</b>	<b>-</b>	<b>12,262</b>	<b>27,967</b>

In thousands of euros	2019			
	Provisions for disputes	Provisions for financial risks	Other non-tech- nical provisions	Total
<b>Provisions on 1 January</b>	<b>33,313</b>	<b>1,876</b>	<b>10,439</b>	<b>45,628</b>
Provisions (+)	6,936	-	10,117	17,053
Expenditures (-)	-	-	(815)	(815)
Reversals (-)	(26,694)	-	(2,971)	(29,665)
Transfers (+/-)	-	-	-	-
Change in scope	-	-	-	-
Other changes	-	-	-	-
<b>Provisions on 31 December</b>	<b>13,555</b>	<b>1,876</b>	<b>16,770</b>	<b>32,201</b>

The increase in provisions for litigation is mainly due to allocations for new risks, offset to a lesser extent by reversals and uses of provisions following the resolution of certain disputes.

The provisions for financial risks were totally reversed following the disappearance of the risk at end-2020.

## 18. Trade and other payables

### 18.1. BREAKDOWN BY NATURE

In thousands of euros	31 December 2020	31 December 2019
Liabilities arising from direct insurance operations and accepted reinsurance	150,151	164,215
Liabilities arising from ceded reinsurance operations	133,275	127,922
<b>Liabilities from operating activities</b>	<b>283,426</b>	<b>292,137</b>
Tax on current result	4,769	8,962
Other contributions and taxes	27,820	20,522
<b>Tax liability payable</b>	<b>32,589</b>	<b>29,484</b>
Social security payables	67,017	60,052
Payables to related parties	-	-
Payables from finance leases	-	4,643
Trade payables	86,502	84,633
Other payables	74,983	70,693
Accruals for liabilities	14,240	11,401
<b>Other payables</b>	<b>242,742</b>	<b>231,421</b>
<b>Total other payables</b>	<b>558,757</b>	<b>553,042</b>

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

Debts representing finance leases were reclassified in 2020 under the heading of lease obligations.

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.

### 18.2. BREAKDOWN BY MATURITY

In thousands of euros	31 December 2020				
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	Total of the value in the balance
Liabilities arising from direct insurance operations and accepted reinsurance	140,663	503	132	8,853	150,151
Liabilities arising from ceded reinsurance operations	6,460	-	-	126,815	133,275
<b>Liabilities from operating activities</b>	<b>147,123</b>	<b>503</b>	<b>132</b>	<b>135,667</b>	<b>283,426</b>
Tax on current result	4,769	-	-	-	4,769
Other contributions and taxes	27,820	-	-	-	27,820
<b>Tax payables</b>	<b>32,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,589</b>
Social security payables	66,983	34	-	-	67,017
Payables to related parties	-	-	-	-	-
Payables from finance leases	-	-	-	-	-
Trade payables	86,502	-	-	-	86,502
Other payables	73,225	1,758	-	-	74,983
Accruals for liabilities	14,191	27	23	-	14,240
<b>Other payables</b>	<b>240,901</b>	<b>1,818</b>	<b>23</b>	<b>-</b>	<b>242,742</b>
<b>Total other payables</b>	<b>420,613</b>	<b>2,321</b>	<b>155</b>	<b>135,667</b>	<b>558,757</b>

In thousands of euros	31 December 2019				Total of the value in the balance
	Less than 1 year	Between 1 and 5 years	More than 5 years	Undefined	
Liabilities arising from direct insurance operations and accepted reinsurance	154,723	687	76	8,730	164,215
Liabilities arising from ceded reinsurance operations	7,839	-	-	120,082	127,922
<b>Liabilities from operating activities</b>	<b>162,562</b>	<b>687</b>	<b>76</b>	<b>128,812</b>	<b>292,137</b>
Tax on current result	8,962	-	-	-	8,962
Other contributions and taxes	20,521	-	-	1	20,522
<b>Tax payables</b>	<b>29,483</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>29,484</b>
Social security payables	60,052	-	-	-	60,052
Payables to related parties	-	-	-	-	-
Payables from finance leases	4,643	-	-	-	4,643
Trade payables	84,633	-	-	-	84,633
Other payables	70,618	2,075	-	(2,000)	70,693
Accruals for liabilities	11,319	28	28	26	11,401
<b>Other payables</b>	<b>231,264</b>	<b>2,103</b>	<b>28</b>	<b>(1,974)</b>	<b>231,421</b>
<b>Total other payables</b>	<b>423,309</b>	<b>2,790</b>	<b>104</b>	<b>126,839</b>	<b>553,042</b>

## VI. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 1. Income from insurance activities

In thousands of euros	31 December 2020			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	243,054	1,382,016	1,095,117	2,720,187
Premiums ceded to reinsurers	(1,506)	(37,835)	-	(39,340)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(3,498)	-	(3,498)
Other income from insurance activities	3,549	1,284	473	5,307
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>245,097</b>	<b>1,341,968</b>	<b>1,095,590</b>	<b>2,682,655</b>

In thousands of euros	31 December 2019			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	269,662	1,419,125	972,983	2,661,771
Premiums ceded to reinsurers	(2,888)	(37,450)	-	(40,338)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(1,702)	-	(1,702)
Other income from insurance activities	3,568	1,982	33	5,584
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>270,342</b>	<b>1,381,956</b>	<b>973,017</b>	<b>2,625,314</b>

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

### 2. Technical expenses for insurance activities

In thousands of euros	31 December 2020			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Claims and insurance benefits	356,345	990,475	1,159,139	2,505,959
Net expenses or revenues ceded to reinsurers	(746)	(23,229)	-	(23,975)
Management costs	16,517	277,258	20,782	314,557
<b>Technical expenses for insurance activities</b>	<b>372,116</b>	<b>1,244,504</b>	<b>1,179,921</b>	<b>2,796,541</b>

In thousands of euros	31 December 2019			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Claims and insurance benefits	412,440	1,099,513	1,186,103	2,698,055
Net expenses or revenues ceded to reinsurers	(1,670)	(29,717)	-	(31,387)
Management costs	16,668	268,415	19,778	304,861
<b>Technical expenses for insurance activities</b>	<b>427,438</b>	<b>1,338,211</b>	<b>1,205,881</b>	<b>2,971,529</b>

Deposit accounting is applied to expenses and benefits regarding investment contracts without discretionary participation. They are recognized within investment expenses.

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

### 3. Net profit (loss) of cessions in reinsurance

In thousands of euros	31 December 2020	31 December 2019
Premiums ceded to reinsurers	(39,340)	(40,338)
Change in provision for unearned premiums - reinsurers' share	(27)	(91)
Net expenses or revenues ceded to reinsurers	23,975	31,387
<b>Net profit (loss) of cessions in reinsurance</b>	<b>(15,393)</b>	<b>(9,043)</b>

### 4. Net profit (loss) of other activities

In thousands of euros	31 December 2020	31 December 2019
Revenues of institutions not being insurance companies	332,249	273,492
Other revenues of institutions not being insurance companies	15,092	19,999
Other revenues related to insurance activities	505	1,347
<b>Revenues from other activities</b>	<b>347,846</b>	<b>294,837</b>
Operating expenses of institutions not being insurance companies	(271,946)	(232,144)
Operating expenses of institutions being insurance companies	(6,911)	(7,687)
Other revenues of institutions not being insurance companies	(28,420)	(32,885)
Other expenses of institutions being insurance companies *	(17,541)	8,518
<b>Expenses for other activities</b>	<b>(324,818)</b>	<b>(264,197)</b>
<b>Net profit (loss) of other activities</b>	<b>23,027</b>	<b>30,640</b>

The net profit (loss) of other activities does not include financial revenues or financial expenses. Other revenues and expenses related to insurance activities include non-technical revenues and expenses liberated by the Group's insurance companies.

## 5. Net financial result without finance costs

In thousands of euros

	31 December 2020					
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments recognized through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	Total
<b>Investment properties</b>	<b>32,783</b>	<b>10,325</b>	-	<b>(16,409)</b>	<b>1,876</b>	<b>28,575</b>
Available for sale	1,737	(2,860)	-	-	-	(1,123)
<b>Participating interests</b>	<b>1,737</b>	<b>(2,860)</b>	-	-	-	<b>(1,123)</b>
Available for sale	16,665	5,433	-	(6,305)	-	15,793
At fair value through profit or loss	2,441	1,852	14,261	-	-	18,555
Held for trading	187	4,215	(1,816)	-	-	2,586
<b>Shares and investment funds</b>	<b>19,293</b>	<b>11,501</b>	<b>12,445</b>	<b>(6,305)</b>	-	<b>36,934</b>
Available for sale	300,022	6,486	3	10,100	-	316,612
At fair value through profit or loss	10,741	1,977	17,808	-	-	30,525
Unlisted at amortized cost price	-	-	-	-	-	-
<b>Bonds</b>	<b>310,763</b>	<b>8,463</b>	<b>17,811</b>	<b>10,100</b>	-	<b>347,137</b>
<b>Loans, deposits and other financial investments</b>	<b>14,304</b>	<b>(5,494)</b>		<b>5,054</b>	-	<b>13,864</b>
Held for trading	-	27	(1,207)	-	-	(1,181)
Held for hedging purposes	-	-	130	-	-	130
<b>Derivative financial instruments</b>	-	<b>27</b>	<b>(1,078)</b>	-	-	<b>(1,051)</b>
<b>Investments belonging to unit-linked insurance contracts</b>	-	<b>74</b>	<b>427</b>	-	-	<b>502</b>
<b>Cash and cash equivalents</b>	<b>5,878</b>	-	<b>(151)</b>	-	-	<b>5,728</b>
<b>Others</b>	<b>2,350</b>	-	-	-	<b>(18,165)</b>	<b>(15,815)</b>
<b>Net financial result without finance costs</b>	<b>387,108</b>	<b>22,036</b>	<b>29,456</b>	<b>(7,560)</b>	<b>(16,289)</b>	<b>414,751</b>

In thousands of euros

	31 December 2019					Total
	Net income from investments	Net realized gains or losses on investments	Change in fair value of investments recognized through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
<b>Investment properties</b>	<b>32,876</b>	<b>10,096</b>	-	<b>(16,627)</b>	-	<b>26,345</b>
Available for sale	1,674	30,379	-	130	-	32,182
<b>Participating interests</b>	<b>1,674</b>	<b>30,379</b>	-	<b>130</b>	-	<b>32,182</b>
Available for sale	19,315	2,786	-	13,423	-	35,524
At fair value through profit or loss	5,992	15,126	118,344	-	-	139,462
Held for trading	25	1,339	(429)	-	-	936
<b>Shares and investment funds</b>	<b>25,332</b>	<b>19,252</b>	<b>117,915</b>	<b>13,423</b>	-	<b>175,922</b>
Available for sale	310,148	4,271	-	-	-	314,419
At fair value through profit or loss	15,462	(326)	40,396	-	-	55,532
Unlisted at amortized cost price	19	-	-	-	-	19
<b>Bonds</b>	<b>325,629</b>	<b>3,945</b>	<b>40,396</b>	-	-	<b>369,970</b>
<b>Loans, deposits and other financial investments</b>	<b>12,910</b>	<b>(518)</b>	-	<b>3,300</b>	-	<b>15,691</b>
Held for trading	-	-	(993)	-	-	(993)
Held for hedging purposes	-	-	1,016	-	-	1,016
<b>Derivative financial instruments</b>	-	-	<b>23</b>	-	-	<b>23</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>61</b>	<b>162</b>	<b>2,683</b>	-	-	<b>2,906</b>
<b>Cash and cash equivalents</b>	<b>1,157</b>	<b>11</b>	<b>(98)</b>	-	-	<b>1,070</b>
<b>Others</b>	<b>10,554</b>	-	-	-	<b>(24,518)</b>	<b>(13,964)</b>
<b>Net financial result without finance costs</b>	<b>410,193</b>	<b>63,325</b>	<b>160,919</b>	<b>225</b>	<b>(24,518)</b>	<b>610,144</b>

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

## 6. Finance costs

In thousands of euros

	31 December 2020	31 December 2019
Expenses related to bond loans	26,258	26,309
Expenses related to lease obligations	699	74
Expenses related to other financial debts	1,897	1,649
<b>Total of the finance costs</b>	<b>28,854</b>	<b>28,032</b>



## 7. Expenses by nature and allocation

In thousands of euros	31 December 2020	31 December 2019
Internal claim handling costs	104,276	121,416
Acquisition costs of contracts	76,175	85,064
Management costs	153,169	138,666
Management costs of investments	10,316	19,210
General costs related to other activities	278,857	239,831
<b>Total of the overhead costs by allocation</b>	<b>622,793</b>	<b>604,187</b>
Employee benefit expenses	325,783	311,719
Rental and leasing expenses	1,410	1,452
Expenses related to operational buildings	7,462	5,387
IT costs	121,662	109,593
Allocations, amortizations and Provisions for Other Risks and Expenses	23,070	36,156
Other expenses	149,108	144,545
Recovered overhead costs (-)	(5,702)	(4,665)
<b>Total of the overhead costs by nature</b>	<b>622,793</b>	<b>604,187</b>

Other expenses mainly consist of contributions, postage expenses, consulting expenses as well as advertising and sponsorship expenses at Ethias and overhead costs related to the other activities of the subsidiaries.

## 8. Employee benefit expenses

In thousands of euros	31 December 2020	31 December 2019
Wages	223,442	211,096
Social security expenses	60,646	56,582
Post-employment benefits	(4,415)	(581)
Defined benefit schemes	32,558	30,665
Other long-term benefits	178	267
Other benefits	477	1,387
Others	12,897	12,304
<b>Total of the employee benefit expenses</b>	<b>325,783</b>	<b>311,719</b>

The amount of the expenses included in the income statement on the defined contribution pension schemes mainly comprises the cost of services, the financial cost as well as taxes and contributions inherent in group insurance products. 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 under the heading “Others” include termination benefits and benefits in kind granted to the employees.

## 9. Income taxes

### 9.1. OVERVIEW OF THE TAX EXPENSE

In thousands of euros	31 December 2020	31 December 2019
Payable tax	(28,264)	(19,349)
Deferred tax	(42,782)	(21,654)
<b>Income tax on permanent activities</b>	<b>(71,046)</b>	<b>(41,002)</b>
Payable tax on available-for-sale activities	-	-
Deferred tax on available-for-sale activities	-	-
<b>Tax on available-for-sale activities</b>	<b>-</b>	<b>-</b>
<b>Tax expenses recognized through profit or loss</b>	<b>(71,046)</b>	<b>(41,002)</b>
<b>Tax expenses recognized in other comprehensive income components</b>	<b>(37,964)</b>	<b>(52,554)</b>

## 9.2. ANALYSIS OF THE TAX EXPENSES

The following table presents the reconciliation between expected and actual income tax:

In thousands of euros	31 December 2020	31 December 2019
<b>Profit before tax (excluding contribution from discontinued operations and associated companies)</b>	<b>295,040</b>	<b>266,537</b>
<b>Theoretical tax rate</b>	<b>25%</b>	<b>29,58%</b>
<b>Expected tax expense</b>	<b>(73,760)</b>	<b>(78,842)</b>
Impact of non-deductible expenses	(24,202)	(26,395)
Impact of non-taxable revenues	19,775	30,426
Impact of fiscal deficits	39,694	36,122
Impact of other temporary differences	(30,117)	(1,927)
Other impacts	(2,435)	(387)
<b>Total of the tax expense adjustments</b>	<b>2,714</b>	<b>37,839</b>
<b>Real tax expense/proceed</b>	<b>(71,046)</b>	<b>(41,002)</b>
<b>Effective tax rate</b>	<b>24%</b>	<b>15%</b>

Impact of non-deductible expenses mainly originates from impairments and losses on realized securities as well as allocations to taxed provisions. Under the heading of non-taxable revenues, the eligible dividends are recognized as definitively taxed income and reversed impairments on securities. Added to this are the reversals of taxed provisions. Moreover, fiscal deficits vary according to the use of tax losses carried forward. The other impacts mainly represent the influence of consolidation adjustments on taxes. Lastly, other temporary differences include, in particular, taxes resulting from temporary valuation differences on assets and liabilities.

## VII. NOTES RELATING TO ITEMS NOT INCLUDED IN THE BALANCE SHEET

### 1. Lease contracts

#### 1.1. ETHIAS AS LESSOR

Ethias did not conclude contracts that are considered as financial lease contracts. All the information below relates to simple lease contracts concluded by the Group

Minimum amount of the future net rent to be received arising from irrevocable simple lease contracts:

In thousands of euros	31 December 2020	31 December 2019
Past due during the year	43,272	43,187
Within more than one and maximum 5 years	170,091	167,663
Within more than 5 years	356,471	356,045
<b>Total</b>	<b>569,833</b>	<b>566,896</b>

Rent amount recognized as proceed within the financial year:

In thousands of euros	31 December 2020	31 December 2019
Minimum rent	34,622	37,795
Conditional rent	3,402	3,844
<b>Total</b>	<b>38,024</b>	<b>41,640</b>

Leased assets mainly relate to real estate.

#### 1.2. ETHIAS AS LESSEE

The lease contracts entered into by Ethias are detailed in points 4 (« Right-of-use of assets») and 15 («Financial debts») of chapter V. **Notes to the consolidated balance sheet.**

### 2. 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, who are the directors of Ethias SA;
- The entities exercising joint control or significant influence over the entity, which are the Federal State via the SFPI/FPIM, the Walloon Region via the SRIW, the Flemish Region and EthiasCo;
- The non-consolidated subsidiaries, which are L'ouvrier chez lui and Sire Holding;
- The joint ventures in which the entity is a joint venturer, which are WLP Holding (from 2020) and Belgium DC;
- The associated companies, which are IMA Benelux (from 2020), Ariane Building, AssurCard, Bedrijvencentrum Meetjesland (until 2019), Bedrijvencentrum Geraardsbergen, Epimede, Idelux (from 2020), Palais des Expositions Charleroi, NEB Foncière, NEB Participations and Vital Building; and
- The other related parties, viz. Ethias Pension Fund (OFP).

In accordance with IAS 24, the Group lists transactions between related parties.

## 2.1. TRANSACTIONS RELATED TO THE BALANCE SHEET

In thousands of euros	31 December 2020					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Loans	60,000	-	11,621	19,043	-	90,665
Receivables	-	-	14	1,212	-	1,225
Any other assets	-	-	-	-	-	-
<b>Total assets with related parties</b>	<b>60,000</b>	<b>-</b>	<b>11,635</b>	<b>20,255</b>	<b>-</b>	<b>91,890</b>
Insurance and investment contract liabilities	-	-	-	-	-	-
Financial debts	-	-	-	-	-	-
Trade and other payables	-	-	78	-	-	78
<b>Total liabilities with related parties</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>78</b>

In thousands of euros	31 December 2019					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Loans	-	-	-	16,815	-	16,815
Receivables	-	-	12	-	-	12
Any other assets	-	-	-	-	-	-
<b>Total assets with related parties</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>16,816</b>	<b>-</b>	<b>16,827</b>
Insurance and investment contract liabilities	-	-	-	-	-	-
Financial debts	-	-	-	-	-	-
Trade and other payables	-	-	76	-	-	76
<b>Total liabilities with related parties</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>76</b>

In 2020, Ethias granted a loan of 60 million euros to the SRIW and of 11.6 million euros to WLP Holding.

## 2.2. TRANSACTIONS RELATED TO REVENUES AND EXPENSES

In thousands of euros	31 December 2020					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Turnover	-	-	11	1,583	-	1,594
Operating expenses	92	-	(769)	(2,594)	(33,983)	(37,253)
Financial income	-	13	121	2,411	-	2,545
Financial expenses	-	-	-	-	-	-
<b>Total</b>	<b>92</b>	<b>13</b>	<b>(637)</b>	<b>1,400</b>	<b>(33,983)</b>	<b>(33,115)</b>

In thousands of euros	31 December 2019					
	The entities exercising joint control or significant influence over the entity.	Non-consolidated subsidiaries	Joint ventures	Associated companies	Other related parties	Total
Turnover	-	-	10	-	-	10
Operating expenses	105	-	(691)	-	(48,003)	(48,589)
Financial income	-	13	-	4,859	-	4,872
Financial expenses	-	-	-	-	-	-
<b>Total</b>	<b>105</b>	<b>13</b>	<b>(681)</b>	<b>4,859</b>	<b>(48,003)</b>	<b>(43,708)</b>

Operating expenses mainly relate to invoices paid by Ethias to the OFP for the employees' group insurance.

## 2.3. REMUNERATIONS FOR KEY MANAGEMENT PERSONNEL

The directors and members of the Management Committee of Ethias SA are considered as key management personnel. The list of these managers is included under point 10 of chapter *II. Report of the Board of Directors*.

The total amount of their remunerations include the following elements:

In thousands of euros	31 December 2020	31 December 2019
Short-term benefits	2,795	3,149
Post-employment benefits	784	554
Termination benefits	685	1,319
Other long-term benefits	-	-
<b>Remunerations and other benefits for managers and directors</b>	<b>4,264</b>	<b>5,023</b>

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

None of the key managers have received loans or advances at a preferential interest rate from the Group.

## 2.4. OTHER TRANSACTIONS WITH RELATED PARTIES

In 2020, Ethias made a lending commitment to the SRIW for an amount of 40 million euros, as well as a commitment of 61.6 million euros to WLP Holding, of which 27.7 million euros is a loan and 33.9 million an additional investment.

# 3. Fees of the Statutory Auditor

In thousands of euros	31 December 2020	31 December 2019
Fees for audit services	976	930
Fees for services relating to audit services	76	142
Fees for fiscal advice	48	36
Other fees for non-audit services	314	389
<b>Total</b>	<b>1,413</b>	<b>1,495</b>

# 4. Commitments

## 4.1. RECEIVED COMMITMENTS

In thousands of euros	31 December 2020	31 December 2019
Guarantee commitments	708,041	748,096
Finance commitment	5,219	623
Other received commitments	-	-
<b>Total</b>	<b>713,260</b>	<b>748,718</b>

Guarantee commitments mainly include guarantees linked to mortgage loans granted to the Group.

## 4.2. GIVEN COMMITMENTS

In thousands of euros	31 December 2020	31 December 2019
Guarantee commitments with regard to financing	-	-
Other guarantee commitments	11,985	12,559
Commitments on securities	582,961	123,631
Other given commitments	457,233	204,490
<b>Total</b>	<b>1,052,179</b>	<b>340,680</b>

Other guarantee commitments mainly include securities pledged as collateral under an accepted reinsurance contract taken over by Ethias SA.

The commitments on securities mainly include repurchase operations for 577.6 million euros at December 31, 2020 (compared to 123.6 million at December 31, 2019) following the implementation of an investment programme financed by repos.

Other commitments given consist mainly of commitments to acquire securities and loans.

## 5. Contingent liabilities

An amount of 12.8 million euros corresponds to a contingent liability arising from a litigation between Ethias and an institutional client. At the preliminary stage of this litigation, the probability of losing this litigation in whole or in part is estimated to be less than 50%. The different scenarios envisaged and the amount of the contingent liability arising from them could be reassessed in the future in the light of developments in the procedure.

## 6. Events after the reporting period that do not give rise to adjustments

None.

## VIII. OTHER INFORMATION

1. **Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2020**



### **FREE TRANSLATION**

**ETHIAS SA/NV**

**Statutory auditor's report to the general  
shareholders' meeting on the consolidated  
accounts for the year ended 31 December 2020**

23 April 2021



## FREE TRANSLATION

### STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ETHIAS SA/NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Ethias SA/NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 20 May 2020, following the proposal formulated by the board of directors and following the recommendation by the audit and risk committee and the proposal formulated by the workers' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the Company's consolidated accounts for thirteen consecutive years.

## Report on the consolidated accounts

### *Unqualified opinion*

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated balance sheet as at 31 December 2020, as well as 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which are characterised by a consolidated balance sheet total of EUR '000' 20.840.431 and a net consolidated profit for the year of EUR '000' 223.225.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

### *Basis for unqualified opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.



We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Adequacy of insurance and investment contract liabilities

##### *Description of the key audit matter*

As at 31 December 2020, insurance and investment contract liabilities amount to EUR '000' 15.598.890 and represent 75% of the total of the consolidated statement of financial position (see appendix V.14 of consolidated accounts).

The adequacy test of these liabilities is complex and relies on a significant degree of judgment. The assumptions made in the adequacy test of these liabilities may be influenced by economic conditions, future management actions as well as by the laws and regulations applicable to the Group.

Given the materiality of these liabilities in the consolidated accounts as well as the risk of inadequacy, we consider the adequacy of these liabilities to be a key audit matter.

##### *How our audit addressed the key audit matter*

Assisted by our internal actuarial experts, we reviewed the design and tested the operational effectiveness of the key controls put in place by the Group to guarantee the adequacy of these liabilities. We have also paid particular attention to the controls implemented by the Group in order to ensure the quality of the data used in the context of the adequacy test of these liabilities relating to insurance and investment contracts.

We have also assessed the relevance of the adequacy test of these liabilities, considering the current market conditions as well as its adequacy in relation to the technical results observed during the past financial year.

Finally, we performed an independent test on the adequacy of these liabilities and compared it with the amounts determined by the Group.

Note that we have shared and corroborated our conclusions with the actuaries and the actuarial function of the Group.

Based on our audit, we believe that the assumptions used to determine the adequacy of insurance and investment contract liabilities are reasonable. The independent tests we carried out did not reveal any exceptions as to the adequacy of these liabilities.



Valuation of financial assets and liabilities for which no quoted prices in active markets are available ("levels 2 and 3")

*Description of the key audit matter*

The Group holds financial assets and liabilities for which there is no quoted price in an active market. As mentioned in Note V.6 to the consolidated accounts, the fair value of a certain number of these financial instruments is determined using valuation techniques, whether or not based on observable market data.

As at 31 December 2020, the Group holds level 2 financial assets with a fair value of EUR '000' 1.601.946, level 2 financial liabilities with a fair value of EUR '000' 28.696 and level 3 financial assets with a fair value of EUR '000' 453.885.

In particular, the fair value of level 2 financial instruments is based on data that are observable either directly or indirectly and are estimated using external and independent quotations. The fair value of level 3 financial instruments is estimated using a valuation model, of which the inputs are not observable on the market.

The valuation of these financial instruments is a key audit matter due to the importance of the estimates made and whose assumptions may not be observable on the market.

*How our audit addressed the key audit matter*

We have reviewed the design and operational effectiveness of the key controls put in place by the Group to guarantee the accuracy of the valuation of these level 2 and 3 financial instruments.

For a sample of financial instruments, we have also reviewed the estimates made and the key assumptions used in determining their fair value. We also performed tests on the standing data used in determining the fair value.

Finally, we involved experts in the valuation of financial instruments who independently recalculated the fair value for a sample of financial instruments.

We believe that the key assumptions used in determining the fair value of these financial instruments are reasonable. The independent tests we performed did not reveal any exceptions in determining the fair value of financial instruments for which a quoted price in an active market is not available.

***Responsibilities of the board of directors for the preparation of the consolidated accounts***

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### ***Statutory auditor's responsibilities for the audit of the consolidated accounts***

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Other legal and regulatory requirements**

### ***Responsibilities of the board of directors***

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

### ***Statutory auditor's responsibilities***

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

### ***Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts***

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts, is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by the article 3:2, §2 of the Companies' and Associations' Code is included in a separate report. The report of non-financial information contains the information required by virtue of article 3:32, §2 of the Companies' and Associations' Code, and agrees with the consolidated accounts for the same year. The Company has prepared the non-financial information, based on internationally recognized reference frameworks. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the said reference frameworks.

### ***Statement related to independence***

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

***Other statements***

This report is consistent with the additional report to the audit and risk committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 23 April 2021

The statutory auditor  
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV  
Represented by

Tom Meuleman  
Réviseur d'Entreprises / Bedrijfsrevisor

# IX. ANNUAL ACCOUNTS OF ETHIAS SA

## 1. Balance sheet

Assets	2020	2019
<b>B. Intangible assets</b>	<b>113,309,350</b>	<b>123,225,660</b>
I. Formation expenses	10,337	518,769
II. Intangible assets	113,299,013	122,706,891
1. Goodwill	39,308,695	45,300,264
2. Other intangible assets	66,688,371	41,793,417
3. Advance payments	7,301,947	35,613,209
<b>C. Investments</b>	<b>15,347,455,382</b>	<b>14,719,182,423</b>
I. Land and properties	204,542,669	210,882,267
1. Real estate for corporate purposes	56,139,658	60,623,562
2. Others	148,403,011	150,258,705
II. Investments in associated companies and participations	426,095,785	394,665,787
- Associated companies	372,286,261	342,528,728
1. Participating interests	372,286,261	342,528,728
2. Certificates, bonds and receivables	0	0
- Other companies linked by a participating interest	53,809,524	52,137,058
3. Participating interests	39,397,591	36,152,520
4. Certificates, bonds and receivables	14,411,933	15,984,538
III. Other financial investments	14,712,928,293	14,109,496,807
1. Equities, shares and other variable-income securities	645,417,350	468,499,550
2. Bonds and other fixed-income securities	13,264,262,157	12,987,729,288
4. Mortgage loans and mortgage credits	360,478,259	349,267,510
5. Other loans	441,611,865	301,474,964
6. Deposits with credit institutions	1,118,050	2,349,216
7. Others	40,612	176,279
IV. Deposits with ceding companies	3,888,635	4,137,563
<b>D. Investments related to operations linked to a "Life" business investment fund whose investment risk is not borne by the company</b>	<b>1,491,140,460</b>	<b>1,394,250,497</b>
<b>Dbis. Reinsurers' share of technical provisions</b>	<b>157,602,458</b>	<b>157,350,426</b>
I. Provision for unearned premiums and outstanding risks	477,596	505,085
II. Provision for Life insurance	1,311,168	1,826,437
III. Provision for claims to be paid	155,813,693	155,018,904
<b>E. Receivables</b>	<b>426,194,548</b>	<b>415,475,622</b>
I. Receivables arising from direct insurance operations	215,891,988	222,587,052
1. Policyholders	102,200,937	108,647,491
2. Insurance intermediaries	28,075,401	26,221,880
3. Others	85,615,650	87,717,682
II. Receivables arising from reinsurance operations	124,131,886	110,833,241
III. Other receivables	86,170,675	82,055,328
<b>F. Other asset items</b>	<b>501,047,885</b>	<b>377,563,716</b>
I. Tangible assets	21,254,973	24,138,093
II. Available values	479,792,911	353,425,623
<b>G. Accruals</b>	<b>187,516,414</b>	<b>195,518,892</b>
I. Interest and rent earned but not yet due	187,516,414	195,518,892
<b>Total assets</b>	<b>18,224,266,496</b>	<b>17,382,567,236</b>

Passif	2020	2019
<b>A. Equity</b>	<b>1,461,309,676</b>	<b>1,359,668,064</b>
I. Subscribed capital or equivalent funds, net of uncalled capital	1,000,000,000	1,000,000,000
1. Issued capital	1,000,000,000	1,000,000,000
III. Revaluation surpluses	19,731,395	20,249,570
IV. Reserves	67,399,565	54,902,951
1. Statutory reserve	54,650,000	44,450,000
3. Untaxed reserves	10,964,784	9,186,345
4. Available reserves	1,784,781	1,266,605
V. Result carried forward	374,178,717	284,515,543
1. Profit carried forward	374,178,717	284,515,543
<b>B. Subordinated debts</b>	<b>471,508,397</b>	<b>468,346,270</b>
<b>Bbis Funds for future appropriations</b>	<b>18,378,650</b>	<b>6,378,650</b>
<b>C. Technical provisions</b>	<b>13,515,881,835</b>	<b>13,403,480,294</b>
I. Provisions for unearned premiums and outstanding risks	296,446,682	292,976,236
II. Provision for Life insurance	9,446,282,976	9,373,511,011
III. Provision for claims to be paid	3,502,651,601	3,458,849,415
IV. Provision for profit sharing and refunds	40,132,859	53,685,412
V. Equalization and catastrophe provision	24,622,014	18,559,358
VI. C. Other technical provisions	205,745,703	205,898,863
<b>D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company</b>	<b>1,491,140,460</b>	<b>1,394,250,497</b>
<b>E. Provisions for other risks and costs</b>	<b>64,691,130</b>	<b>80,762,702</b>
I. Provisions for pensions and similar liabilities	55,592	449,532
II. Provisions for taxes	3,514,901	3,591,832
III. Other provisions	61,120,637	76,721,338
<b>F. Deposits received from reinsurers</b>	<b>126,814,641</b>	<b>120,082,410</b>
<b>G. Debts</b>	<b>1,055,651,550</b>	<b>529,002,268</b>
I. Liabilities arising from direct insurance operations	152,084,056	166,256,943
II. Reinsurance payables	6,459,894	7,839,342
IV. Debts owed to credit institutions	624,180,419	181,430,318
V. Other debts	272,927,182	173,475,665
1. Amounts payable for taxes, remuneration and social security	60,868,284	57,594,343
a) taxes	21,083,475	19,758,243
b) remunerations and social security costs	39,784,809	37,836,100
2. Others	212,058,898	115,881,322
<b>H. Accruals</b>	<b>18,890,156</b>	<b>20,596,082</b>
<b>Total liabilities</b>	<b>18,224,266,496</b>	<b>17,382,567,236</b>

## 2. Income statement

I. Technical account Non-Life	2020	2019
<b>1. Earned premiums, net of reinsurance</b>	<b>1,340,683,654</b>	<b>1,379,973,398</b>
a) Gross premiums	1,382,016,259	1,419,125,303
b) Outgoing reinsurance premiums (-)	-37,834,669	-37,450,111
c) Change in the provision for unearned premiums and outstanding risks, gross of reinsurance (increase -, decrease +)	-3,470,447	-1,610,454
d) Change in the provision for unearned premiums and outstanding risks, reinsurers' share (increase +, decrease -)	-27,489	-91,339
<b>2bis. Investment income</b>	<b>122,269,534</b>	<b>143,046,427</b>
a) Income from investments in associated companies or companies linked by a participating interest	1,824,458	7,555,391
aa) associated companies	366,562	6,601,384
1° participating interests	366,562	6,192,303
2° certificates, bonds and receivables	0	409,081
bb) other companies linked by a participating interest	1,457,896	954,007
1° participating interests	1,002,481	919,074
2° certificates, bonds and receivables	455,415	34,933
b) Income from other investments	97,002,856	94,276,871
aa) income from land and properties	1,396,718	119,849
bb) income from other investments	95,606,138	94,157,023
c) Write-back of value adjustments on investments	12,546,181	16,888,379
d) Gains on disposal	10,896,039	24,325,785
<b>3. Other technical income, net of reinsurance</b>	<b>1,284,499</b>	<b>1,982,173</b>
<b>4. Claims costs, net of reinsurance (-)</b>	<b>-975,400,745</b>	<b>-1,081,283,152</b>
a) Net amounts paid	930,331,378	1,008,721,954
aa) gross amounts	948,960,637	1,020,977,989
bb) reinsurers' share (-)	-18,629,259	-12,256,035
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	45,069,367	72,561,197
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	45,864,156	87,639,127
bb) change in provision for claims to be paid, reinsurers' share (increase +, decrease -)	-794,789	-15,077,930
<b>5. Change in the other technical provisions, net of reinsurance (increase +, decrease -)</b>	<b>153,160</b>	<b>238,858</b>
<b>6. Profit sharing and refunds, net of reinsurance (-)</b>	<b>-3,325,068</b>	<b>-6,800,396</b>
<b>7. Net operating costs (-)</b>	<b>-251,178,968</b>	<b>-263,164,140</b>
a) Acquisition costs	115,234,158	129,116,210
c) Administrative costs	139,773,256	136,431,126
d) Commissions received from the reinsurers and participating interests (-)	-3,828,446	-2,383,195
<b>7bis. Investment-related costs (-)</b>	<b>-22,899,542</b>	<b>-33,549,721</b>
a) Investment management costs	3,407,128	4,051,135
b) Value adjustments on investments	5,995,464	22,167,811
c) Losses on disposal	13,496,949	7,330,776
<b>8. Other technical costs, net of reinsurance (-)</b>	<b>-38,191,171</b>	<b>-29,802,986</b>
<b>9. Change in provision for equalization and catastrophe, net of reinsurance (increase +, decrease -)</b>	<b>-6,062,656</b>	<b>4,943,338</b>
<b>10. Result of the Non-Life technical account</b>		
Profit (+)	167,332,696	115,583,799



II. Life technical account	2020	2019
<b>1. Premiums, net of reinsurance</b>	<b>1,346,259,820</b>	<b>1,248,494,239</b>
a) Gross premiums	1,347,765,477	1,251,382,348
b) Outgoing reinsurance premiums (-)	-1,505,657	-2,888,109
<b>2. Investment income</b>	<b>340,185,593</b>	<b>373,761,054</b>
a) Income from investments in associated companies or companies linked by a participating interest	11,955,527	9,780,629
aa) associated companies	10,905,306	9,013,215
1° participating interests	10,905,306	8,732,116
2° certificates, bonds and receivables	0	281,098
bb) other companies linked by a participating interest	1,050,221	767,414
1° participating interests	722,021	742,239
2° certificates, bonds and receivables	328,200	25,175
b) Income from other investments	272,568,792	283,279,966
aa) income from land and properties	11,480,682	14,371,861
bb) income from other investments	261,088,110	268,908,105
c) Write-back of value adjustments on investments	10,660,415	24,575,143
d) Gains on disposal	45,000,859	56,125,317
<b>3. Value adjustments on investments of the assets side D. (income)</b>	<b>245,849,862</b>	<b>205,396,365</b>
<b>4. Other technical income, net of reinsurance</b>	<b>4,109,126</b>	<b>3,601,623</b>
<b>5. Claims costs, net of reinsurance (-)</b>	<b>-1,400,581,882</b>	<b>-1,358,086,097</b>
a) Net amounts paid	1,400,581,882	1,358,086,097
aa) gross amounts	1,401,955,004	1,359,339,365
bb) reinsurers' share (-)	-1,373,123	-1,253,269
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	0	0
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	0	0
bb) change in provision for claims to be paid, reinsurers' share (increase +, decrease -)	0	0
<b>6. Change in the other technical provisions, net of reinsurance (increase +, decrease -)</b>	<b>-162,024,920</b>	<b>-233,313,567</b>
a) Change in provision for Life insurance, net of reinsurance (increase +, decrease -)	-109,778,960	-92,432,938
aa) change in provision for Life insurance, gross of reinsurance (increase +, decrease -)	-109,263,691	-92,192,309
bb) change in provision for Life insurance, reinsurers' share (increase +, decrease -)	-515,269	-240,629
b) Change in the other technical provisions, net of reinsurance (increase +, decrease -)	-52,245,960	-140,880,628
<b>7. Profit sharing and refunds, net of reinsurance (-)</b>	<b>13,552,553</b>	<b>-9,666,497</b>
<b>8. Net operating costs (-)</b>	<b>-33,780,002</b>	<b>-28,906,773</b>
a) Acquisition costs	6,606,981	8,092,276
c) Administrative costs	27,061,130	21,471,416
d) Commissions received from the reinsurers and profit sharings (-)	111,891	-656,919
<b>9. Investment-related costs (-)</b>	<b>-60,123,456</b>	<b>-46,277,330</b>
a) Investment management costs	15,022,130	13,249,418
b) Value adjustments on investments	16,810,015	15,846,297
c) Losses on disposal	28,291,312	17,181,615
<b>10. Value adjustments on investments of the assets side D. (costs) (-)</b>	<b>-194,139,689</b>	<b>-53,989,258</b>
<b>11. Other technical costs, net of reinsurance (-)</b>	<b>-6,277,033</b>	<b>1,786,155</b>
<b>12bis. Change in fund for future appropriations (increase +, decrease -)</b>	<b>-12,000,000</b>	<b>0</b>
<b>13. Result of the Life technical account</b>		
Profit (+)	81,029,972	102,799,915

III. Non-technical account	2020	2019
<b>1. Result of the Non-Life technical account</b>		
Profit (+)	167,332,696	115,583,799
<b>2. Result of the Life technical account</b>		
Profit (+)	81,029,972	102,799,915
<b>3. Investment income</b>	<b>11,577,673</b>	<b>8,862,181</b>
a) Income from investments in associated companies or companies linked by a participating interest	6,838,830	0
b) Income from other investments	4,570,491	8,230,934
bb) income from other investments	4,570,491	8,230,934
c) Write-back of value adjustments on investments	121,572	498,035
d) Gains on disposal	46,780	133,212
<b>5. Investment-related costs (-)</b>	<b>-26,344,232</b>	<b>-26,569,454</b>
a) Investment management costs	26,016,530	25,813,849
b) Value adjustments on investments	0	146,172
c) Losses on disposal	327,702	609,433
<b>7. Other income</b>	<b>11,142,081</b>	<b>12,390,538</b>
<b>8. Other costs (-)</b>	<b>-21,873,508</b>	<b>-13,948,201</b>
<b>8bis. Current result before taxes</b>		
Profit (+)	222,864,682	199,118,779
<b>15. Income taxes (-/+)</b>	<b>-18,300,000</b>	<b>-9,009,049</b>
<b>15bis. Deferred taxes (-/+)</b>	<b>76,931</b>	<b>72,779</b>
<b>16. Result of the financial year</b>		
Profit (+)	204,641,613	190,182,509
<b>17. a) Withdrawal from the untaxed reserves</b>	<b>197,735</b>	<b>186,909</b>
<b>b) Transfer to the untaxed reserves (-)</b>	<b>-1,976,174</b>	<b>-847,250</b>
<b>18. Result for the period to be appropriated</b>		
Profit (+)	202,863,174	189,522,168
<b>Appropriation and withdrawal</b>	<b>2020</b>	<b>2019</b>
<b>A. Profit to be appropriated</b>	<b>487,378,716</b>	<b>294,215,542</b>
1. Profit for the period available for appropriation	202,863,174	189,522,168
2. Profit carried forward from the previous period	284,515,542	104,693,374
<b>B. Charge to shareholders' equity</b>	<b>0</b>	<b>0</b>
2. to reserves	0	0
<b>C. Transfers to equity (-)</b>	<b>-10,200,000</b>	<b>-9,700,000</b>
2. to the statutory reserve	-10,200,000	-9,700,000
<b>D. Result to be carried forward</b>		
1. Profit to be carried forward (-)	-374,178,716	-284,515,542
<b>F. Profit to be distributed (-)</b>	<b>-103,000,000</b>	<b>0</b>
1. Remuneration of capital	103,000,000	0

### 3. Notes

#### N°1. STATEMENT OF INTANGIBLE ASSETS, INVESTMENT PROPERTY AND INVESTMENT SECURITIES

Name	Asset items concerned			
	B. Intangible assets	C.I. Land and properties	C.II.1. Participating interests in associated companies	C.II.2. Certificates, bonds and receivables in associated companies
<b>a) Acquisition value</b>				
Previous year end	232,343,096	281,895,841	277,318,774	0
Changes during the year:				
- Acquisitions	16,075,127	28,279,995	58,928,805	0
- Disposals and withdrawals	16,584,498	38,923,861	32,089,694	0
- Reclassified between headings	0	0	0	0
- Other changes	0	0	0	0
Year end	231,833,725	271,251,975	304,157,885	0
<b>b) Increase in value</b>				
Previous year end	0	25,053,339	72,345,152	0
Changes during the year:				
- Decided	0	0	0	0
- Cancelled	0	0	0	0
- Reclassified between headings	0	0	0	0
Year end	0	25,053,339	72,345,152	0
<b>c) Reductions in value</b>				
Previous year end	109,117,438	96,066,913	7,135,198	0
Changes during the year:				
- Decided	25,991,435	8,557,283	675,105	0
- Written back as excessive	0	0	0	0
- Cancelled	16,584,498	12,861,550	3,593,527	0
- Transfers from one heading to another	0	0	0	0
Year end	118,524,375	91,762,645	4,216,775	0
<b>c) Amounts not called up</b>				
Previous year end	0	0	0	0
Changes during the year:	0	0	0	0
Year end	0	0	0	0
<b>Net book value, year end</b>	<b>113,309,350</b>	<b>204,542,668</b>	<b>372,286,261</b>	<b>0</b>

Name	Asset items concerned			
	C.II.3. Stakes in companies linked by a participating interest	C.II.4. Certificates, bonds and receivables in companies linked by a participating interest	C.III.1. Equities, shares and other variable-income securities	C.III.2. Bonds and other fixed-income securities
<b>a) Acquisition value</b>				
Previous year end	47,348,293	15,984,538	478,225,746	13,108,565,746
Changes during the year:				
- Acquisitions	9,534,856	0	364,739,046	2,533,888,144
- Disposals and withdrawals	54,804	1,572,605	183,891,741	2,105,957,264
- Reclassified between headings	0	0	0	0
- Other changes	0	0	0	0
Year end	56,828,346	14,411,933	659,073,051	13,536,496,627
<b>b) Increase in value</b>				
Previous year end	0	0	0	0
Changes during the year:				
- Decided	0	0	0	0
- Cancelled	0	0	0	0
	0	0	0	0
Year end	0	0	0	0
<b>c) Reductions in value</b>				
Previous year end	10,748,221	0	7,311,446	120,836,458
Changes during the year:				
- Decided	0	0	7,157,994	101,516,254
- Written back as excessive	0	0	319,227	879,003
- Cancelled	0	0	2,840,512	50,760,760
- Transfers from one heading to another	0	0	0	0
Year end	10,748,221	0	11,309,701	272,234,469
<b>c) Amounts not called up</b>				
Previous year end	447,552	0	2,414,750	0
Changes during the year:	6,234,983	0	-68,750	0
Year end	6,682,534	0	2,346,000	0
<b>Net book value, year end</b>	<b>39,397,591</b>	<b>14,411,933</b>	<b>645,417,350</b>	<b>13,264,262,157</b>

## N°2. STATEMENT OF PARTICIPATING INTERESTS AND SOCIAL RIGHTS HELD IN OTHER COMPANIES

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report				
	directly		by the subsidiaries	Financial statements as of	Cur- rency	Equity	Net profit or loss	
	Number	%	%			(+) or (-)		
						(in thousands of currency units)		
<b>Air Properties SA</b> Rue Léon Laval 12 L-3372 Leudelange B179.427	110,925	51	0	31/12/2019	EUR	8,057	293	
<b>Ankaret Invest SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0438.840.866	2,368,879	100	0	31/12/2019	EUR	18,085	316	
<b>Archeion SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0832.269.896	28,410	100	0	31/12/2019	EUR	2,160	111	
<b>Ariane Building SA</b> Place Saint-Jacques, 11/104 B-4000 Liège BE 0862.467.382	8,050	25	0	31/12/2019	EUR	5,405	1,588	
<b>Ariane Real Estate (ARE) SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0898.866.435	200	100	0	31/12/2019	EUR	8,416	29	
<b>Assurcard NV</b> Fonteinstraat, 1A/301 B-3000 Leuven BE 475.433.127	900	20	0	31/12/2019	EUR	3,021	85	
<b>Bedrijvencentrum Regio Geraardsbergen</b> Herenveld, 2 B-9500 Geraardsbergen BE 0456.832.584	32	27	0	31/12/2019	EUR	859	4	
<b>Bora SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0444.533.281	484	100	0	31/12/2019	EUR	6,007	96	
<b>Centrexperits NV</b> Leuvensesteenweg,510/30 B-1930 Zaventem BE 0463.891.315	80	10	0	31/12/2019	EUR	154	67	
<b>De Oostendse Haard ASBL</b> Nieuwpoortsesteenweg, 205 B-8400 Oostende BE 0405.277.282	1,400	16	0	31/12/2019	EUR	19,956	1,748	
<b>E.D.A. SA</b> Avenue de la Cokerie, 9 B-4030 Grivegnée BE 0823.162.982	10	10	0	31/12/2019	EUR	286	35	
<b>Epimède</b> Rue Lambert Lombard, 3 B-4000 Liège BE 0634.750.380	2,080	20	0	30/06/2020	EUR	-1,656	-3,194	
<b>Ethias Patrimoine SA</b> Rue des Croisiers, 24 B-4000 Liège NN 894.377.612	40	100	0	31/12/2019	EUR	21,688	523	
<b>Ethias Services SA</b> Rue des Croisiers, 24 B-4000 Liège NN 825.876.113	999	100	0	31/12/2019	EUR	437	186	

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsidiaries	Financial statements as of	Cur- rency	Equity	Net profit or loss
	Number	%	%			(+) or (-)	
						(in thousands of currency units)	
<b>Ethias Sustainable Investment Fund SA (European Equities High Yield)</b> Rue des Croisiers, 24 B-4000 Liège BE 865.127.063	255,477	92	8	31/12/2019	EUR	98,750	17,117
<b>Ethias Sustainable Investment Fund SA (Global Equities)</b> Rue des Croisiers, 24 B-4000 Liège BE 865.127.063	21,868	100	0	31/12/2019	EUR	22,689	3,422
<b>Expertisebureau Bellefroid NV</b> Kiewitstraat, 175,B-3500 Hasselt BE 0429.884.105	13	10	0	31/12/2019	EUR	738	-8
<b>Foncière du Berlaymont SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0833.012.640	1,000	100	0	31/12/2019	EUR	230	94
<b>Fonds d'économie solidaire du bassin industriel de Charleroi</b> Bd Pierre Mayence,1 B-6000 Charleroi BE 0464.424.815	5,000	13	0	31/12/2019	EUR	768	-12
<b>Het Gehucht NV</b> Rue des Croisiers, 24 B-4000 Liège BE 0808.840.636	500	100	0	31/12/2019	EUR	1,411	-18
<b>IDELUX Développement</b> Drève de l'Arc-en-ciel,98 B-6700 Arlon BE 0205.797.475	75	22	0	31/12/2019	EUR	67,899	-711
<b>IMA Benelux</b> Square des Conduites d'Eau B-4020 Liège BE 0474.851.226	16,500	33	0	31/12/2019	EUR	3,059	-77
<b>Immo Hofveld SA</b> Rue des Croisiers, 24 B-4000 Liège NN 889.535.233	1,000	100	0	31/12/2019	EUR	1,237	45
<b>Immovivegnis SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0463.660.394	10,500	100	0	31/12/2019	EUR	61	-7
<b>Impulse Microfinance Investment Fund</b> Sneeuwbeslaan, 20/2 B-2610 Wilrijk NN 870.792.160	1,200	11	0	31/12/2019	EUR	1,772	68
<b>Jan Dockx SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0458.920.757	2,500	100	0	31/12/2019	EUR	2,148	-56
<b>Koala SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0873.412.150	400	100	0	31/12/2019	EUR	4,357	-50
<b>Les Hauts Prés SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0812.149.029	1,000	100	0	31/12/2019	EUR	6,608	149

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsidiaries	Financial statements as of	Cur- rency	Equity	Net profit or loss
	Number	%	%			(+) or (-)	
						(in thousands of currency units)	
<b>Lothian Developments IV SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0463.648.518	1,012,873	100	0	31/12/2019	EUR	2,966	126
<b>L'Ouvrier chez lui SA</b> Rue d'Amérique, 26/1 B-4500 Huy BE 0401.465.578	9,000	51	0	31/12/2019	EUR	2,764	106
<b>Maison de l'Assurance</b> Square de Meeus, 29 B-1000 Bruxelles BE 0403.306.501	2,776	11	0	31/12/2019	EUR	2,800	20
<b>Naos SA</b> Route d'Arlon, 6 L-8399 Windhof B 207.559	670,000	67	0	31/12/2019	EUR	10,387	541
<b>Network Research Belgium SA</b> Parc Industriel des Hauts-Sarts 2 <sup>e</sup> avenue, 65 B-4040 Herstal BE 0430.502.430	42,530	68	0	31/12/2019	EUR	82,958	20,561
<b>Palais des Expositions de Charleroi</b> Rue de Liège, 12 B-6180 Courcelles BE 0401.553.571	9,856	23	0	31/12/2019	EUR	-68	-405
<b>Sagitta SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0812.356.489	240	100	0	31/12/2019	EUR	2,955	32
<b>NEB Foncière SA</b> Rue Louvrex, 95 B-4000 Liège BE 0480.029.838	145	29	0	31/12/2019	EUR	267	18
<b>NEB Participations SA</b> Rue Louvrex, 95 B-4000 Liège BE 0480.029.739	60,503	29	0	31/12/2019	EUR	64,951	5,703
<b>Real Goed Invest SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0872.354.157	1,046	100	0	31/12/2019	EUR	2,473	54
<b>Veran Real Estate CY SA</b> Rue des Croisiers, 24 B-4000 Liège BE 0894.106.012	100	100	0	31/12/2019	EUR	4,920	-81
<b>Vital Building SA</b> Place Saint-Jacques, 11/105 B-4000 Liège BE 0875.171.810	5,000	50	0	31/12/2019	EUR	4,606	104
<b>Weerts Logistic Parks Holding</b> Varnstraat, 2 3793 Teuven BE 0837.446.629	25,281,671	50	0	31/12/2019	EUR	-16	-7

### N°3. ACTUAL VALUE OF INVESTMENTS

Asset items	Amounts
<b>C. Investments</b>	<b>17,922,954,491</b>
I. Land and properties	225,382,229
II. Investments in associated companies and participations	744,865,679
- Associated companies	608,669,953
1. Participating interests	608,669,953
2. Certificates, bonds and receivables	0
- Other companies linked by a participating interest	136,195,726
3. Participating interests	121,189,121
4. Certificates, bonds and receivables	15,006,606
III. Other financial investments	16,948,817,948
1. Equities, shares and other variable-income securities	830,756,081
2. Bonds and other fixed-income securities	15,291,857,458
4. Mortgage loans and mortgage credits	378,942,411
5. Other loans	446,103,336
6. Deposits with credit institutions	1,118,050
7. Others	40,612
IV. Deposits with ceding companies	3,888,635

### N°3BIS. DERIVATIVE FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Estimate of the fair value of each class of derivative financial instruments not measured at fair value in the accounts, with indications on the nature and the volume of the instruments	Net book value	Fair value
Forward swaps, volume: € 150,000,000, rate risk	0	29.335.809
Forward bonds, volume: € 100,000,000, credit risk	0	-925.164

For financial fixed assets included in items C.II. and C.III. carried at an amount in excess of their fair value: the net book value and the fair value of either the individual assets or appropriate groupings of those individual assets	Net book value	Fair value
C.II.1 Investments in associated companies and participations - participating interests	150.818.325	127.174.651
C.II.3 Investments in associated companies and participations - participating interests	3.291.893	2.953.099
C.III.1 Other financial investments - equities, shares and other variable-income securities	263.848.781	234.503.444
C.III.2 Other financial investments - bonds and other fixed-income securities	436.264.052	425.486.688
C.III.5 Other financial investments - other loans	23.697.364	22.291.497

For each of the financial fixed assets referred to in B., or each of the individual assets or appropriate groupings of those individual assets referred to in B., which is carried at an amount in excess of their fair value, the reasons why the book value has not been reduced must also be stated below, together with the nature of the indications underlying the assumption that the book value will be recoverable:

C.II.1 Investments in associated companies and participations - participating interests: see valuation rules in note 20 (item 2)
C.II.3 Investments in associated companies and participations - participating interests: see valuation rules in note 20 (item 2)
C.III.1 Other financial investments - equities, shares and other variable-income securities: see valuation rules in note 20 (item 2)
C.III.2 Other financial investments - bonds and other fixed-income securities: see valuation rules in note 20 (item 2)
C.III.5 Other financial investments - other loans: see valuation rules in note 20 (item 2)



## N°5. STATEMENT OF CAPITAL

	Amounts	Number of shares
<b>A. Share capital</b>		
1. Subscribed capital (item A.I.1. of the liabilities)		
- Previous year end:	1,000,000,000	XXXXXXXXXXXXXX
- Changes during the year:		
- Year end	1,000,000,000	XXXXXXXXXXXXXX
2. Structure of the capital		
2.1. Equities, shares and other variable-income securities		
Shares without indication of the nominal value	1,000,000,000	20,000,000
2.2. Registered shares of bearer shares		
Registered	XXXXXXXXXXXXXX	20,000,000
<b>G. Ownership structure of the company at the closing date of the accounts</b>		
EthiasCo SCRL	XXXXXXXXXXXXXX	1,000,010
Flemish Region	XXXXXXXXXXXXXX	6,333,330
Walloon Region	XXXXXXXXXXXXXX	6,333,330
Federal State (SFCI)	XXXXXXXXXXXXXX	6,333,330

## N°6. STATEMENT OF PROVISIONS FOR OTHER RISKS AND CHARGES - OTHER PROVISIONS

Breakdown of the liability item E.III	Amounts
Provision retirement plan	40,031,607
Other provisions for risks and charges	11,030,943
Provision for disputes	10,058,087

## N°7. STATEMENT OF TECHNICAL PROVISIONS AND DEBTS

Liability items concerned	Amounts
<b>a) Breakdown of the debts (or a part of the debts) with a residual maturity of more than 5 years.</b>	
B. Subordinated debts	471,508,397
II. Non-convertible loans	471,508,397
<b>Total</b>	<b>471,508,397</b>
<b>b) Debts (or part of the debts) and technical provisions (or part of the technical provisions) guaranteed by collaterals or irrevocably promised on the assets of the company.</b>	
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	1,491,140,460
G. Debts	577,610,108
IV. Debts toward credit institutions	577,610,108
<b>Total</b>	<b>2,068,750,568</b>
<b>c) Debts with regard to taxes, remunerations and social security costs.</b>	
1. Taxes (item G.V.1.a) of the liabilities)	
b) Non due tax debts	21,083,475
2. Remunerations and social security costs (item G.V.1.b) of the liabilities)	
b) Other debts with regard to remunerations and social security costs	39,784,809
<b>Total</b>	<b>60,868,284</b>

## N°8. STATEMENT OF ACCRUALS FOR LIABILITIES

Breakdown of the liability item H	Amounts
Financial income to be carried forward	1,003,197
Financial charges to be allocated (Bond Issue and REPO)	17,886,716

## N°10. INFORMATION ON TECHNICAL ACCOUNTS

## I. Non-Life insurance

Content	Total	Direct business			
		Total	Accidents and disease	Automobile Civil Liability	Automobile Other branches
			(branches 1 and 2)	(branch 10)	(branches 3 and 7)
1) Gross premiums	1,382,016,258	1,381,142,289	477,723,109	273,186,405	194,300,479
2) Earned gross premiums	1,378,545,809	1,377,671,840	477,403,683	273,121,638	194,634,873
3) Gross damages	994,824,792	996,377,910	410,020,514	218,668,448	100,759,987
4) Gross operating costs	255,007,416	254,823,705	57,809,706	57,828,107	40,201,890
5) Reinsurance balance	-14,633,040	-14,692,992	-1,128,585	-1,934,605	-733,666
6) Commissions (art. 37)		36,700,539	0	0	0

Content	Direct business				
	Marine Aviation Transport	Fire and other damages to properties	General Civil Liability	Credit and Bonding	Miscellaneous financial losses
	(branches 4, 5, 6, 7, 11 and 12)	(branches 8 and 9)	(branch 13)	(branches 14 and 15)	(branch 16)
1) Gross premiums	333,779	228,143,462	103,955,731	206,827	19,187,930
2) Earned gross premiums	335,772	224,879,290	104,166,660	206,827	19,249,491
3) Gross damages	4,445	120,900,336	92,064,455	355	10,935,819
4) Gross operating costs	74,750	52,404,208	20,913,373	33,623	3,759,878
5) Reinsurance balance	0	-6,612,440	-4,245,015	0	0
6) Commissions (art. 37)	0	0	0	0	0

Content	Direct business		
	Legal protection	Assistance	Accepted cases
	(branch 17)	(branch 18)	
1) Gross premiums	41,889,509	42,215,058	873,969
2) Earned gross premiums	41,548,767	42,124,839	873,969
3) Gross damages	23,791,413	19,232,138	-1,553,118
4) Gross operating costs	9,753,376	12,044,794	183,711
5) Reinsurance balance	0	-38,681	59,952
6) Commissions (art. 37)	0	0	0

## II. Life insurances

Content	Amounts
<b>A. Direct business</b>	
1) Gross premiums:	1,347,765,477
a) Individual premiums	41,909,768
Premiums under group insurance contracts	1,305,855,709
b) Periodic premiums	985,956,966
Single premiums	361,808,511
c) Premiums for non-bonus contracts	22,630,442
Premiums for bonus contracts	1,324,796,080
Premiums from contracts where the investment risk is not borne by the company	338,955
2) Reinsurance balance	-759,694
3) Commissions (art. 37)	2,644,478
<b>B. Accepted cases</b>	
Gross premiums:	0

## III. Non-Life insurance and Life insurance, direct business

Content	Amounts
<b>Gross premiums:</b>	
- in Belgium	2,673,202,333
- in the other states of the EEC	55,705,434

## N°11. STATEMENT ON PERSONNEL EMPLOYED

Categories	2020		
	Total number at closing date	Total average number of persons employed (*)	Number of hours worked
Personnel under employment or internship contract (")	1,923	1,745	2,590,566
Temporary staff and persons made available to the company	0	1	1,965
<b>Total</b>	<b>1,923</b>	<b>1,747</b>	<b>2,592,531</b>

Categories	2019		
	Total number at closing date	Total average number of persons employed (*)	Number of hours worked
Personnel under employment or internship contract (")	1,887	1,710	2,427,522
Temporary staff and persons made available to the company	-	1	1,402
<b>Total</b>	<b>1,887</b>	<b>1,711</b>	<b>2,428,924</b>

(\*) The average number of employees is calculated in full time equivalents in accordance with Article 12, § 1 of the Royal Decree of 12 September 1983 implementing the law of 17 July 1975 on the accounting and the annual accounts of companies.

(") The staff under employment or internship contract is made up of workers entered in the staff register and linked to the company by an employment contract or an internship contract within the meaning of Royal Decree N° 230 of 21 December 1983.

## As for the personnel:

A. The following information relating to the financial year and to the previous financial year, concerning employees entered in the personnel register and connected to the enterprise by an employment contract or by a first employment agreement		2020	2019
a) Their total number at the financial year's closing date		1,923	1,887
b) The average number of personnel employed by the company during the previous financial year, calculated in full-time equivalents in accordance with Article 15, §4 of the Belgian Company Code, and broken down according to the following categories:		1,745	1,710
- management staff		26	25
- clerical staff		1,719	1,685
c) The number of hours worked		2,590,566	2,427,522
B. The following information relating to the financial year and the previous financial year, concerning temporary staff and persons made available to the company		2020	2019
a) Their total number at the financial year's closing date		0	0
b) Average number of full-time equivalents calculated in a similar way to employees registered in the personnel register		1	1
c) The number of hours worked		1,965	1,402

## N°12. STATEMENT ON ALL ADMINISTRATIVE AND MANAGEMENT COSTS, BROKEN DOWN BY TYPE

Name	Amounts
<b>I. Employee benefit expenses</b>	<b>186,085,530</b>
1) a) Remunerations	110,344,605
b) Pensions	0
c) Other direct social benefits	43,853,530
2. Employers' social security contributions	35,997,523
3. Employers' allowances and premiums for extra-legal insurances	168,903
4. Other employee benefit expenses	-3,885,092
5. Provisions for pensions, remuneration and social security costs	-393,939
a) Appropriations (+)	0
b) Expenditures and reversals (-)	-393,939
<b>II. Services and other goods</b>	<b>148,425,368</b>
<b>III. Depreciation and write-down on intangible and tangible assets other than investments</b>	<b>30,009,449</b>
<b>IV. Provisions for other risks and expenses</b>	<b>1,200,000</b>
1. Allocation (+)	1,200,000
2. Expenditures and reversals (-)	0
<b>V. Other current expenditure</b>	<b>10,641,897</b>
1. Fiscal operating costs	1,559,115
a) Property tax	1,375,476
b) Others	183,639
2. Contributions to public bodies	4,347,798
4. Others	4,734,984
<b>VI. Administrative costs recovered and other current income (-)</b>	<b>-5,395,690</b>
1. Recovered administrative costs	5,395,690
b) Others	5,395,690
<b>Total</b>	<b>370,966,554</b>

## N°13. OTHER INCOME, OTHER COSTS

	Amounts
<b>A. Breakdown of the other income (item 7 of the non-technical account)</b>	
Reversals of write-downs on litigations	10,970,414
Capital gains realized on tangible assets	47,318
Others	124,349
<b>B. Breakdown of the other costs (item 8 of the non-technical account)</b>	
Amortizations	508,432
Impairments on receivables	14,391,307
Capital losses realized on assets	3,281,883
COVID-19 solidarity action	2,184,813
Commissions and financial costs	671,176
Others	835,898

## N°15. INCOME TAXES

	Amounts
<b>A. Breakdown of item 15 a) 'Taxes':</b>	<b>18,300,000</b>
1. Income taxes for the financial year:	18,300,000
a) Refundable advance payments and prepayments	18,966,591
c. Excess of advance payments and / or capitalized refundable withholding taxes (-)	-833,783
d. Estimated tax supplements (included in heading G.V.1.a) of liabilities)	167,192
2. Income taxes on previous periods:	0
a) Additional income taxes due or paid:	0
<b>B. Main sources of differences between the profit before tax, as stated in the accounts, and the estimated taxable profit</b>	
- Changes in reserves, provisions and taxable impairments (excluding shares):	17,599,473
- Income exempt and non-allowable losses on shares:	17,834,103
Disallowed expenses (excluding shares):	11,645,502
- Miscellaneous deductions (previous losses, notional interest, income from innovation ...)	-194,214,133
<b>D. Sources of deferred tax assets:</b>	
<b>1. Deferred tax assets</b>	<b>1,167,260,000</b>
- Accumulated tax losses and definitively taxed income ("RDT") (carry-forward)	61,180,000
- Taxed technical provisions:	1,089,450,000
- Taxed impairments and other taxed reserves:	16,630,000
<b>2. Future tax liabilities</b>	<b>0</b>
Surplus value (spread taxation):	0

## N°16. OTHER TAXES AND CHARGES BORNE BY THIRD PARTIES

	2020	2019
<b>A. Charges:</b>		
1. Charges on insurance contracts borne by third parties	254,609,364	258,542,808
2. Other charges borne by the company	987,961	1,070,966
<b>B. Amounts retained on behalf of third parties in respect of:</b>		
1. Withholding tax on earned income	300,262,540	292,284,157
2. Withholding tax (on dividends)	1,381,953	948,690

## N°17. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

	Amounts
<b>A. Guarantees given or irrevocably promised by third parties on behalf of the company*:</b>	
<b>B. Personal guarantees given or irrevocably promised on behalf of third parties:</b>	
<b>C. Real guarantees given or irrevocably promised by the company on its own assets as security for debts and commitments</b>	
a) of the company:	592,334,695
<b>D. Collateral received (others than in cash):</b>	
a) securities and values of reinsurers:	111,103,686
b) others:	591,437,064
<b>G. Nature and business purpose of off-balance sheet transactions:</b>	
<b>H. Others:</b>	<b>778,099,435</b>
Commitments to acquire real estate	249,854
Property lending commitments	27,711,000
Infrastructure lending commitments	56,361,423
Financial lending commitments	16,200,000
Public Bodies lending commitments	10,000,000
Mortgage lending commitments	0
Agency lending commitments	40,000,000
Participating interest commitments	33,869,000
Bond fund commitments	134,248,130
Equity fund commitments	28,380,116
Infrastructure fund commitments	106,341,747
Commitments to acquire other securities	172,918,365
Commitments to dispose of other securities	149,980,600
IT projects commitments	1,839,200

## N°18. RELATIONSHIPS WITH ASSOCIATED COMPANIES AND COMPANIES LINKED BY A PARTICIPATING INTEREST

Relevant items of the balance sheet	Associated companies		Companies linked by a participating interest	
	2020	2019	2020	2019
<b>C. II. Investments in associated companies and participations</b>	<b>372,286,261</b>	<b>342,528,728</b>	<b>53,809,524</b>	<b>52,137,058</b>
1 + 3 Participating interests	372,286,261	342,528,728	39,397,591	36,152,520
2 + 4 Certificates, bonds and receivables	0	0	14,411,933	15,984,538
- Others	0	0	14,411,933	15,984,538
<b>D. II. Investments in associated companies and participations</b>	<b>3,999,497</b>	<b>4,354,388</b>	<b>0</b>	<b>0</b>
1 + 3 Participating interests	3,999,497	4,354,388	0	0
<b>E. Receivables</b>	<b>1,373,952</b>	<b>131,822</b>	<b>1,211,740</b>	<b>0</b>
I. Receivables arising from direct insurance operations	1,047,183	131,822	1,022,342	0
III. Other receivables	326,769	0	189,398	0
<b>B. Subordinated debts</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>0</b>	<b>0</b>
<b>G. Debts</b>	<b>15,710,339</b>	<b>28,018,734</b>	<b>-398</b>	<b>0</b>
I. Receivables arising from direct insurance operations	0	0	0	0
V. Other debts	15,710,339	28,018,734	-398	0
<b>Associated companies</b>	<b>2020</b>		<b>2019</b>	
Other significant financial commitments	33,869,000		0	

## N°18BIS. RELATIONS WITH ASSOCIATED COMPANIES

Relations with the associated companies (*)	2020	2019
<b>1. Amount of the financial fixed assets</b>	<b>50,998,342</b>	<b>21,253,268</b>
- Participating interests	50,998,342	21,253,268
<b>5. Other significant financial commitments</b>	<b>89,527,860</b>	<b>0</b>

(\*) Associated companies in accordance with article 12 of the Belgian Company Code

## N°19. FINANCIAL RELATIONS WITH:

	Amounts
<b>A. Guarantees given or irrevocably promised by third parties on behalf of the company*:</b>	
1. Outstanding receivables on these persons	0
4. Direct and indirect remunerations and allocated pensions charged to the income statement	
- to directors and managers*	453,618

\* For non-executive directors and without remunerations and other benefits of the Management Committee  
(Pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge)

## N°19BIS. FINANCIAL RELATIONS WITH:

The statutory auditor and the persons with whom he is linked	Amounts
<b>1. Remuneration of the statutory auditor:</b>	<b>632,330</b>
<b>2. Fees for exceptional services or special missions accomplished within the company by the statutory auditor:</b>	<b>36,520</b>
- Other control missions	36,520
- Other missions outside the audit missions	0
<b>3. Fees for exceptional services or special missions accomplished within the company by the persons with whom the statutory auditor is linked:</b>	<b>44,813</b>
- Tax advice missions	29,813
- Other missions outside the audit missions	15,000

## N°20. VALUATION RULES

The valuation rules applicable on the income statement are mentioned below.

### Asset side of the balance sheet

#### Intangible assets (heading B)

Intangible assets are capitalized at their purchase or cost price, including incidental expenses.

Software and development costs are capitalized if they relate to investment projects, i.e. large-scale projects that introduce or replace an important business objective or model.

Computer software and licences that have been purchased or internally created for own use are stated at historical cost, less depreciation and any impairment of assets. Internally created software and licenses are only recognized as intangible assets when the following conditions are met: identification criteria for the asset, control of resources, probability of future economic profits and the ability to measure cost reliably.

Software developed by third parties, as well as internal and external development costs for investment projects, are amortized on a straight-line basis over five years from the time the software or developments are ready for use, while for "core" systems with a longer useful life, the term is 10 years.

Internal and external research costs related to these projects, as well as all costs related to ICT projects other than investment projects, are directly included in the income statement. "

Intangible assets other than IT investment projects are amortized on a straight-line basis at a rate of 20%, except for amortization of development costs and goodwill when the useful life cannot be reliably estimated, which is spread over a maximum period of ten years. The amortization period of goodwill is justified in the note to the financial statements.

## Investments (heading C)

### Land and properties (sub-heading C.I.)

They are capitalized at their purchase or cost price, including incidental expenses.

Land is not depreciated.

Immovable properties acquired before 1 January 2011 are depreciated using the linear method at the following rates:

- Immovable properties: 2 %
- Alterations: 10 %

Immovable properties acquired after 1 January 2011 are divided in the following categories:

- Structural work
- Roof
- External woodwork
- Special techniques
- Finishing

These immovable properties are depreciated on a straight-line basis over the expected useful life of each component, after deduction of their residual value, provided that they can be determined reliably.

### Investments in associated companies and participating interests (sub-heading C.II)

These investments are subjected to depreciation in case of durable impairments. Additional or exceptional impairments can be recognized on a proposal from the Management Committee.

### Other financial investments (sub-heading C.III.)

#### *Shares, participating interests and other variable income securities (C.III.1)*

These investments are subjected to impairments in case of durable capital loss. The existence of a significant unrealized loss with regard to the purchase price, determined on the basis of the weighted average price over a period of 12 consecutive months preceding the closing, is a criterion of durable impairment. The capital loss is qualified as important when it exceeds the purchase price by 20 % in a normal market context. This criterion can be submitted to the Management Committee for consideration when the markets are more volatile.

Additional or exceptional impairments can be recognized on a proposal from the Management Committee. The impact of these impairments are included in the notes accompanying the income statement provided that they represent an important amount.

In case of disposal of securities, the book value, used to calculate the realized gains and losses, is determined on the basis of the weighted average price.

#### *Bonds and other fixed-income securities (C.III.2)*

These investments are recognized in the balance sheet at their purchase price.

However, when their actuarial yield, calculated at the time of the purchase (taking into account their redemption amount at maturity) differs from their nominal yield, the difference between the purchase and the redemption amount is recognized through profit or loss, pro rata temporis for the remaining duration of the securities, as elements of the interest yields on these securities and is recorded as increase or decrease of their purchase price. Taking into account the actuarial yield at the time of the purchase, this difference is recognized through profit or loss on a discounted basis.

In accordance with the principles of Article 19 paragraph 1, impairments are systematically applied to the bonds, mentioned in the item C.III.2. of assets, in order to reflect the risk that the counterparties of such securities and receivables do not fully or partially honour their commitments relating thereto, including, but not limited to, the probability that the reimbursement of these securities and receivables is in whole or partly uncertain or compromised. When the market value of these securities and receivables is permanently lower than their net book value, this circumstance is, unless proved otherwise, presumed to be an other-than-temporary impairment which is to be considered for the application of this provision.

The application of the above rules and the decision to recognize an impairment or not is subject to an analysis at each balance sheet closing date. In that analysis, we take into account the following criteria to identify durable losses in value, on the one hand, and to assess whether the recognition of an impairment is required:



**Criteria for determining durable losses in value**

- The insurance portfolio / the relevant separate management;
- The ability of the company to hold these securities to maturity;
- The duration of the unrealized loss observed.

**Criteria taken into account to determine whether an impairment should be recognized**

- A significant increase in credit spreads for listed issuers;
- A significant deterioration in credit rating;
- A voluntary or imposed restructuring of the debt;
- The occurrence of a credit event under ISDA rules;
- Significant financial difficulties;
- A failure to pay interests or principal;
- The disappearance of an active market for that financial asset because of financial difficulties;
- A significant decrease in the value of collateral or underlying assets.

With regard to the perpetual loans, the difference between their purchase price and their lower market value is to be considered as a permanent impairment so that these securities are valued at the lowest value between their book value and their market value.

In case of disposal of securities, the book value, used to calculate the realized gains and losses, is determined on the basis of the weighted average price.

Within the framework of an arbitrage operation, the realized gains and losses on the balance sheet are maintained and recognized through profit or loss over the term of the re-investment.

*Mortgage loans and mortgage credits - Other loans (C.III.4 & C.III.5)*

Impairments are applied to this loans according to the same rule as the one applied to item C.III.2 above.

**Investments related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)**

These investments are recognized in the balance sheet at their actual value (market value).

**Deposits with credit institutions (sub-heading C.III.6)****Receivables (heading E)****Available values (sub-heading F.II)**

These items are recognized at their nominal of purchase price.

Impairments are registered to take into account the uncertainties of their recovery.

**Reinsurers' share of technical provisions (heading D. bis)**

This item shows the reinsurers' commitment. The amounts recorded are obtained in accordance with the various applicable reinsurance treaties.

**Other asset elements (heading F)****Tangible assets (sub-heading F.I)**

The tangible assets are capitalized at their purchase or cost price, including incidental expenses.

The depreciations are carried out using the linear method at the following rates:

- plant, machinery, electronic equipment: 33 1/3 %
- rolling stock: 25 %
- office furniture and equipment: 10 %

The office furniture and equipment of which the purchase price is lower than 250 euros are depreciated within the first year.

- medical devices: 20 %

## Liability side of the balance sheet

### Technical provisions (heading C)

These provisions are calculated with prudence, taking into account the statutory and regulatory dispositions established by different control organizations.

The equalization and catastrophe provision is valued using the actuarial method.

### Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These provisions are estimated based on the actual value of the assets under heading D.

### Provisions for other risks and expenses (heading E)

The provisions for foreseeable risks and expenses are determined with prudence, sincerity and good faith.

The provisions with regard to the previous financial years are regularly reviewed and recognized through profit or loss if they serve no longer any purpose.

### Deposits received from reinsurers (heading F) and debts (heading G)

These items are recognized at their nominal value.

## Other particular rules

### Accounts denominated in currencies

The monetary items are valorized in euro at the spot price at the closing date of the financial year.

The non-monetary items are maintained in euro at their purchase price.

The balance of the negative differences resulting from the conversion of monetary items, other than the technical provisions, is recognized through profit or loss. The balance of the positive differences is recognized in the accruals as deferrable proceed.

### Derivatives

The derivative financial instruments, used on a speculative basis, follow the prudence principle. This means that the unrealized losses are subjected to impairments or are used to constitute provisions for financial risks. However, the unrealized gains are not recognized through profit or loss.

The forward transaction in micro hedging or concluded within the framework of the ALM management are symmetrically valued with the allocation of costs and income of the hedged items for the residual lifetime of these items. Forward transactions for hedging purposes are forward transactions having the purpose of the effect to compensate or to reduce the risk on an asset, a liability, a right, an obligation, an off-balance sheet commitment or a set of items that are homogeneous in nature with regard to their sensitivity to interest rate variations.

Finally, the hedging transactions or the transactions concluded within the framework of the ALM management must be recognized as such and this, from the conclusion of the transaction.

## N°21. CHANGES TO VALUATION RULES:

None.

## N°22. DECLARATION REGARDING THE CONSOLIDATED INCOME STATEMENT

The company prepares and publishes a consolidated income statement and a consolidated annual report in accordance with the Royal Decree on the consolidated income statement of insurance and reinsurance companies:

yes / no (°): Yes

## N°23. ADDITIONAL INFORMATION TO BE PROVIDED BY THE COMPANY ON THE BASIS OF THE DECREE OF 17/11/1994

Art. 27 bis § 3, last paragraph	Amounts
2. Bonds and other fixed-income securities	42,252,618

Derivative financial instruments used	
Forward buy swaps	4 financial year transactions
Forward bonds coupled with forward swaps	3 acquisition transactions and 7 financial year transactions
Cap/floor	1 acquisition transaction and 1 disposal transaction
Index Put	4 acquisition transactions

Profit and loss accounts	Result	Reversal of impairment losses	Provision for impairment losses
Forward bonds coupled with forward swaps	128,679	1,054,679	926,000
Cap/floor	-76,800	0	0
Index Put	0	0	-880,040

### Goodwill

The amount of 39 million euros shown on the assets side of the balance sheet under the heading «II.1 Intangible assets - Goodwill» includes:

- Goodwill resulting from the merger with Whestia in 2017, for a net amount of 16 million euros (gross value of 26 million euros), amortized over the duration of the commitments, viz. 10 years.
- Goodwill resulting from the acquisition of the “Work Accidents Law 1967” portfolio as at 31 December 2017, for an amount of 23 million euros (gross value of 34 million euros), amortized over 10 years, based on the duration of the commitments

### Allocation to the flashing-light provision

On 09 December 2020, the National Bank confirmed, pursuant to Article 34quinquies, § 4 of the Royal Decree of 1 June 2016 amending the Royal Decree of 17 November 1994 on the annual accounts of insurance and reinsurance companies, that it granted to Ethias SA the exemption from the obligation to provide additional provisions for the 2020 financial year, as the solvency requirements were met.

### COVID-19 crisis

The health crisis and its consequences have undeniably had a non-negligible impact on all levels of our insurance activities in 2020. And at the beginning of 2021, the crisis continues and starts to percolate into the real economy.

The year 2020 saw a significant reduction in the frequency of claims in the branches “Motor Vehicle” and “Occupational Accidents” as well as a decline in churn volumes.

The slowdown in economic activity, which according to NBB statistics led to a fall in GDP of more than 6%, also had an impact on our premium collections, where coverage suspensions and premium revisions were requested by our clients.

The financial turmoil due to the COVID-19 crisis had, on a year-on-year basis, a relatively small impact on Ethias’ SII coverage ratio (-3%), mainly due to our reduced sensitivity to interest rates and close monitoring of our spread positions, thanks to the increase in equity markets during the second half of the year.

As a result of the COVID-19 crisis and its socio-economic consequences on our underwriting/insurance activities, the emergence of several risks has been observed.

Within sectors where the economic depression is experienced, we could have suffered from the decrease in our turnover as well as from policyholder defaults. The impact of that risk has however been mitigated by the very well diversified position of Ethias.

There remain also uncertainties as to the extent to which the insurance sector will be required by the government to either adjust premiums to the claim evolution due the health crisis (e.g. in motor or health insurance) or to cover the COVID-19 pandemic risk (currently without a clear view on how the (re)insurance market can handle that risk, possibly together with the authorities).

Furthermore the delay in non-urgent health care (not performed during the lockdown period) may also lead to an increase in severity of future claims (due to a deterioration of the health state because of deferred care).

Finally, we can also mention that a prolonged health crisis could lead to an increase in fraudulent behaviour or unpaid premiums (resulting from the economic crisis) and that habits linked to more frequently working from home may contribute to a change in the risk profile (increased exposure to cyber risk, alteration of the worker's accident risk profile, ...). No realization of the fraud or default risk was observed in 2020.

#### Write-down on the Ethias Sustainable Investment Fund sicav

Ethias SA holds 91.74% of the shares in the European Equities High Yield sub-fund of the SICAV "Ethias Sustainable Investment Fund".

The book value of this participation amounts to € 100,180,086 at end-December 2020, 18% higher than the market value (€ 82,493,523) at the same date due to the decline of the financial markets. Taking into account the applicable valuation rules (recognition of a write-down in case of long-term impairment, assessed using an approach similar to the rule for shares, i.e. an impairment loss of at least 20% for a consecutive period of 12 months), the impairment loss was deemed not to be long-term in view of the expected recovery of the equity markets, and did not give rise to a write-down in the books of Ethias SA..

## 4. Social balance sheet

Number of the joint committee competent for the company: 306

### Situation of the persons employed

Employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.

2020 (During the year)	Total	Men	Women
<b>Average amount of employees</b>			
Full-time	1,463	809	654
Part-time	437	146	291
Total in full-time equivalents (FTE)	1,745	891	854
<b>Number of hours actually worked</b>			
Full-time	2,167,675	1,227,300	940,375
Part-time	422,891	131,386	291,505
Total	2,590,565	1,358,686	1,231,879
<b>Employee benefit expenses</b>			
Full-time	155,708,455	88,159,456	67,548,999
Part-time	30,377,075	9,437,706	20,939,369
Total	186,085,530	97,597,162	88,488,368
<b>Amount of benefits granted in addition to wages</b>	<b>251,505</b>	<b>131,908</b>	<b>119,597</b>
<b>2019 (During the year)</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>
<b>Average amount of employees</b>	<b>1,710</b>	<b>883</b>	<b>827</b>
<b>Number of hours actually worked</b>	<b>2,427,522</b>	<b>1,280,995</b>	<b>1,146,527</b>
<b>Employee benefit expenses</b>	<b>207,047,475</b>	<b>109,258,237</b>	<b>97,789,239</b>
<b>Amount of benefits granted in addition to wages</b>	<b>287,787</b>	<b>151,864</b>	<b>135,923</b>

2020 (At the financial year's closing date)	Full-time	Part-time	Total (FTE)
<b>Number of employees</b>	<b>1,516</b>	<b>407</b>	<b>1,770</b>
<b>By type of employment contract</b>			
Permanent contract	1,435	406	1,688
Fixed-term contract	73	1	74
Replacement contract	8		8
<b>By sex and educational level</b>			
<b>Men</b>	<b>845</b>	<b>122</b>	<b>903</b>
secondary education	124	58	148
higher non-university education	428	48	456
university education	293	16	300
<b>Women</b>	<b>671</b>	<b>285</b>	<b>866</b>
secondary education	87	82	136
higher non-university education	335	139	437
university education	249	64	294
<b>By professional category</b>	<b>-</b>	<b>-</b>	<b>-</b>
Management staff	26	0	26
Clerical staff	1,490	407	1,744

#### Temporary staff and persons made available to the company

2020 (During the year)	Temporary staff
Average number of persons employed	1
Number of hours actually worked	1,965
Costs for the company	78,463

#### Table of the staff turnover during the financial year

Entries	Full-time	Part-time	Total (FTE)
<b>Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.</b>	<b>140</b>	<b>1</b>	<b>141</b>
<b>By type of employment contract</b>			
Permanent contract	82	0	82
Fixed-term contract	54	1	55
Replacement contract	4	0	4
Exits	Full-time	Part-time	Total (FTE)
<b>Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.</b>	<b>99</b>	<b>6</b>	<b>104</b>
<b>By type of employment contract</b>			
Permanent contract	54	5	58
Fixed-term contract	41	1	42
Replacement contract	4	0	4
<b>By reason of termination of the contract</b>			
Retirement	6	0	6
Unemployment with company allowance	0	0	0
Dismissal	11	0	11
Other reason	82	6	87

## Information about training for employees during the financial year

2020	Men	Women
<b>Formal initiatives of continuing vocational training paid by the employer</b>		
Number of employees involved	984	999
Number of hours of training	9,408	9,693
Net costs for the company	1,367,705	1,398,955
of which gross costs directly linked to trainings	1,236,815	1,266,070
of which contributions and deposits paid to collective funds	142,493	144,665
of which allowances and other financial benefits received (to be deducted)	11,604	11,780
<b>Less formal or informal initiatives of continuing vocational training paid by the employer</b>		
Number of employees involved	876	895
Number of hours of training	7,326	8,708
Net costs for the company	538,168	639,653

## 5. Remuneration of the directors

Name of the director non-executive and executive)	Function in Ethias SA	Remuneration Ethias SA (attendance fees)	Remuneration Ethias SA (fixed compensation)	Number of meetings Ethias SA (Board - Audit & Risk Committee - Appointments & Remu- neration Committee)
<b>Myriam Van Varenbergh</b>	Chair	20,000.00	27,500.00	19
<b>Jacques Braggaar</b>	Non-executive director	26,937.76	9,500.00	19
<b>Marc Descheemaecker</b>	Non-executive director	26,000.00	12,500.00	26
<b>Kathleen Desmedt</b>	Non-executive director	18,425.45	7,500.00	12
<b>Philippe Donnay</b>	Non-executive director	29,000.00	12,500.00	28
<b>Olivier Henin</b>	Non-executive director	27,340.94	9,500.00	20
<b>Ingrid Loos</b>	Non-executive director	36,302.50	12,500.00	28
<b>Marc Meurant</b>	Non-executive director	38,067.25	12,500.00	28
<b>Philip Neyt</b>	Non-executive director	14,000.00	7,500.00	12
<b>Anne-Marie Seeuws</b>	Non-executive director	24,544.52	9,500.00	20
<b>Karl Van Borm (*)</b>	Non-executive director	14,000.00	7,500.00	12
<b>Bruno van Lierde</b>	Non-executive director	28,000.00	22,500.00	28
<b>Philippe Lallemand (**)</b>	CEO			33
<b>Benoît Verwilghen (**)</b>	Vice-CEO/CCO			24
<b>Cécile Flandre (**)</b>	CFO			24
<b>Benoit-Laurent Yerna (**)</b>	CRO			26

(\*) paid to the City of Antwerp

(\*\*) pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge

Name of the director	Function	Remuneration company within the scope of consolidation NRB (**)- (Attendance fees)	Remuneration company within the scope of consolidation NRB (**)- (Fixed compensation)	Number of meetings NRB (Board of Directors, Appoint- ments and Remuneration Committee, Audit Committee)
<b>Philippe Lallemand</b>	Chairman	5,000.00	12,500.00	10
<b>Brigitte Buyle</b>	Non-executive director	-	833,33	0
<b>Cécile Flandre</b>	Non-executive director	2,500.00	3,750.00	5

(\*\*\*) paid to Ethias SA

Name of the director	Function	Remuneration company within the scope of consolidation NRB (Attendance fees)	Remuneration company within the scope of consolidation NRB (Fixed compensation)	Number of meetings NRB (Board of Directors, Appointments and Remuneration Committee, Audit Committee)
<b>Myriam Van Varenbergh</b>	Non-executive director	2,500.00	5,000.00	5
<b>Bruno van Lierde</b>	Non-executive director	4,500.00	6,250.00	9

Name of the Member of the Executive Committee	Function	Gross remuneration (*)	Gross variable remuneration (*)
<b>Philippe Lallemand</b>	CEO	433,595.17	70,125.00
<b>Benoît Verwilghen</b>	Vice-CEO/CCO	361,936.57	47,689.00
<b>Brigitte Buyle</b>	CDTO (Until 19 February 2020)	48,272.44	685,000.00
<b>Cécile Flandre</b>	CFO	290,277.85	46,750.00
<b>Luc Kranzen</b>	CSO	290,277.85	39,298.00
<b>Wilfried Neven</b>	CDTO (as from February 19, 2020)	249,495.97	0.00
<b>Benoit-Laurent Yerna</b>	CRO	290,277.85	67,478.00

(\*) Does not include other benefits.

## 6. Note: Declaration on non-financial information





# NON- FINANCIAL REPORT

2020





# INTRODUCTION

**2020 was an unprecedented, difficult and challenging year. A year we will not lightly forget. The evolution of the COVID-19 pandemic has revealed, day after day, countless and considerable impacts.**

**When Ethias says it is the “partner of your daily life”, it is not just because of a mission or a slogan. No, it is about its role, its passion and its responsibility, which it has been assuming for over 100 years.**

Today, more than ever, it is essential and natural for us to be ready, to anticipate the needs in order to accompany, support and protect citizens and sectors who are in need. During this complex period, Ethias has continued to work around four pillars of protection:

- Protecting our staff
- Protecting our policyholders (private individuals & public sector)
- Protecting Belgian society (clients & non-clients)
- Protecting our company

In this unusual context, the 1,900 employees have taken numerous actions. With unwavering commitment, a strive for solidarity and a willingness to do good. It also quickly became clear that Ethias would actively participate in the federal and regional recovery plans. The DECAVI Trophy, which Ethias received in October 2020 for all the initiatives it undertook in the context of the pandemic, is a strong recognition of this social commitment.

However, these exceptional circumstances did not dampen our innovation drive. For example, we launched several new tools, products and services, while pursuing a solid **group strategy** focused on value creation through ecosystems in crucial areas such as health, ageing, mobility and public services.



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**PANDEMIC**  
TROPHY 2020

This fourth non-financial report details Ethias' numerous CSR actions in three areas: **People, Profitability & Planet**. Our 2020 action plan, inspired by the Sustainable Development Goals (SDGs) of the United Nations Global Compact, has made it possible to undertake the following actions:

- **The donation of 1,000 PCs** for schools throughout Belgium
- A structural partnership with Digital For Youth to **offer 175 refurbished PCs to children in need**
- **Reimbursement of certain premiums**, of one month's rent, and discounts on car and cancellation insurances for policyholders who are temporarily unemployed
- The development of **innovative solutions** (teleconsultation, an aid & solidarity platform for citizens ...)
- Free professional **psychosocial assistance** to employees, students and self-employed persons
- **Free extensions of coverage** to insure health care staff and the thousands of volunteers who work alongside them
- The activation of our **Change Over** plan to achieve **carbon neutrality** by 2030 with a reforestation project in Zambia, but also a study that will allow us to have passive buildings, limit unnecessary (commuter) travel, deploy working from home and reduce unnecessary consumption
- The signing of the **United Nations Principles for Responsible Investment** (UN PRI). Ethias has publicly committed to taking into account the importance of the environment, society and good governance in its investment choices

At the time of finalizing this report, the pandemic is not yet behind us, but our company is in control of its impacts. As an insurer, investor, societal player and entrepreneur, **Ethias will continue to take all possible steps to help reduce the negative consequences of this global catastrophe on its policyholders and on Belgian society.**

We wish you a pleasant reading and remain - together with all our staff - attentive to your needs.

**Myriam  
VAN VARENBERGH**

Chair of the  
Board of Directors

**Philippe  
LALLEMAND**

Chairman of the Executive Committee  
Chief Executive Officer



## SUSTAINABLE DEVELOPMENT GOALS (SUSTAINABLE DEVELOPMENT GOALS OR SDG'S)

The Sustainable Development Goals are a universal call to action to end poverty, protect the planet and improve the lives and opportunities of people everywhere.

**The 17 Sustainable Development Goals were adopted by all Member States of the United Nations in 2015, as part of the “2030 Agenda for Sustainable Development” which sets out a 15-year plan to achieve these goals.**

- |   |  |  |  |
|---|--|--|--|
|    | <ul style="list-style-type: none"> <li>• End poverty in all its forms everywhere</li> </ul>  |    | <ul style="list-style-type: none"> <li>• Reduce inequality within and among countries</li> </ul>   |
|    | <ul style="list-style-type: none"> <li>• End hunger, achieve food security and improved nutrition and promote sustainable agriculture</li> </ul>                         |    | <ul style="list-style-type: none"> <li>• Make cities and human settlements inclusive, safe, resilient and sustainable</li> </ul>   |
|    | <ul style="list-style-type: none"> <li>• Ensure healthy lives and promote well-being for all at all ages</li> </ul>  |    | <ul style="list-style-type: none"> <li>• Ensure sustainable consumption and production patterns</li> </ul>   |
|    | <ul style="list-style-type: none"> <li>• Ensure inclusive and equitable quality education and promote lifelong opportunities for all</li> </ul>                          |    | <ul style="list-style-type: none"> <li>• Take urgent action to combat climate change and its impacts</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>• Achieve gender equality and empower all women and girls</li> </ul>  |  | <ul style="list-style-type: none"> <li>• Conserve and sustainably use the oceans, seas and marine resources for sustainable development</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>• Ensure availability and sustainable management of water and sanitation for all</li> </ul>                                       |  | <ul style="list-style-type: none"> <li>• Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</li> </ul> |
|  | <ul style="list-style-type: none"> <li>• Ensure access to affordable, reliable, sustainable and modern energy for all</li> </ul>   |  | <ul style="list-style-type: none"> <li>• Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</li> </ul>            |
|  | <ul style="list-style-type: none"> <li>• Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</li> </ul> |  | <ul style="list-style-type: none"> <li>• Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>• Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</li> </ul>            |  |  |

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# PRESENTATION ETHIAS

## PROUD OF OUR VALUES

**Our values are the foundation of our identity, our culture and our personality.**

In a nutshell, they are the DNA of Ethias and were defined in 2018 with all Ethias staff:

### ♥ # Human

Humanity is at the heart of all our relationships which we treat with respect and empathy. We are a true partner to everybody we work with. For us, proximity and solidarity are no empty words.

*#Empathy #Respect #Proximity  
#Team #Solidarity*

### ✓ # Commitment

Every day for more than 100 years, we have been committed to our clients, to our colleagues and to society in an efficient way. We are reliable, trustworthy and willing. This commitment also relates to ethics, which remains at the root of all our actions, and to our social responsibility.

*#Confidence #Trustworthy #Efficiency  
#SocialResponsibility #Ethics #Responsible  
#100years #Proactive*

### 👍 # ClientSatisfaction

This is the driving force of our activities and of all our actions. Through our mutualist origins, we emphasize on client contact possibilities and on exemplary service quality. Our accessibility, our efficiency, our flexibility speak for themselves and clearly contribute to the satisfaction of our clients.

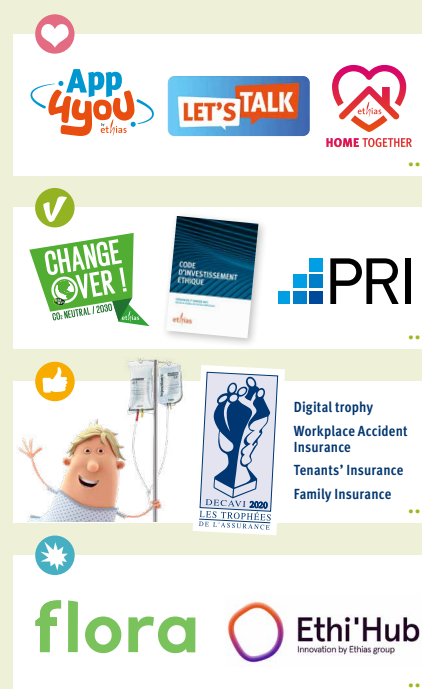
*#Accessible #Partner #Flexibility #Adaptability  
#Efficiency #Simplicity #Agile*

### ★ # Enthusiasm

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

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

**Our values are expressed in daily life** (when welcoming our clients, settling a claim, providing advice on prevention, etc.). They are also materialized when implementing our dynamic policy of corporate social responsibility (CSR), listening to the concerns of our policyholders, private individuals as well as public bodies.





## OUR MISSION

Our mission is our *raison d'être*. In a clear and concise way, it presents what we do and how we stand out. It gives meaning to all our actions and makes us work together in the same direction.

**Our mission is as follows:**

*Making insurance easier so as to bring you security, peace of mind and freedom of initiative, with innovative services and products.*

*As partner of your daily life, we put our expertise and our energy at your service.*

Our mission lives on every day through the actions of all Ethias employees, which are reflected in the pages of this report.

## OUR VISION

Our vision for the future is based on 3 pillars:



## THE STRENGTH OF A GROUP

Building on the success of its unique model, Ethias has taken a new step in 2020 by further capitalising on the strengths and specificities of its subsidiaries to position Ethias as a value-generating group for all its stakeholders.



**ethias**

**Ethias:** 100 years of expertise in assisting clients with their needs to protect individuals and goods

**NRB**  
DARING TO COMMIT

**NRB:** provider of ICT solutions and services with a European vocation

**flora**

**Flora :** 100% digital insurance

**ethias**  
SERVICES

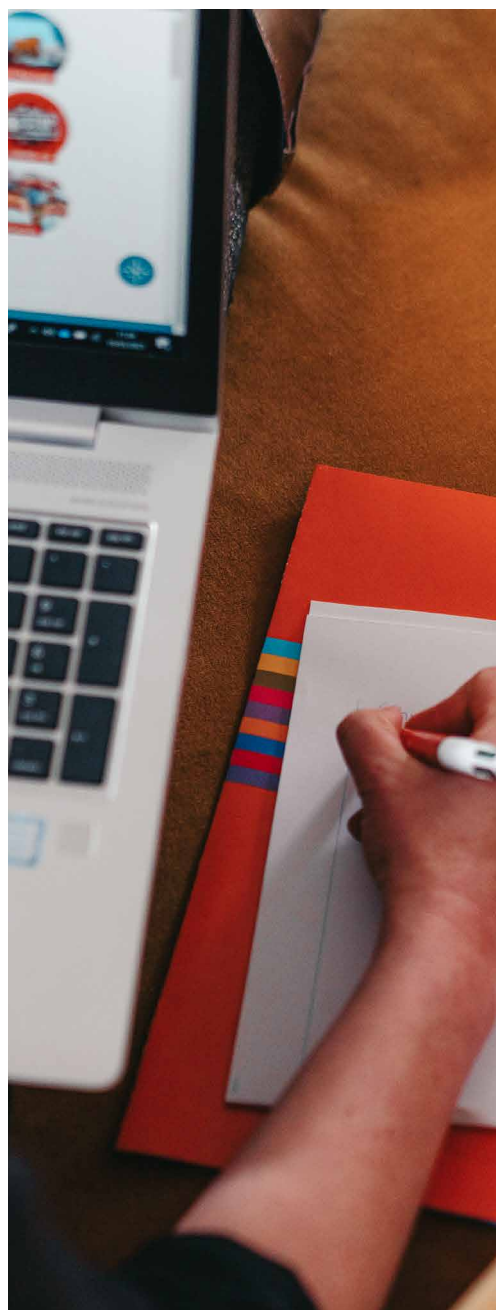
**Ethias Services:** development of innovative digital services and provision of expertise in actuarial, tax, financial, legal and prevention matters

**IMA BENELUX**  
ASSISTANCE

**IMA Benelux:** development and services related to Car, Home and Health Care assistance

**ethias**  
PENSION FUND

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



### From a strategy as an insurer to a strategy of integrated services for clients

A strengthened integration of the group's entities - through synergies, expertise and the talents of more than 5,000 employees - allows Ethias to accelerate the implementation of ecosystems and to position the company on a service offering that goes beyond the mere proposal of insurance contracts in crucial areas such as health, ageing, mobility and public services.

**The strategy is based on 5 pillars:**

- Offering extended **services**
- Developing **digital** and technological **innovations**
- Building **ecosystems**
- Creating **synergies** and pooling **skills**
- Building **partnerships** and rethinking the sales approach



## INNOVATION HUB



Anticipating client expectations is vital for Ethias, which now relies on the strength of a group to reinforce its position as the #1 direct and digital company and leader in the public sector.

Ethias has set up an **Innovation Hub** to boost the creation of new services closely or remotely related to insurance. It is an **open, flexible and participatory** entity. Its team is composed of different and multidisciplinary profiles working with internal and external contributors. The Innovation Hub is a true space for **co-creation** and **experimentation**, for **accelerating and concretizing projects**. From post-it notes to prototypes, from testing to market introduction. The Hub is highly **consumer-oriented** and investigates user behaviour to find innovative solutions. This structure is also a **monitoring and analysis laboratory** that keeps an eye on what is most innovative so as to identify the most promising projects.



# Ethi'Hub

Innovation by Ethias group

An **Innovation Board** composed of colleagues from Ethias, Ethias Services and NRB has been set up to **steer innovation at the Ethias Group level** in an intrapreneurial and agile mode. IMA is also integrated according to the common cases we work on.

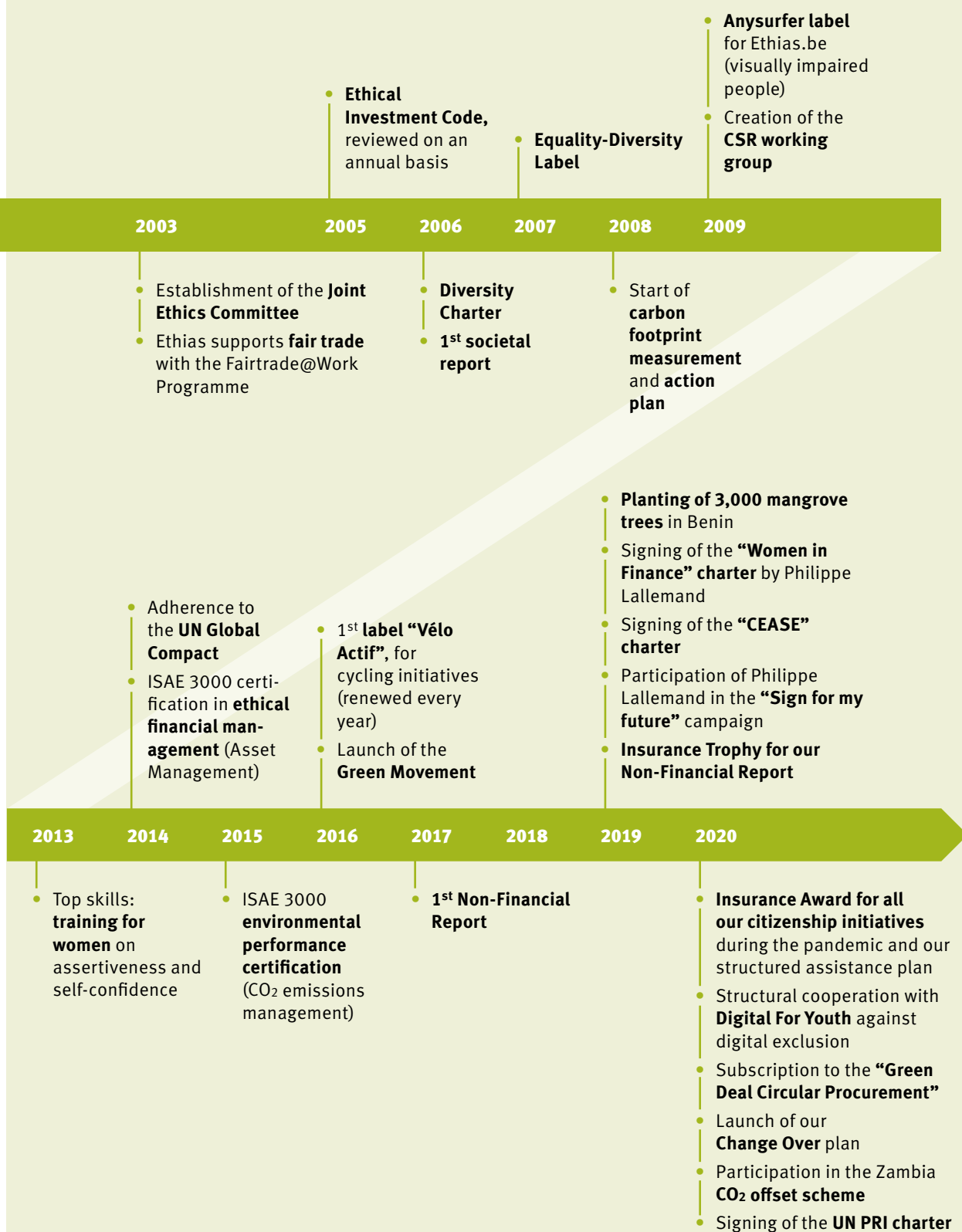
This approach accelerates our development thanks to the complementary nature of our 5,000 employees, for the benefit of our clients and society in general.

The 2020 initiatives detailed in this report are marked with a pictogram.



# GENERAL FRAMEWORK

## CSR AT ETHIAS: A PROVEN EXPERTISE





## REVIEW 2020

### Societal commitment

People / Profitability / Planet

### Measures to help and protect against Covid-19

Staff / Clients / Belgian society / Company



**PANDEMIC**  
TROPHY 2020

### Climate



Towards carbon neutrality

### Diversity

Gender / age / disability / origin

### United Nations Global Compact

Adherence, responsibility  
and commitments

### 17 Sustainable Development Goals of the United Nations

Approach rooted in  
worldwide concerns



### Finance



Socially responsible  
and sustainable investor

### Beyond insurance

An Ethias Group-wide strategy for more  
integrated services for the benefit of its clients







# PEOPLE

HUMAN  
CAPITAL





## MEASURES TO SUPPORT THE POPULATION DURING THE HEALTH CRISIS



**Ethias anticipates the needs to play an active role in identifying solutions and implementing measures to contribute to the recovery.**



Ethias brings the strength of its group to offer innovative solutions. It has invited the sector to reflect on how to cover pandemics in the future.



Ethias is involved in supporting hard-hit sectors such as culture and sport, notably by maintaining our sponsorship despite the cancellation of most events. It also distributed consumption cheques to all its staff to encourage the local economy.

**Many specific actions have also been implemented for our clients.**  
The list can be found on page 29.

### Financial emergency aid

As a social actor, Ethias provides financial emergency aid to the following institutions:

- **Red Cross:** through an exceptional donation, by inviting staff to support the Red Cross (call for donations and/or blood donations) and by relaying the call for donations
- **Doctors Without Borders:** also through a donation to help them in their mission, in consultation with the Belgian health authorities, to provide specific assistance in the front line to hospitals, elderly people in rest homes and vulnerable groups such as migrants and the homeless
- **Domestic Violence Helpline in Wallonia:** through the donation of computer equipment (via our partner Digital For Youth) to optimise the handling of incoming calls and the management of the chat
- **Professional helpline in Flanders for questions about domestic violence, abuse and child abuse (1712):** through financial support for the information campaign on social media

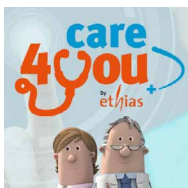


### Because we want quality education for all

- **Donation of 1,000 laptops** (equipped with headphones and software) to primary and secondary schools in the country (550 in Flanders, 420 in the Wallonia-Brussels Federation and 30 in the German-speaking region). In this way, we not only support distance learning, when necessary, but also the further digitalization of education
- **Donation of 175 PCs** to students in need. This operation is carried out in collaboration with **Digital For Youth**, an organization that aims to provide all young people in Belgium with safe and easy access to ICT
- Through its **"Let's Talk"** initiative, Ethias aims to help young people find the way to psychological help by offering them a total of 2,000 consultations. Any student insured by Ethias could contact a psychologist by phone from 18 December 2020 to 31 January 2021 (exam period) free of charge and in complete confidence. A conversation could last up to 50 minutes







## Because we are committed to innovation



- **App4You:** In less than 3 weeks, a group of specialists from Ethias and NRB developed a digital aid and solidarity platform, free and accessible to all citizens. The name of this platform: App4You. Through this new application, volunteers and people in need can meet and help each other. This strengthens, if necessary, our position as the N°. 1 direct insurer
- **Care4You:** is a free and secure online teleconsultation tool. It is one of the most secure platforms in Belgium: access is only possible via the *itsme* application and no medical data is recorded or used for commercial purposes. It is available to all healthcare professionals with a NIHDI number (National Institute for Health and Disability Insurance)

## Because co-creation is close to our heart

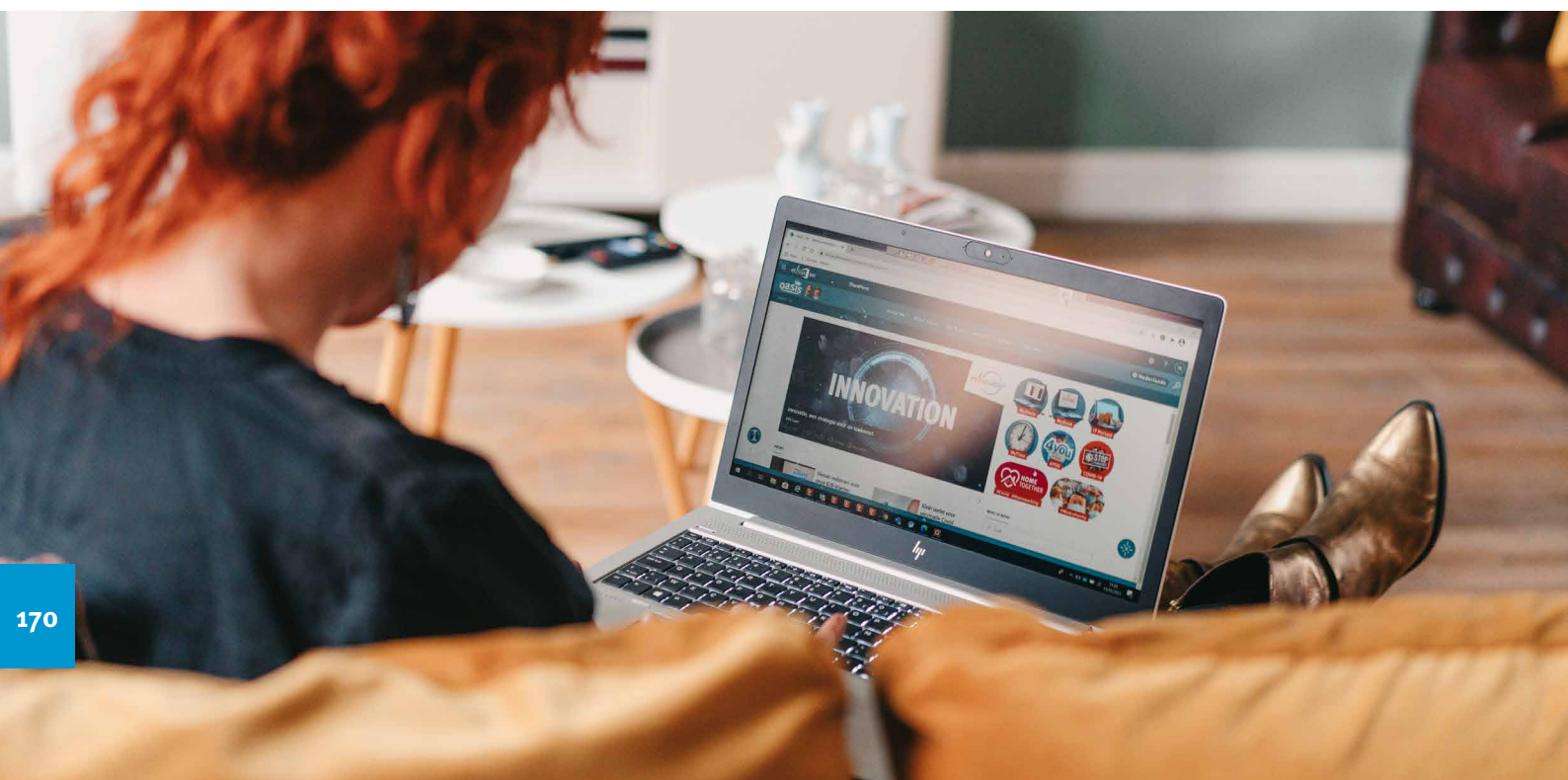
- Ethias took a financial stake in **"Endo Tools"**, a ULB spin-off. This biomedical company has succeeded in developing specific connectors to convert masks into emergency breathing devices for COVID-19 patients. Thanks to the financial support of Ethias, this company has been able to provide around fifteen hospitals with such emergency equipment. It is of course Ethias' wish to continue its commitment to the health ecosystem
- **Support to the VUB Consortium:** this consortium brings together academia and industry to provide emergency equipment for medical staff. Thus, with the support of Ethias, recreational masks could be transformed into protective equipment for hospital staff treating COVID-19 patients

## Because we know that sport is essential

- Ethias decided to **provide financial support to sports federations** by purchasing part of the prevention equipment, including hydro-alcoholic gel dispensers and floor markings that draw attention to social distancing rules and hygiene guidelines to ensure the safety of users

## Because culture is a weapon against ignorance

- Ethias wants to **support culture** by distributing 1,500 prevention kits to Belgian cultural organizations
- Ethias is committed to the revival of the cultural sector through a donation to **Artistes du Cœur / Hart voor Kunstenaars**, a national crowdfunding campaign launched by the Union des Artistes asbl and Artists United vzw





## PROTECTING EMPLOYEES

Its human capital is invaluable to Ethias. During the pandemic, Ethias was able to react very quickly to ensure the continuity of its activities while protecting its staff at all levels.

### Working from home (WFH)

Telework, required by the Federal Government since March 2020, meant that almost all Ethias employees had to work full-time from home for a long period of time. Ethias managed to roll out the WFH procedure very quickly. Ethias is also understanding towards employees with children who are working from home. The company takes a flexible approach to colleagues who have to collect their children from school or the nursery. If they have any problems with childcare, the Human Resources Department will advise and assist them.



### A “Home Pack” for everyone who works from home

In addition to a laptop and headset, the necessary WFH equipment is provided to all employees concerned. Ethias also covers the cost of the internet connection at home. Employees were also able to purchase ergonomic office chairs at a reduced rate thanks to the group purchasing principle.

**1 079** employees received a Home Pack in 2020

### MS Teams as a new, common communication tool

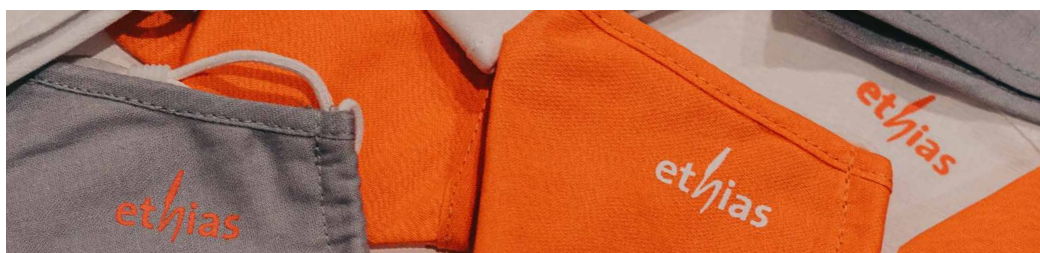
Teams, the MS Office365 tool for (video) calling and chatting, was put into use just before the start of full-time working from home. In 2020, however, the tool was rolled out further at breakneck speed. It has now become the preferred communication tool within Ethias. Employees were informed about its functioning via Oasis, the company intranet, and a “Lunch & Learn” session, among others.

### Health measures

Ethias has also taken the necessary measures to protect the health of its employees.



Each employee received **5** verified and certified washable masks.



The necessary health and safety measures were also implemented **during the periods when the 50/50** principle was prevalent (working part-time at the office and part-time from home, with teams A and B) and for the limited number of colleagues who had to be present in the office. Disinfectant hand gel, signs for internal circulation, more intensive cleaning of the office environment ...

For the **regional offices**, these measures were extended to include plexiglass screens, pedal bins, adapted air ventilation, disposable masks, information and instruction signs, etc. To guarantee the safety of the office staff and to ensure business continuity, work in the offices is done by appointment (in teams A and B: 1 week in the office and 1 week working from home).

The necessary safety equipment was also provided for **inspectors**. Office workers, inspectors and colleagues of the DIM department can also be tested monthly, on a voluntary basis, for COVID-19.

## Ring-Ring: everyone always in the know



When an emergency occurs, Ethias can communicate with its employees by sending a text message to their smartphones through the Ring-Ring service. The service is designed to deal with a variety of acute situations, such as buildings suddenly becoming inaccessible, demonstrations, bad weather conditions, etc. In 2020, Ring-Ring was initially rolled out to inform Ethias employees of urgent news concerning COVID-19, such as the start of full-time working from home.

## Job security for all employees



During the pandemic, all Ethias employees were able to continue working. According to their competences, a number of employees, with reduced workload in such times, helped out other departments. They include the employees of the Events department and of the staff restaurant.

## WFH bonus and meal vouchers



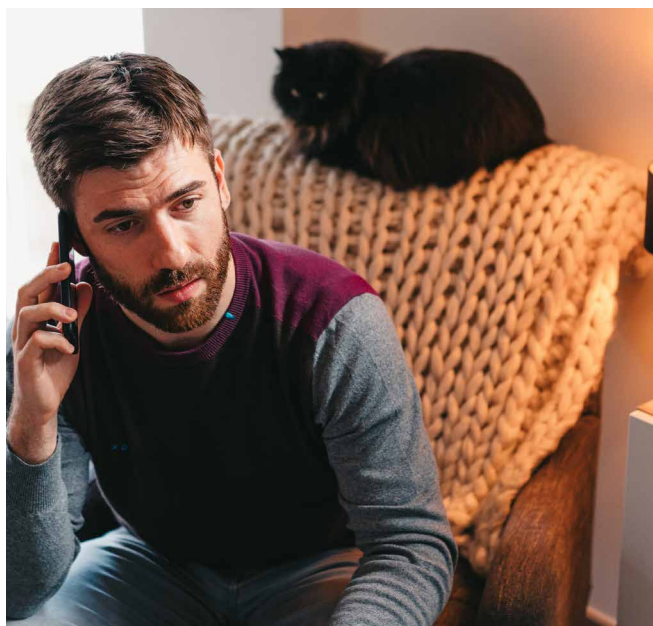
Working full-time from home entails additional costs for employees. Because Ethias is aware of this, it decided, in consultation with the trade unions, to provide meal vouchers (6 euros per working day) for all employees, plus a WFH compensation (a working-from-home premium of 2.5 euros per day worked).

## Social elections

For the first time, the social elections took place entirely online: from campaigning to voting.



**1,321 employees cast their vote**  
(850 for Liège, 471 for Hasselt)





## PREVENTION OF PSYCHOSOCIAL RISKS

Psychosocial risks are permanently monitored at Ethias. However, the health crisis also brought additional challenges in terms of psychological well-being. Ethias has therefore deployed additional tools that its employees can use to remain mentally balanced during an exceptional period. Alongside the existing offer, Ethias now has an extensive range of tools.



### MyMindScan



MyMindScan (MMS) is an online tool that maps out mental resilience. Using six scientifically validated factors, MyMindScan determines the changeable resilience and personal profile of each colleague. In a personal report, each colleague receives individual results and general advice, together with a “mental passport”. By regularly re-measuring the data, Ethias is able to monitor the evolution of the results of the teams and for the company as a whole. Naturally, everything is done in accordance with privacy guidelines and individual results remain extremely personal, unless with the employee’s explicit consent.

**47% of employees participated in MyMindScan**



### My Workplace Options’ Hotline



Employees who – for example after their participation in MyMindScan - feel the need to talk to a psychologist, are offered the possibility to contact (anonymously) the hotline of the organization Workplace Options.

Through this helpline, professionals offer free psychological assistance in case of need for emotional support.

Furthermore, in 2020, the necessary preparations were made for the complete Employee Assistance Programme of Workplace Options, with an even wider range of services, such as practical help or coaching sessions (for both employees and their families).

Figures on the number of employees who have contacted the hotline are confidential.



### Reintegration

**Since 2017, managers have been given training on burn-out prevention.**

A formal and informal procedure for the reintegration of people with long-term illness was initiated, with the support of employee representative organizations, the Human Resources Department and the confidential counsellors

**90 people were involved in the formal and informal reintegration procedure in 2020**





## Psychosocial Unit

The tasks of the psychosocial unit consist of receiving and listening to staff members, counselling people who want to find a balance between their private and professional life, following up and supporting long-term sick people (visits, contact, etc.) and helping them return to work, attending funerals of first-degree relatives of staff members (parent, child, spouse), organizing the annual flu vaccination campaign and organizing blood collections.

**The psychosocial Unit has 6 members**  
(4 in Liège and 2 in Hasselt)

### Blood donation

For many years, Ethias has been encouraging its employees to donate blood and giving them the time and space to do so. A blood donation was organized in Liège at the beginning of March 2020. Other actions could not take place due to the COVID-19 circumstances.

**169 employees donated blood in Liège**

### Annual flu vaccination

Every year, all employees can be vaccinated against flu (influenza) free of charge. Because the Interministerial Conference on Public Health had decided to change its strategy for 2020, the flu vaccination campaign at Ethias was also adapted. Employees in a risk target group or over 50 years of age were given the opportunity to be vaccinated. They could make an appointment for this at Cohezio (External Service for Prevention and Protection at Work).

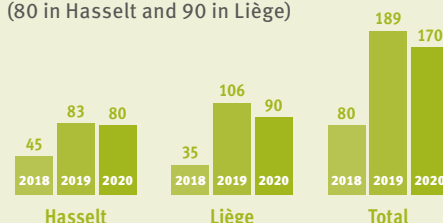
**69 people were vaccinated**  
**(free of charge) against influenza**  
(28 in Hasselt and 41 in Liège)



## Confidential counsellors

The members of the psychosocial unit also act as confidential counsellors. They are competent to manage all psychosocial risks related to work. Their role is broad since they can help employees with all issues related to violence at work, moral or sexual harassment, but also those related to stress, burn-out, conflicts ...

**170 people called on**  
**a person of confidence in 2020**  
(80 in Hasselt and 90 in Liège)



**3 new confidential counsellors**  
**were appointed in 2020**  
(2 confidential counsellors  
and the psychosocial advisor)

## Psychosocial advisor

Since May 2020, Ethias has a psychosocial advisor. His position is new and in line with the desire to make Ethias a leading company where performance and well-being at work go hand in hand, in accordance with its values. Today, more than ever, it is important to take into account the impact that organizational changes and, in general, the different activities within Ethias can have on employees. The changing world of work, digitalization (in which Ethias is a leader), working from home (which changed dramatically in 2020) and the NWOWs (New Ways Of Working) are all profound changes for which some employees may need support.

In this respect, the psychosocial advisor helps **integrate the human dimension into all aspects of work and offers support in specific situations.**

The psychosocial advisor acts as a link between Human Resources, the internal and external prevention services (Cohezio), the social service and the confidential counsellors, but also includes change management, communication, relations with employee representatives.

**The aim is to promote the well-being of all employees even more and to further develop the psychosocial unit.**



## Psychosocial Risk Survey

Between March and May 2020, a survey on psychosocial risks at work took place. It sought to find out what the employees consider to be points of attention for optimizing their mental well-being at work.

**75%** of staff participated in the Psychosocial Risk Survey

**Concerning well-being at work, 2 out of 3 employees gave well-being at work a score between 7 and 10 and 90% gave an average to high score!**

Concrete actions were set up, which are interwoven with the action points that resulted from the Employee Engagement Survey, such as the **Lunch & Learn** sessions. The Psychosocial Risk Survey also formed a good basis for the implementation of the “MyMindScan” and “My Workplace Options” tools.

## First-aiders

Around fifty trained first-aiders are spread throughout the company.

The first-aid team provided assistance to **14 people in 2020** (2 in Hasselt and 12 in Liège)

There are **56 first-aiders at Ethias** (43 in Liège and 13 in Hasselt)

**49 first-aiders followed an online theoretical refresher course** (37 in Liège and 12 in Hasselt)

## Unplug@ethias

In order to prevent burn-out, a pilot project has been launched in Hasselt in collaboration with the Impulse Music School. Taking music lessons is often not compatible with work schedules or family life. With the help of Impulse, Ethias tries to solve the situation and wants to create a positive relationship between employer and employees by allowing them to clear their heads through music. While Ethias provides a pleasant room, Impulse takes care of the teachers, the instruments and the individual lesson programme based on the interests of each employee. In 2020 (due to the pandemic), lessons were only held in January. We are currently looking for a new music school.

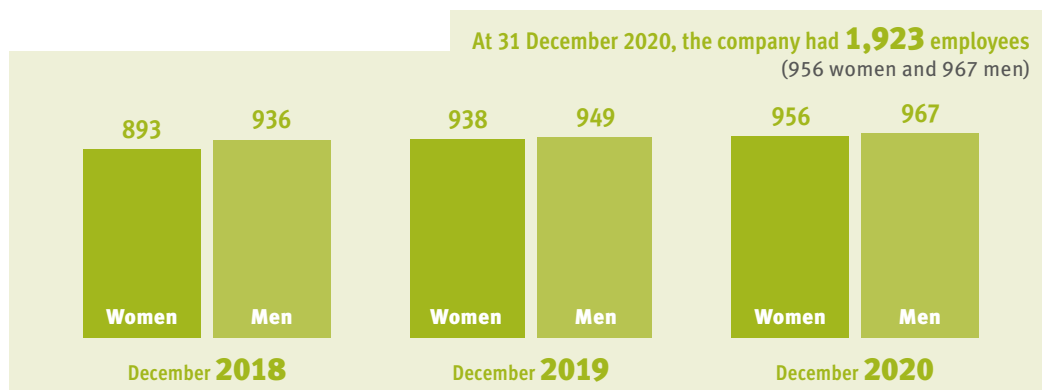




## SOCIAL COHESION (IN TIMES OF CORONA)

Ethias would be nothing without the strength and commitment of its 1,923 employees! For Ethias, social cohesion and the well-being of its staff are therefore an absolute priority, directly linked to its values and in line with its CSR commitments.

The cohesion of its working community has always been one of Ethias' strengths. Despite the necessary (and sometimes complex) working-from-home environment, Ethias has continued to **focus on dynamic, authentic and proactive internal communication** to strengthen its cohesion in these difficult times.



A respectful, collaborative and responsible social dialogue has always been part of Ethias' corporate culture. This social cohesion has allowed the company to go through a century of existence.



### Home Together



We are in an exceptional period that undoubtedly raises many questions for the Ethias employees as well. Practical questions, but also concerns about full-time working from home, loneliness or COVID-related stress. Ethias wants its employees to know that they remain supported and, hence, is proactively looking for solutions to get through this period in the best possible way. That is why the Home Together campaign was set up. This is an internal communication campaign that offers numerous tools. It is an umbrella campaign, as the psychosocial unit, the Ethias Staff Association, the Human Resources department and the prevention advisors are all involved.

**#HomeTogether, because Ethias wants everyone to feel at home within its company, always and everywhere!**



## Increasing the well-being and involvement of all staff members has been the source of several innovations:



### New Oasis

Oasis is the company intranet of Ethias. In 2020, it got a thorough makeover. Not only did it become more visually attractive, but also more convenient to use. In addition, a more contemporary communication style was chosen. Furthermore, interaction between colleagues is now possible thanks to the option of liking news items or leaving comments.



### Good Morning & Coffee Break

Messages that appear on the company intranet under the name “Good Morning” or “Coffee Break” are blog posts in which a lighter theme related to Ethias is addressed. In this way, the communication team tried to provide a more light-hearted and cheerful note in a sometimes challenging period. Given its success, they will become permanent items.



### G-ALL CEO

Ethias' social dialogue is one of the assets for the company's stability, growth and future. As part of this approach, the CEO sends out a general e-mail message to all his colleagues every Friday. To inform them about new developments and projects related to the company, but also to show his commitment and to give them a boost in these special times.

### Lunch & Learn

In 2020, 12 Lunch & Learn sessions took place via MS Teams. During these informal learning moments at lunchtime, Ethias employees gave a presentation on a subject that they themselves are closely involved in, but which all their colleagues might find interesting to know more about. Hence, these L&L's have become interactive sessions where colleagues can ask questions via chat and give feedback.

#### The topics of 2020:

- Business automation for managers
- Efficient meetings
- Teams: Office365 tool
- OneNote: Office365 tool
- MyLearning: the Ethias training platform
- Stress management
- Stress management, ergonomics & relaxation
- 5S: a Japanese tidying method that Ethias has also used for its computer disks
- Project Management for Dummies
- Flora: the independent start-up of Ethias
- New Oasis: the new company intranet
- GDPR: how to report a privacy incident?

**12** Lunch & Learn sessions were organized in 2020

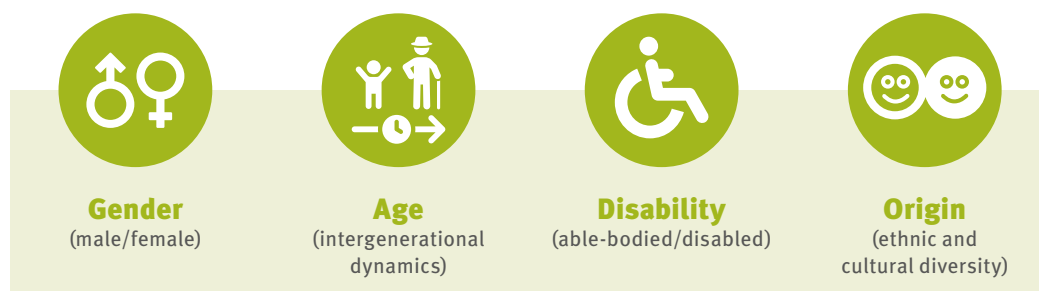
**28** Ethias employees presented one or more sessions

**97%** of colleagues who attended a session indicated they were satisfied with it

**80** participants per session on average  
(French and Dutch combined)

## DIVERSITY

At Ethias, diversity is based on the following 4 axes:



In 2006, Ethias adopted an **internal diversity charter**. The purpose of this charter is to prohibit any form of direct or indirect discrimination and to promote a proactive approach in this area. The concept of diversity includes several aspects such as: male/female, able-bodied/disabled, ethnic and cultural diversity, etc.

In 2007, this approach earned the company a **Diversity Label**. Actions in favour of different aspects of diversity (gender, disability & age) have been regularly put in place.



### Gender (male/female)

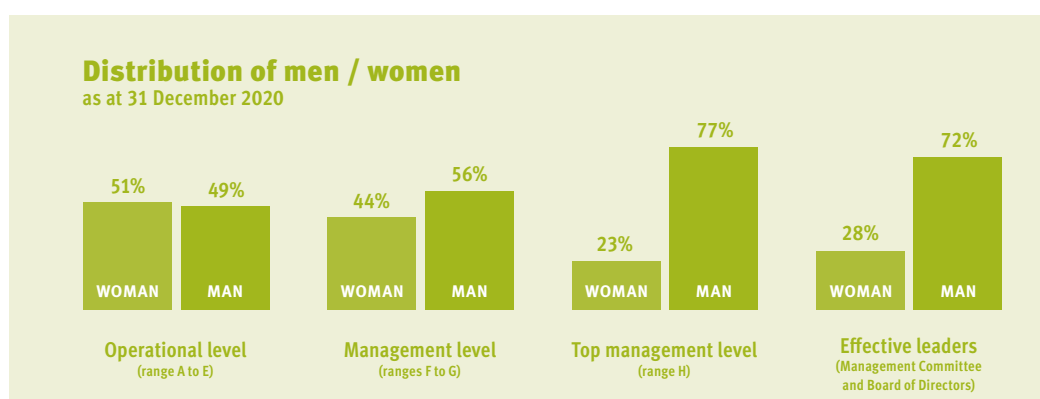


#### Women in Finance charter

The fight for gender equality has long ceased to be an exclusive women's issue. More and more companies are aware of the added value of female talent in the workplace, a wealth that is also directly reflected in companies' good results. However, there is still a lot of work to be done and that is why the financial sector wants to make extra efforts to promote gender equality.

To remain a strong and sustainable business, it is essential that men and women work together to promote an inclusive corporate culture and allow female talent to flourish. The Women in Finance Charter is an initiative of the financial sector (Belgian Financial Forum) and several institutions that founded the association Women in Finance Belgium. In this way, financial organizations are united, gender diversity is promoted and best practices can be shared.

On 17 June 2019, a number of Belgian financial companies signed this charter. As a socially responsible insurer, Ethias was among the first signatories.



**On the basis of these measurements, we note that there is still an imbalance in the management functions within Ethias.** The action plans for the coming years will gradually lead us to more equality at all levels.



## Age (intergenerational dynamics)

### Training courses on “Working longer, a challenge”



In order to best support employees throughout their careers, the Human Resources Department has set up individual training courses for the over-45s. The reflection conducted during these sessions helps people to measure whether they are satisfied with their current position, whether they wish to take on an additional challenge in another department or opt for a specific coaching.

An external coach helped the participants to ask themselves the right questions and find the best possible answers in small groups. The focus was on what the individual himself can do to progress as a staff member within Ethias.

**56 employees followed this training in 2020**

**The average age at Ethias is 45 years and 8 months**

### YouthStart



YouthStart is a non-profit organization that stimulates self-confidence among young people in search of opportunities, offers them the possibility to make their dreams come true and promotes their professional integration. Each participant must develop his/her own business plan and present it at a Certification Day. Trainers, coming from the business world and eager to pass on their passion and experience, accompany them throughout the process. In 2018, Ethias entered into a three-year partnership with YouthStart.

In 2020, no certifications took place within the Ethias building due to the COVID-19 context.

However, Ethias continued to support YouthStart financially in 2020 so that this association could adapt its functioning to the new circumstances.

## Disability (able-bodied/disabled)



### Accessibility

Of our 37 regional offices, 32 are accessible to persons with reduced mobility (26 offices have an adapted layout and 6 are equipped with an access ramp or lift).

A personalized welcome is the first service provided to people with a disability:

- **General attitude and behaviour:** courtesy, a listening ear, friendliness (e.g. availability of a notebook and pen for people with hearing disabilities)
- **Mobility:** wide zones and walkways without obstacles
- **Interior design of premises:** seating, lighting, portals, sanitary facilities, etc

### Partnership with Passwerk

Passwerk uses the qualities of people with autism spectrum profiles and normal abilities for software testing. Thanks to the professional support provided by job coaching, the limitations of employees with autism spectrum profiles are compensated for. Passwerk is a unique concept: it combines an economic dimension with a social dimension and offers them as added value to clients. Passwerk's organization adapts to the profile of its employees, not the other way round. Services, employees and their development occupy a central position in the company. Since 2020, Passwerk has been helping Ethias with operational work on the Ethias website, which is undergoing renovation.







## Origin (ethnic and cultural diversity)

### Duo for a job



Each mentor older than 50 years accompanies and advises a young person in his or her search for work. This provides the young person the opportunity to call on the mentor's years of professional experience. The intercultural and intergenerational dimension of this mentoring is one of its assets. In 2020, a number of duos remained active, in a way that was obviously in line with the COVID-19 measures. Ethias continued to support DUO for a Job financially in 2020 so that the association could adapt its operations to the new circumstances.



### Be Face

On 5 March 2020, 12 staff members participated in an information session during which Be.Face explained its projects. However, the desired training sessions could not take place afterwards due to the lockdown measures. Ethias continued to support Be.Face financially in 2020 so that this association could adapt its functioning to the new circumstances.



### Mentor2Work

This is an employment project of the Minority Forum in Flanders bringing jobseekers with qualifications or experience and from an immigrant background in contact with mentors.

**3 employees were trained and became "Mentor2Work"**

## Fight against poverty



### DigitalForYouth

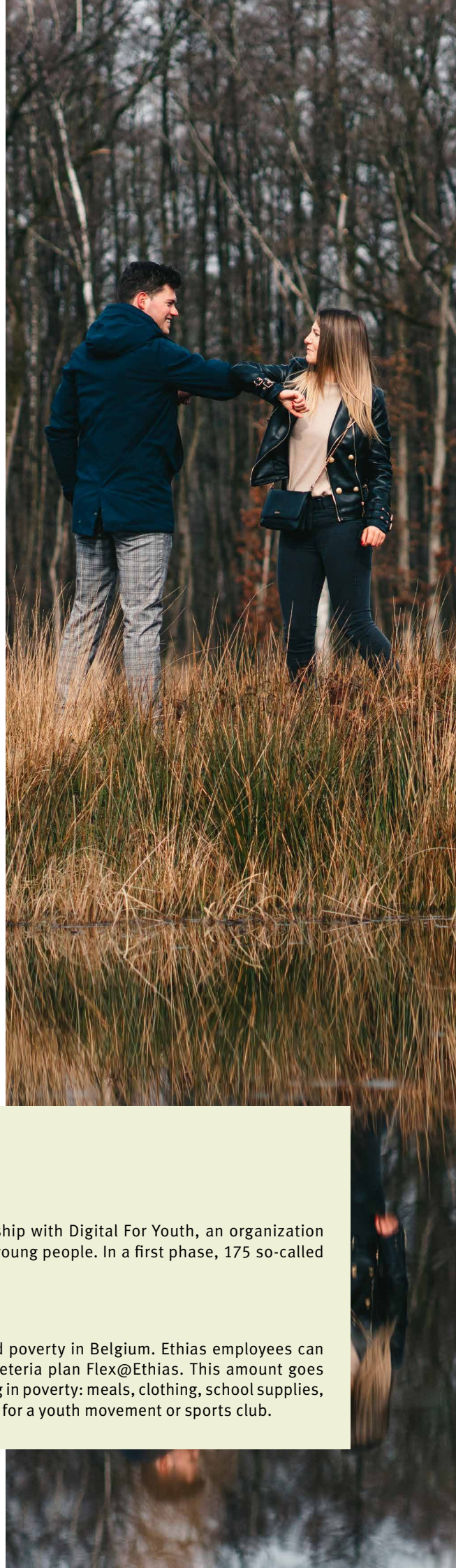
In 2020, Ethias launched a structural partnership with Digital For Youth, an organization committed to fighting digital exclusion among young people. In a first phase, 175 so-called end-of-life PCs were donated.



### Pelicano



Pelicano is committed to the fight against child poverty in Belgium. Ethias employees can choose to donate a certain amount via the cafeteria plan Flex@Ethias. This amount goes towards the basic needs of Belgian children living in poverty: meals, clothing, school supplies, visits to the doctor, but also the registration fee for a youth movement or sports club.





## REINVENTING HUMAN RESOURCES



**Ethias is an attractive and dynamic employer. It offers its employees various opportunities to evolve in captivating and varied professions, far from insurance clichés, while promoting a work-life balance.**

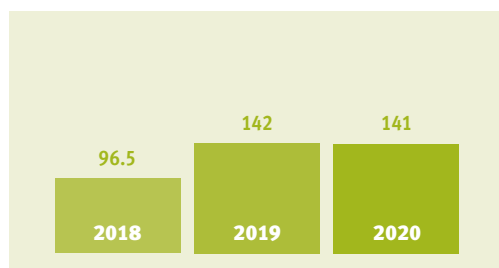
A fulfilling work environment, an open and humane corporate culture and values that reflect one's own: these are all criteria that play a decisive role in the decision of a future employee.

To ensure the enthusiasm and progress of its employees, Ethias has set up a series of tools to enable them to evolve in their profession.

### Welcoming new employees

The Talent Managers also managed to recruit the right profiles in 2020. The application process was adapted to the circumstances and mainly took place via video conferencing.

**141 people were hired in 2020**  
(75 women and 66 men)

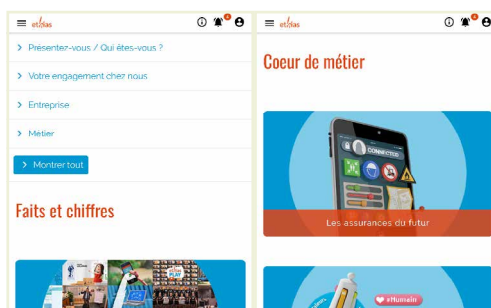


**The application procedure for 64 new employees was conducted entirely remotely, via MS Teams**



### Onboarding app

COVID-19 also did not stop Ethias from warmly welcoming its new employees. As part of the company's **phygital** strategy, Ethias has implemented a new **onboarding** procedure that has been operational since April 2019. Through the **Onboarding app**, new employees can get to know the company better even before their first day at work has started. This way, they feel more involved and will be more productive in their job faster. On their first day at work, new employees are welcomed to the office by their manager or by a member of the HR department who hands them their Home Pack.

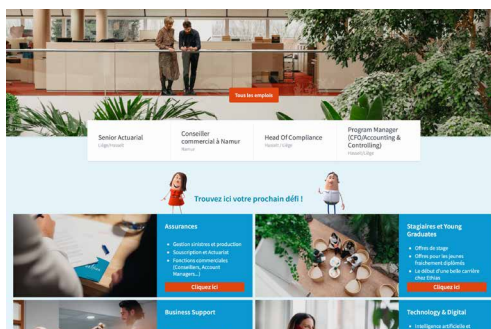


In 2020, employees who started their career at Ethias in 2019 or 2020 were polled on their feedback about the Onboarding app via a questionnaire. Based on these results, the procedure can be further improved.

**119 employees who started in 2019 and 2020 completed the survey**

### New jobsite

A jobsite that should make it even more attractive for talent to apply for a job at Ethias: that was the objective in creating a new recruitment site. A clear structure, attractive layout, texts that reflect what Ethias stands for, pictures in which Ethias employees shine, a presentation of the application procedure and of the Talent Managers, and so on, were all used to achieve the intended result. The new jobsite was officially launched in April 2020.

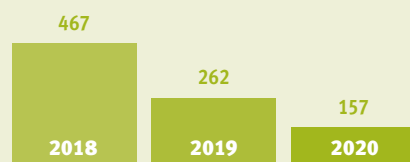


## Talent Management Policy



In order to combine the right talent with the right function, Ethias continued in 2020 the Talent Management Policy that was initiated in 2017. Investment in training, including techniques, has been intensified and a specific change management programme has been put in place. To ensure the enthusiasm and progress of its employees, Ethias has set up a series of tools to enable them to evolve in their profession.

**157 internal transfers thanks to the Talent Management policy in 2020**



A reorganization process took place in 2018

## Development of management competencies



In 2019, the Human Resources Department launched a new management skills development programme called **Leadership@Ethias**. In 2020, the course of the Operational Managers continued. However, the training was stopped prematurely due to the changed work situation because of the COVID-19 crisis. In 2021, they will pick it up again, together with the Field Managers.

### Leadership@Ethias

This innovative approach stimulates the creation of a new culture in which managers can continue to develop as individuals and, at the same time, better equip themselves to lead the company in its evolution. For 2020, the Executive Committee has selected four key competencies that today's and tomorrow's managers must develop further:

- Business Minded
- Intellectual Agility
- Inspiring Leadership
- Enabling Change

These competencies should enable them to optimally support the roll-out of the Ethias strategy.

**85 managers took part in the management development programme in 2020**

## MyLearning: easier to use



In order to adapt to a constantly changing profession, to promote professional development and to encourage internal mobility, it is essential to provide our employees with effective tools that meet their expectations.

**1 971 e-learning followed in 2020**

In order to optimize the offer and access to training, the new MyLearning platform was inaugurated in 2019. In 2020, the use of the tool was simplified. The homepage is more conveniently arranged and employees can see the information that is of interest to them at a glance. Open access was also created for certain e-learning. In this way, training courses are now literally more accessible for everyone.

**10,11h: average number of training hours per employee in 2020 (8,89h in 2019)**

## Employee Engagement Survey: for a better working environment

In 2019, Ethias employees took part in the first Employee Engagement Survey. Their Engagement and Enablement (viz. the resources the working environment provides to do the job well) were assessed. Points for improvement are opportunities for Ethias to grow, to optimize the working environment for its colleagues - the driving force of the company.

The results translated into, among other things:

- The weekly e-mail message from the CEO to all colleagues (G-all CEO)
- The Lunch & Learn sessions
- Open access for certain e-learning on the training platform MyLearning
- A Wall Of Fame in the Sales North department. During the monthly meetings, a number of successes are projected and discussed virtually



## PLAN “ETHIAS TOMORROW, MOVE TOGETHER”



Companies must be able to adapt quickly and continuously, both in a constantly changing environment (new players, new insurance models, technological developments, new client habits, etc.) and in an increasingly demanding competitive and regulatory environment.

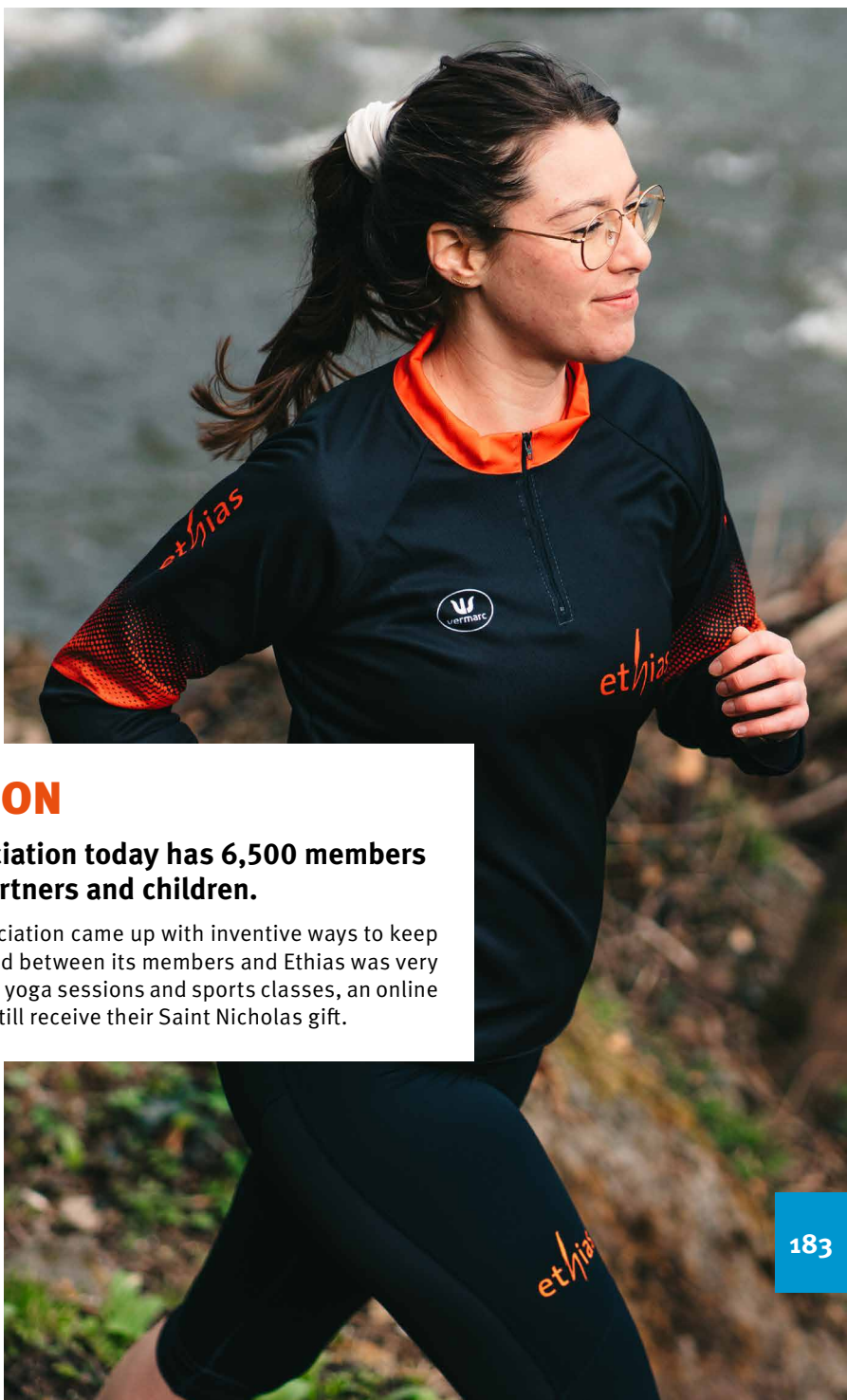
Faced with these observations, and to meet our strategic ambitions, the Ethias organization was redesigned in 2019. This transformation plan, which continues in 2020, has been named “Ethias Tomorrow, Move Together” and aims to strengthen the organization to achieve its ambitions as the N° 1 Direct insurer, the N° 1 Digital insurer and the N° 1 insurer of the Public Sector.

### Field Managers



The step towards “tomorrow” in 2020 was the implementation of the **Field Manager** role. It combines and replaces several other functions, such as the functions of “Teamleader” and “Teamcoach”. The **people management** aspect is now even more central. The colleagues involved can count on the guidance of the Human Resources Department in this change. This is partly thanks to the leadership programme Leadership@Ethias, which included a special training course for Field Managers. The project was launched in 2020.

**131** Field Managers were involved in the start-up



## ETHIAS STAFF ASSOCIATION

**Founded in 1959, the Ethias Staff Association today has 6,500 members (active and retired colleagues), their partners and children.**

During the lockdown period of 2020, the Staff Association came up with inventive ways to keep its activities going. Its role in strengthening the bond between its members and Ethias was very important in these special times. It organized virtual yoga sessions and sports classes, an online quiz and made sure staff members' children could still receive their Saint Nicholas gift.





# PROFITABILITY

OUR ACTIVITIES  
AT THE SERVICE  
OF OUR CLIENTS





## OFFERING OUR POLICYHOLDERS THE POSSIBILITY TO RELY ON SOMEONE CLOSE TO THEM

From the first wave, a series of actions were taken according to the needs and requirements, in a fast and specific way.

### Providing peace of mind to private individuals, self-employed and liberal professions

Ethias has created a platform with virtual advisors and a live chat dedicated specifically to COVID-19 (accessible from 8 a.m. to 8 p.m. on weekdays and from 8:30 a.m. to 12:30 p.m. on Saturdays) in order to help as best as possible during this uncertain period.

Measures to facilitate the payment of premiums due in these difficult months were also quickly offered:

- Facilitation measures for payment deadlines by means of a message systematically accompanying the dispatch of expiration notices
- Suspension of all registered premium reminders
- Adaptation of the conditions of the “Car” contract beyond the due dates in order to reduce the premium: switch to the “less than 10,000 km” rate, reduction of the Omnium formula, suspension of certain optional guarantees, etc.

**In addition, concrete measures were put in place to support, help and protect each insured person:**

**Cancellation Insurance:** financial compensation for the whole portfolio. Flat-rate compensation for the reduction of the “travel” risk during the lockdown period and during the restrictions of the deconfinement period.

- Temporary formula: printing of a voucher valid for two years and corresponding to the premium paid for a trip scheduled between 13 March 2020 and the end of the measures prohibiting the originally planned trip
- Annual formula: two-month discount on the next premium when renewing the contract

**Car Insurance:** financial compensation for clients in temporary COVID unemployment. A discount of two months on the annual premium (Civil Liability and additional guarantees included) applicable to the next premium when renewing the contract.

#### Health care

- Elimination of pre-hospitalization periods
- Elimination of the waiting period for new contracts taken out before COVID-19

**Continuity in collective coverages** taken out by the employer on behalf of employees for persons in temporary unemployment

The measures relating to rental liability and car insurance have also been extended to the **self-employed and liberal professions**, provided that the persons who apply to us can provide proof that they benefit from a specific support measure put in place by a (regional) government.



## Supporting public sector commitment and volunteer involvement

Policyholders have been able to benefit from regularisations in Workers' Compensation / Civil Liability, and car fleet premiums have been adjusted in the event of vehicle immobilisation during lockdown periods

**Civil Liability and Bodily Injury:** free liability coverage for volunteers in the context of activities organized by the insured entity and related to the assistance provided in the framework of the COVID-19 crisis, as well as the consequences of any bodily injury that may occur to them (on the way or during the activities), excluding the consequences of a COVID-19 infection.

**Civil Liability coverage** was extended during the holiday period, when schools, which are normally closed at that time, ensured continuity in accordance with government measures for the COVID-19 crisis. The coverage of this insurance is also acquired free of charge for pupils from other schools and for children of teaching or supervising staff who accompany their parents and who could be victims of a physical accident.

**Guarantee extension:** teaching staff will continue to be covered by the school's liability insurance for any damage they might cause to third parties:

- In the context of distance learning
- In the context of assignments they would carry out on behalf of the school with the school's consent

### Vaccination centres

In 2021, Ethias will also cover the Civil Liability and Bodily Injury of professionals and volunteers mobilized in the framework of the implementation of the vaccination plan.



## Supporting the hospital sector

Various free extensions of coverage have been granted to hospital staff and volunteers:

- **Civil Liability / Bodily Injury / Professional Liability** for all volunteers called upon, including medical and nursing students and retired doctors. This means that Ethias covers, free of charge, the liability that volunteers might incur in the framework of these activities organized by the insured entity
- **Medical Liability:** under the "Professional Civil Liability" contracts, the coverages apply when the insured persons are required to work outside their usual specializations and/or skills. Activities related to teleconsultation are also covered
- **Seconded personnel:** staff members who are seconded to other activities continue to benefit from the various insurance coverages taken out
- **Additional extension:** the guarantee extensions for hospitals also apply to residential care centres, home care organizations (family assistance & home nursing) and to psychiatric hospitals

## Supporting the education sector

**Civil Liability coverage** was extended during the holiday period, when schools, which are normally closed at that time, ensured continuity in accordance with government measures for the COVID-19 crisis.

- The coverage of this insurance is also acquired free of charge for pupils from other schools and for children of teaching or supervising staff who accompany their parents and who could be victims of a physical accident
- **Guarantee extension:** teaching staff will continue to be covered by the school's liability insurance for any damage they might cause to third parties: in the context of distance learning and in the context of assignments they would carry out on behalf of the school with the school's consent

## Supporting sports federations

During the second wave, Ethias decided to:

- Reduce by 25% the cost of **sports insurance** for federations (bodily injury policies)
- Extend the **Civil Liability and Bodily Injury guarantees** for school policies to cover distance learning courses
- Extend the **Bodily Injury coverage** for students taking a physical education class online with their teacher and for exercises required in this context

## OUR PRODUCTS



**Ethias' ambition is to have a positive impact on Belgian society, to contribute to a greener Belgium and to influence societal behaviour in terms of mobility.**

Ethias is fully engaged in the energy transition and rewards responsible behaviour through all its insurance products (from mobility over health to housing) and through all its services. Some concrete examples:

- Insurance "Less than 10,000 km"
- Specific tariff for green vehicles
- Specific offer "Ethias Young Drivers"
- Affordable basic insurances for more solidarity
- Soft mobility covered free of charge in the Family insurance
- Or the automatic coverage of eco-installations (solar panels, photovoltaic panels, heat pump, etc.) included in the Home insurance

**In addition to the actions related to the COVID-19 crisis (see page 29) 2020 was once again a dynamic year for our CSR approach, with numerous new products and services.**

### For our retail clients

#### Health

Our wish? To complete the range of healthcare products to ensure affordable and accessible care for all.

##### **Ethias Hospi Quality**

**A brand new hospitalization insurance that meets the needs of one Belgian in two!**

The COVID-19 crisis once again demonstrates the importance of quality hospital insurance. Being able to recover without having to think about the hospital bill: a much needed peace of mind in these uncertain times. That is why Ethias has launched "Hospi Quality": a hospital insurance at a low price with quality coverage.

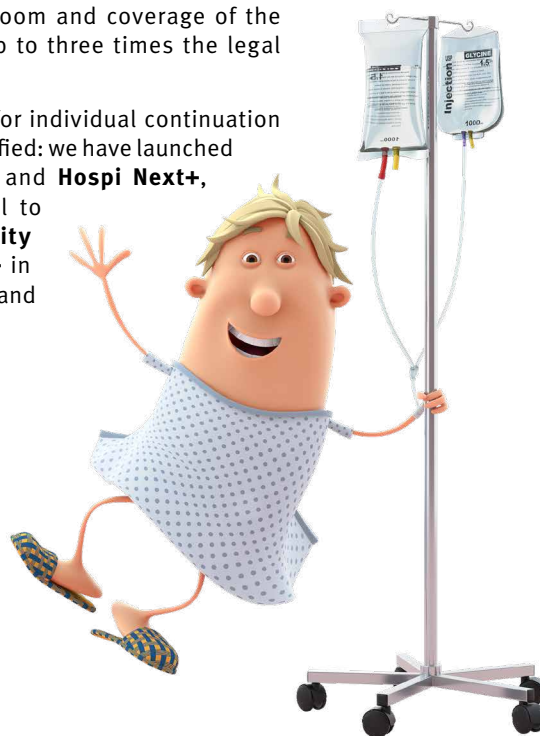
In the event of intervention by the health insurance fund, Ethias will always bear the following costs:

- Hospitalization costs in a double room following an accident, illness, pregnancy or childbirth
- Medical expenses before and after hospitalization, provided they are directly related to the hospitalization (30 days before and 60 days after)
- Medical expenses relating to 33 serious illnesses without the need for hospitalization. Ethias will also reimburse additional medical expenses such as homeopathic treatments, pharmaceutical products and non-reimbursable medicines related to any of the 33 serious illnesses listed above.
- It is also important to note that there is no deductible

##### **Innovative solution thanks to a unique "Wild Card" system**

What makes "Hospi Quality" so innovative is its reward system that grants a wild card (called "Joker" in Belgium) to each insured who remains covered for one year without interruption. The insured can then use this wild card in case of hospitalization of more than one day following a serious illness: he/she will then benefit from a stay in a single room and coverage of the fee supplements up to three times the legal intervention.

The product range for individual continuation has also been simplified: we have launched **Ethias Hospi Next** and **Hospi Next+**, which are identical to **Ethias Hospi Quality** and **Hospi Quality+** in terms of guarantees and services.





## Car

### Driver's Insurance

In October 2020, our Driver's Insurance coverage was voted **"Best of the Test"** by **Test-Achats**! This means:

- Best of the test
- Top quality
- Best prize

Its recognized qualities are:

- The lowest (and fixed) price, also for young people under 30 years old with a driving licence since 4 years: flat-rate premium of 46 euros
- The highest intervention ceiling: 1,500,000 euros
- No deductible and no threshold for non-material damage and professional damage
- No penalty for driving with worn tires
- Coverage for young people
- No exclusion if the safety belt is not used

## Legal Aid

### Legal Aid Insurance

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

## Property

### Home in One

For most clients, it is a hassle to search for the most advantageous interest rate when buying a house and to negotiate afterwards about the house insurance and the outstanding balance insurance. With Home In One - in cooperation with Keytrade Bank - the client can subscribe to a total package, and this entirely online. When taking out an outstanding balance insurance and fire insurance, the client also receives a 15% five-year discount on his/her fire insurance policy.

### Whestia

Through its Whestia label for outstanding balance insurance, Ethias works with the Walloon Housing Fund and with various agents who market social loans in Wallonia. Whestia is the brand name under which Ethias SA markets the outstanding balance insurance: directly, through the Housing Fund for Large Families in Wallonia (FLW) and through the offices of the Walloon Social Credit Society (SWCS).



### Woonhaven Antwerpen

Ethias is a partner of **Woonhaven Antwerpen - the largest social housing company in Flanders - through the awarding of a public tender**. Social housing tenants (via Woonhaven Antwerpen) will be offered an insurance package consisting of a tenant insurance, a family insurance and a possible extension to a theft insurance. Through its insurance products, Ethias aims to protect the resources of social housing tenants so that they do not find themselves in a situation where they have to deal with significant unforeseen expenses. In the meantime, the cooperation has already been extended to 17 other social housing companies.

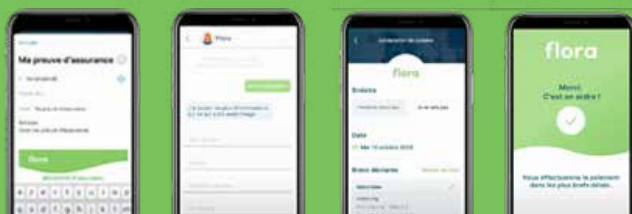
# flora

**In September 2020, Ethias launched Flora: the first 100% digital Insurtech/neo-insurance in Belgium across the entire value chain.**

From the subscription process to the declaration and settlement of a claim: all relations with the insured are made through the Flora app. Flora positions itself as a complementary brand for Ethias: it is aimed at anyone who wants to manage their daily life simply and efficiently via their smartphone.

The adventure began with the marketing of the **tenant insurance**, but Flora's ambition is to launch other products in 2021!

With the emergence of new insurtech players on the European insurance market, such as Luko and Lemonade, Ethias wants to test - thanks to Flora - a new distribution channel, new technologies but also new working methods on the market, in a laboratory mode.



## For our public sector & corporate clients



### Ethias Mobility & More

An innovative insurance solution that employers can offer to their employees (in whole or in part) to ensure their mobility on the way to and from work and during business travel.

All forms of mobility are covered, from (electric) bicycles to speed pedelecs, from (electric) scooters to public transport, including cars and motorcycles used in the context of a sharing platform or in the event of a wildcat strike or unexpected cancellation of public transport. This insurance encourages our clients' employees to use alternative transport means to the car, while giving them peace of mind in the event of a problem.

Clients have the possibility to choose among seven guarantees (Assistance, Omnium of the means of transport, Personal Belongings, Bodily Injury, Civil Liability, Legal Protection and Omnium "mission"), but only if a minimum of two guarantees are subscribed.

In addition, our Mobility & More product has been extended to include Omnium insurance for employees' personal vehicles used for travel on behalf of their employer. The vehicles used by employees on business trips are thus insured against theft, fire, property damage and glass breakage.

This product is mainly intended for private companies with at least 10 FTEs.

We wanted to offer a better service to our clients by providing them with a "**Mobility & More App**" in order to manage roadside assistance interventions more quickly.

This app is made available to policyholders so as to facilitate the speed and accessibility of the Assistance service in the event of a breakdown or accident. It offers a geolocation service to policyholders and breakdown services.

With this product, Ethias anticipates societal changes in the mobility landscape and thus contributes to a greener Belgium with fewer traffic jams.

## ETHIAS MOBILITY & MORE



### All Risks - Electronic equipment

As part of the group's strategy, Ethias has developed synergies with NRB and redesigned its commercial approach, in particular for the distribution of the "All Risks - Electronic equipment" product. This product, offered through the NRB group, insures all computer and electronic equipment belonging to an organization or made available to it, against material damage and loss caused by theft, fire, short-circuiting, water damage, malicious intent or vandalism, negligence or inexperience on the part of staff members or third parties. This product is intended for any Belgian public entity or company whose registered office is located in Belgium.

### Ethias Cyber protection

This insurance covers the harmful consequences for the policyholder or third parties of a cyber event (malware, cyber attack, human error, system failure, denial of service or unauthorized use of the IT system). It includes:

- "Own damage" section (covering, in particular, the costs of reconstituting data, the costs of identifying the cyber event and the costs of restoring the computer system)
- "Civil Liability" section (covering, in particular, personal data or third-party data breaches, defence costs following an official investigation, financial penalties imposed by an administrative authority)
- "Reputation protection" cover (covering the fees and expenses of an emergency and crisis management consultant to prevent or limit damage to the policyholder's reputation following a claim falling under the "own damage" or "civil liability" sections).
- Optional "Legal Aid" coverage

Ethias Cyber Protection provides 24/7 assistance in case of a cyber event and offers our clients the support of a network of experts and specialized lawyers. This service is organized in collaboration with our partner Crawford & Company.

**As part of the Ethias/NRB group strategy, the commercial approach has been redesigned to distribute the Ethias Cyber Protection product with the products offered by Civadis and Cevi. This distribution model will soon integrate Logins and Computerland.**

### Guaranteed Income and Collective Disability Insurance

In 2020, we adapted the general and specific terms of our **Guaranteed Income** product, marketed in Branch 2, and of our **Collective Disability Insurance** product, marketed in Branch 21 as a complement to a main supplementary pension insurance.

**Following this revision, two improvements for the benefit of our policyholders can be highlighted.**

From now on, our benefits will be paid automatically until the insured person's actual retirement date, but no later than the statutory pension age. This change is a response to a need created by the change in legislation, which no longer allows payment of the supplementary pension until the time of retirement. Our general terms now provide for intervention in the event of psychological or mental illness over a period of 24 months.

## OUR SERVICES

Ethias has developed several innovative services by capitalizing on the complementary skills present within its subsidiaries NRB (IT) and IMA Benelux (Assistance) with the support of Ethias Services.

As part of its group strategy, Ethias Services supports Ethias in developing and marketing new services and building tomorrow's market with solid and coherent ecosystems.

In order to achieve its ambitions, Ethias Services has provided itself with the necessary financial resources and additional personnel.

### Helping our clients (and not only our clients)

#### App4You



App4You is a responsive and innovative solidarity web platform that is accessible to all since April 20, 2020. It allows volunteers to help other citizens in need.

Very simple to operate and created in only 3 weeks with the collaboration of NRB, the platform has been visited more than 20,000 times during the first lockdown period and remains active since then:

- 100% free of charge
- **For everyone**, Ethias clients and non-clients
- **Very easy to use and to access** via the address <https://app4you.be>
- In a few clicks, users can **create their profile and offer or request a personal service** (shopping, distance learning/coaching, etc.)
- Easy management of offers/requests
- Free coverage in Civil Liability and Bodily Injury for volunteers who offer their help



#### APP4YOU, c'est quoi?

C'est une plateforme mise à votre disposition **gratuitement** pour favoriser l'entraide bénévole entre citoyens (dès 16 ans, avec accord des parents). Elle vous permet de **demandeur ou d'offrir un service** à une personne près de chez vous.

Ethias est impressionnée par l'élan de solidarité qui se manifeste à travers tout le pays afin de faire face à la crise sanitaire engendrée par le Covid 19. Ethias invite l'ensemble des citoyens qui partagent avec elle les valeurs de solidarité, d'engagement et d'humanisme, à utiliser APP4YOU, dans le respect des mesures de confinement qui sont imposées par les autorités.

#### Care4You

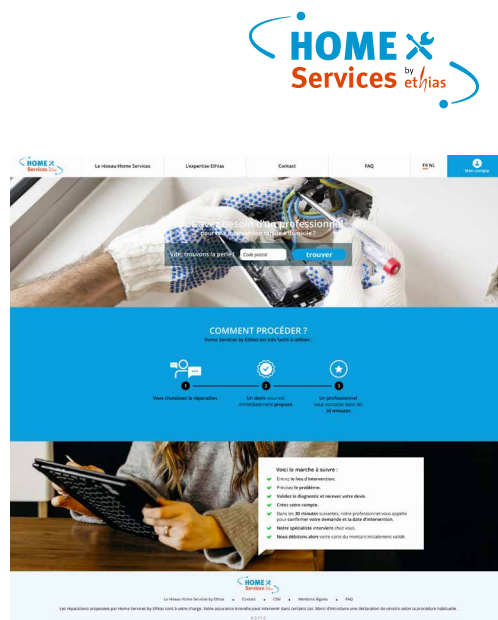
Care4You is a platform that is made available free of charge to health care professionals and that responds to the new habits adopted by patients (during the first phase of the health crisis, doctors gave more than 3 million telephone consultations). Thanks to videoconferencing, the tool provides the opportunity to make appointments and manage consultations remotely with the patient. The platform is fully secured through identification via the *itsme* application. It is accessible on smartphone, tablet and computer.

#### Medappcare

This application allows citizens to have a clear view on the quality and reliability of the many health applications available.

#### Home Services by Ethias

A digital platform that enables users (Ethias clients & non-clients) to order services for making small repairs or doing work in their house (various services relating to heating, locksmithing, sanitary fittings and plumbing, electricity, woodwork ...).





ethias

## More specifically in assistance



**Four new features are available since the implementation of our partnership with IMA Benelux in April 2020. #Digital #Services #Innovation**

### Self: our new digital roadside assistance tool

Self allows its users to submit their request for roadside assistance directly online using their smartphone. Clients who call our Assistance service can opt for this digital solution by simply selecting it in the IVR menu. They then complete their intervention request in a few clicks. Since its launch on 15 December 2020, 8% of clients who rely on Ethias Assistance have chosen this new communication channel to contact our services.

### Online follow-up

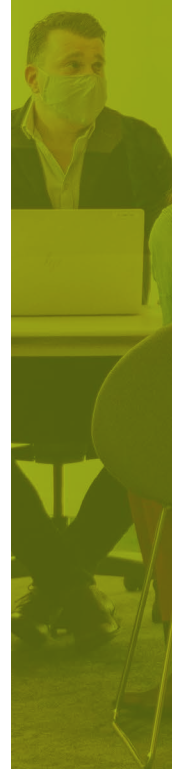
As soon as an Assistance file is opened, our clients can follow its progress (contact details of the breakdown mechanic who has taken charge of the vehicle, place of collection, etc.) in complete transparency and directly with their smartphone.

### Geolocation of the breakdown mechanic

Only available in Belgium, this feature offered by our partner and service provider IMA allows our clients to follow their breakdown mechanic and the arrival time on site.

### Geolocation of the client

When clients with car trouble cannot give the exact address of their location, one click is all it takes to send us their exact GPS coordinates.



## OUR PREVENTION & RISK MANAGEMENT SERVICES

**At the heart of our business is protecting the health and physical integrity of individuals and safeguarding the goods of clients.**

This is why, in addition to compensation, Ethias offers the Ethias Services catalogue and thus undertakes multiple audit, prevention, training and support actions in areas such as **health, psychosocial risks, fire, pensions and risk management**.



**ethias**  
SERVICES



### Supporting employers during the COVID-19 crisis

Through education and prevention advice, employers could be made **aware of the risks and appropriate measures** to protect their staff from the COVID-19 risk:

- Correct use of gloves and masks
- Measures to ensure social distancing at work
- Organization and psychosocial aspects of working from home
- Special situation of first-aiders and volunteers

### Publi-Plan

This study aims at providing a **clear picture of the future salary costs and pension commitments of statutory and contractual staff** working in public institutions. This picture is the result of a series of simulations that take into account the evolution of the staff, the financial impact of the appointment policy, the extent of future recruitments, the impact of a supplementary pension plan, etc.

### Fire

Fire prevention in the workplace, **audit** (building sanitation, data), **training** (fire & explosion prevention, fire engine driver), drafting of accident scenarios and exercises on various topics, site monitoring, etc.

### Health & psychosocial risks

**Accompanying** an employee in burnout or on long-term absence with a view to a return to work, support for change, learning to express oneself in public, **audits** (work environment, human resources management, psychosocial risks in companies), **assistance** (energy management to avoid exhaustion, private/work life balance, interpersonal conflict management, development of ethical management), etc.

### Risk Management

Risk **mapping**, specific risk and security **audits**, internal control specialist certification, internal control assessment/audit, public sector accounting reform, business continuity plan, etc.

### Personalized guidance

Ethias also offers personalized support through prevention experts in various fields:

- Protection of individuals (accidents at work, well-being at work, school accidents ...)
- Protection of goods and services (car, theft, fire, floods ...)
- Protection of information





## eXia

The partnership with eXia (a VUB spin-off working on the development of sensor technology to prevent blind spot accidents) has been intensified with the aim of achieving a mature and effective system by 2021.



## Soft Mobility

In recent years, bicycle travel has increased significantly. Simultaneously, there has been an increase in the number of accidents. These often result in serious injuries due to the vulnerability of the victim. Ethias not only provides advice, but also actively promotes targeted training courses that support employers in accident prevention in the context of soft mobility.

## Defensive driving awareness in collaboration with our partners

For Emergency and Police Zones: specific training on “priority driving” so that intervention personnel can carry out their tasks in complete safety.

## Manual handling of loads

Ethias has set up a “train-the-trainer” course designed not only to train employees but also to enable employers to have competent people within their organization who can coach their employees on a long-term basis.

## Playground safety

Through training, awareness-raising and fact/analysis sheets, playground managers can optimize the safety of their sites.

## Prevention tailored to the smallest

To make evacuation in the event of fire a child’s play, Ethias has developed a creative and child-friendly evacuation plan for local playgrounds, in collaboration with the town of Blankenberge. This initiative will serve as a pilot project and will be rolled out in all Belgian cities and towns insured by Ethias.

## Ethias Prevention Reporter

Application that offers digital assistance to improve prevention reporting (geolocation, risk/claim classification, voice recorder/recognition system, photo & video recording, etc.).

## Fleet Reporting

Analytical tool for claims related to a car fleet. This tool helps to raise awareness among fleet managers and beneficiaries of a vehicle and to implement an appropriate prevention policy.

## Online documentation

Online publication of magazines, information sheets, a prevention blog, awareness-raising videos and clients testimonials. All these elements help to create a direct link with policyholders, while remaining attentive to their needs.

[www.ethias.be/blog-fr](http://www.ethias.be/blog-fr)

## Personalized guidance for a better professional reintegration

Ethias wants to be a facilitator in the daily management of claims files, but also in more complex phases such as professional reintegration.

A Proximity Intervention Unit has been set up to meet this need. So clients can count on Ethias to support them with targeted services when they need them most.



### How?

- By ensuring good communication between all parties
- If necessary, by offering various forms of support: psychological follow-up, support from a social worker, a nutrition coach, assistance with budget management, etc
- By establishing a life project and job coaching
- By setting up training plans
- By ensuring follow-up with the company doctor
- By intervening immediately in crisis situations
- ...

To set up this Proximity Intervention Unit, Ethias Services has called upon the company WorkPlace Options, which specializes in integrated solutions for employee well-being.

**44 cases have been handled**  
since its launch, in just 3 months

## DIRECT INSURER: PROXIMITY HAS NEVER BEEN SO PRECIOUS!



### Ethias is close to its clients

Proximity, service and empathy are more than ever the leitmotifs that Ethias has put into practice on a daily basis through all its actions during this exceptional year. A year in which the need for reassurance has never been so essential.

In 2020, **1 900** employees were ready to serve **1 200 000** clients !



### Our phygital model

Halfway between digital and human contact, Ethias offers the best of both worlds with a phygital approach to ensure a unique, simple, efficient and human experience.

#### Clients choose the channel that suits them best to contact us:

**37** offices covering the whole of Belgium with the possibility of **making an appointment on-site** or by **video conference**

**2** Customers Centers

**2** "Claims Mobility" services

**77** sales representatives serving public authorities, the private sector and partner brokers

**1** website

**2** Client Space

**1** live chat

**1** virtual assistant "Mathias"

**1** mobile claims reporting app

**6** social networks

### Maintaining relationships

To maintain ties with its clients, Ethias set up several communication flows in 2020 under the name of **Journeys**.

**Welcome:** welcome email and gift to new clients. The gift? Some free photos that can be printed via the Stampix website. To reduce the footprint of these prints, Ethias participates in an ongoing project by Stampix: Weforest. As compensation for the photo prints, trees will be planted in Zambia.

#### Information according to the evolution of the client's situation:

- **Wild card:** e-mail to congratulate the client on his/her careful driving behaviour and to inform him/her of the receipt of a "wild card" at the next due date
- **Bonus-Malus:** e-mail to congratulate the client on his/her careful driving behaviour and to inform him/her of a premium reduction at the next due date
- **"7-year old car":** the age of 7 years is a critical period for a car. Keep or replace? Clients will receive an e-mail with advice

**Farewell:** an e-mail to thank the client and say goodbye. We also ask for feedback via a survey.

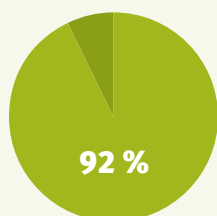


## Ethias' driving force: client satisfaction!

To obtain the satisfaction of its clients, Ethias has mapped out their main expectations:

- To deal with claims quickly
- Being able to rely on a competent contact person
- To receive clear and simple information
- To have the most comprehensive coverage available

### Satisfaction measured among B2C clients<sup>1</sup>

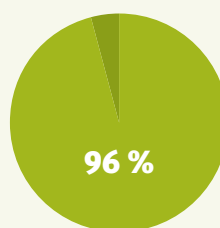


The NPS study conducted in 2020 shows an **overall satisfaction rate** with Ethias of 92 %.



After having been in contact with Ethias, **more than 2 out of 3 clients would recommend us to their family and friends**

### Satisfaction measured among B2B clients<sup>2</sup>



**Overall client satisfaction** is also very high (96%).



**9 out of 10 clients consider Ethias as their preferred partner** in the insurance field

Ethias is perceived as an easily accessible, solution-oriented player offering an efficient service. The relational aspect, particularly through our network of inspectors, is also one of our greatest strengths. Finally, our Belgian identity and anchorage are highlighted and appreciated by our clients.

<sup>1</sup> These indicators come from the NPS (Net Promoter Score) project, a tool set up in 2014 to measure the satisfaction and recommendation rate of private individuals (clients & prospects) who have had contact with Ethias. Sample 2020: 17,972 clients.

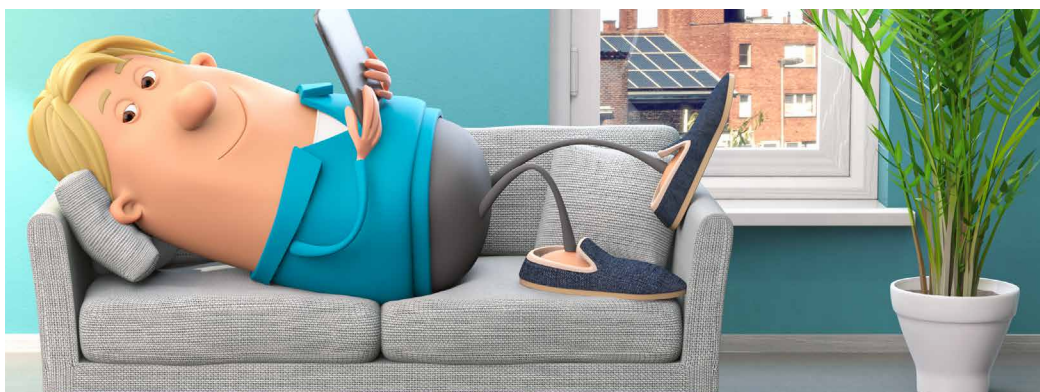
<sup>2</sup> These indicators come from the "Satisfaction & Moments of Truth" study conducted amongst public bodies. This study was set up in 2011 and is renewed every 2-3 years. Sample 2019: 236 B2B clients.



## Digital: accessible anywhere, anytime

**As soon as our clients feel the need - at home in their sofa, on public transport or at work - they can contact Ethias via its digital services.**

They can **quickly** get help or information, take out insurance contracts **easily** and **directly** online and be informed of the progress of a claim **at any time**.



Espace Client



**True to its position as Belgian market leader in online insurance sales, Ethias is constantly innovating in this field.**

Every year, new features or new services are proposed to make life easier for the client. Here are some recent examples:

- The **brand new Client Space**, launched in 2018, with easier access and smoother navigation. In particular, it allows clients to submit claims declarations, obtain duplicates (green card, contract ...) and certificates (of claims, rental liability ...), manage invoices, make appointments for an office visit ...
- In 2019, **Myclaims Workers' Compensation** was added to the Client Space. At any time, it offers victims of an occupational accident, insured with Ethias, online access to their claims. They can follow the progress of their file digitally, manage and check the payment of the compensation paid and communicate with Ethias. This space also allows victims to send or receive the documents necessary for the follow-up of their case
- **MyEthias Health Care**, launched in 2017, is now an integral part of the Client Space. It is an online platform that allows all beneficiaries of individual or group hospitalization insurances to follow up and manage their health care files
- On the B2B side, **Ethias Connect** provides even more secure access to the management of group contracts, and the invoicing application allows clients to consult and manage invoices
- **AssurPharma** enables the electronic transmission of pharmaceutical expenses for both Health Care and Workers' Compensation files. AssurPharma is the result of a partnership between insurers and pharmacists to make life easier for users
- **AssurKINE** is a third-party payment system, launched in 2017, for physiotherapy care in the event of occupational accidents
- **Ethias Pension Corner** is an online platform specialized in pension information
- **AutoMobileFriendly**: new simplified and "mobile first" web feed allowing visitors to obtain an insurance quote for their car easily and quickly. Our digital offer also makes it possible to take out a car insurance in a simple, quick and user-friendly way, on both smartphone and computer. In this way, clients can register their new vehicle on the same platform, pay their first invoice and receive their license plate number by text message from the DIV (Vehicle Registration Service of the Federal Public Service Mobility)

**Ethias puts the client experience at the centre of its concerns. Digital technology offers the opportunity to continuously improve and expand our range of products and services while remaining in line with the expectations and needs of our clients (Simple - Efficient - Human).**

## 12 insurance products that can be fully taken out online, payment included



**Ethias Family Assistance**



**Ethias Car & Family Assistance**



**Ethias Home Insurance**



**Ethias Tenant Insurance**



**Ethias Starter Pack**  
(Home + Family)



**Ethias Family Civil Liability**



**Ethias Car Insurance**



**Ethias Digital Omnium Insurance**



**Ethias All Risk Luggage Insurance**



**Ethias Temporary Travel Cancellation**



**Ethias Annual Travel Cancellation**



**Ethias Young Drivers**



### RIV4L College League

#### Stimulating digital innovation among young people

As the No.1 digital insurer, Ethias is fully committed to supporting innovation, not only within its own products and services, but also to stimulating digital innovation among young people. For this reason, Ethias has been supporting (since 2020) the RIV4L College League, an e-sports competition between 19 colleges and universities in Belgium. E-games and e-sports are a global phenomenon with huge potential that is now also gaining popularity in Belgium. By supporting this competition, Ethias wants to make young people aware of the importance of digital innovation.



## History of our digital evolution

- 2020** — Flora / App4you / Care4you / Dekra Medappcare / Home services / SELF
- 2019** — Car: online quotation, underwriting, vehicle registration and payment
- 2018** — Client Space / E-billing
- 2017** — AssurPharma / AssurKINE / MyEthias health care
- 2016** — Online appointment booking / Live Chat on our social networks
- 2015** — New website with online underwriting and payment / Live Chat on our websites
- 2013** — App 24/7
- 2012** — New myethias
- 2010** — “My site Ethias”, customization
- 2008** — Mathias, virtual assistant
- 2007** — Declaration of fire claims
- 2006** — New website “4 in 1”
- 2005** — Declaration of car claims
- 2003** — Award for best e-commerce site
- 2002** — MyEthias
- 2000** — Online quotations & contract requests
- 1997** — Creation of the Extranet
- 1996** — First (static) website



## Complaints management

### Ethias complies with Assuralia's Code of Conduct for complaint management.

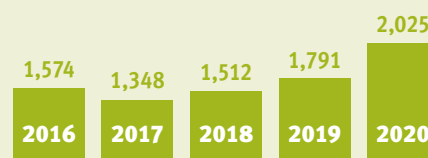
Any interested party, be it a candidate policyholder, a policyholder, an insured, a beneficiary or an injured third party, may address his/her dissatisfaction concerning an insurance contract or service.

#### Complaints may be lodged:

- Via the online form
- By e-mail
- By post

An independent Complaints Correspondent will examine the file objectively and respond to the complainant within 20 working days of receiving the complaint. If this deadline cannot be met, the complainant will receive a detailed letter.

**An annual report on complaint management is produced each year.**



The number of complaints addressed to our **internal complaints department** has increased in recent years.

#### The increase in complaints is explained by 3 temporary and exceptional elements:

- A peak in claims in cancellation “Property & Liability” related to the COVID-19 context during the second and third quarter
- A slight increase in “Claims - Mobility” and “Legal Aid” due to the introduction of an automation process
- Increase in “Life Third Pillar” due to the tax regularisation of long-term savings contracts with flexible premiums. This regularisation started at the end of 2019 after agreement with the tax authorities



## SPONSORSHIP & PARTNERSHIP



**During the COVID-19 crisis, it was very important for Ethias to lend a hand to its partners in need as well as to the cultural and sports communities.**



Beyond the actions related to the COVID-19 (see pages 13 and 29), Ethias has maintained its support in 2020.



At Ethias, we have an absolute passion for music, sport and culture, and we like to set the tone for social actions and initiatives. That is what we stand for as a sponsor.



**We support initiatives that bring out the best in people, that are enjoyable and enriching for visitors or participants.**

### Festivals

There's music in Ethias! Because everyone understands the language of music. Live music brings people together, young and old, in all their diversity and emotions. With our sponsorship, we want as many music lovers as possible to enjoy their favourite genre at the numerous festivals.

**Music festivals:** Brussels Summer Festival, Pukkelpop, Ghent Jazz Festival, Cactusfestival, Festival Dranouter, Graspop Metal Meeting, Jazz Dinant & Baudet'stival.



### Culture

Ethias is an active sponsor of the cultural sector. Whether it's painting, theatre or opera. These activities are often eye-openers. They give people a broader view and new perspectives on their own lives and on society. That can only be enriching.

**Cultural players:** the Royal Opera of Wallonia, Summer Opera, the Belgian National Orchestra, the Royal Philharmonic Orchestra of Liège...



### Sport

Sport makes people healthier, more social ... even happier. At Ethias, we have a heart for sport! For years, we have been a loyal partner of various sports federations, organizations and competitions. These sporting events give our sports heroes a stage. This in turn brings people closer together and encourages them to pursue a more active lifestyle themselves. Because it is our goal to motivate and inspire as many people as possible to play sports!

**Sporting events:** Ethias Cross, UCI World Cup Cyclocross, Tour de Wallonie, Bingoal Cycling Cup, Woman Race, Euromillions Cup finals volley, Mon Ventoux, Ethias Challenges, Start to Tennis, Start to Golf ...

**Sports federations:** tennis, volleyball, handball, golf ... and umbrella organizations (Sport Vlaanderen, Vlaams Instituut voor Sportbeheer en Recreatiebeleid (ISB), AES and French-speaking Interfederal Sports Federation (AISF)...



### Society

Ethias is a committed insurer. That is why we are at the forefront of social actions and initiatives in the fields of health, society, road safety and mobility.

**"Article 27":** a non-profit organization that facilitates access to culture for people in a difficult social/economic situation

**Mnema** (project "Cit  Miroir"): a training centre on tolerance and citizenship

**Creccide asbl:** the Regional and Community Crossroads for Citizenship and Democracy

Prevention campaigns organized by **Route2School**, **Verkeersveilig West-Vlaanderen**, the **Belgian Red Cross**, **F d mot**, **Apper**, the **Walloon Road Safety Agency** (AWSR) and **Houtopia**, among others



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

Ethias sponsors via financial contributions and/or via advertising support through its own communication channels.

**As a sponsor, it is actively involved in every project supported.**

Ethias excludes any sponsorship of organizations that could associate its name with doping, corruption, violence, racism, incitement to hatred, addiction, discrimination on the basis of race, gender, age, sexual orientation or conviction (for example homophobia, antisemitism, islamophobia, etc.).

It also excludes all organizations that would be contrary to morality or public order.

♥ #Human

✓ #Commitment

👍 #ClientSatisfaction

⚡ #Enthusiasm

## Ethias builds bridges with academia

Colleges and universities are doing pioneering work to find solutions to various challenges of today and tomorrow. By associating with them, Ethias ensures it maintains its lead in terms of innovation.

**UCL:** The “Ethias Pensions Chair” pursues three objectives:

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

**HEC Liège:** Ethias provides financial support for four years to a doctoral thesis in the field of machine learning. This project focuses among others on the use of “Belief Functions” to describe decision making. These functions make it possible to deal with the uncertainty of the models, leading to better predictions regarding, for example, churn, client behaviour based on information gathered through different types of media. The research will focus on problems that have a concrete application in practice. In addition, a “Business Spirit Partner” agreement has been set up for our start-up Flora. This agreement ensures in particular that job offers from Flora are primarily distributed among students. It also includes invitations to recruitment events or the provision of premises for the organization of seminars.

**UAntwerpen:** ALLIC, Antwerp Liability Law and Insurance Chair, is a chair at the University of Antwerp. ALLIC supports and promotes research (support of doctoral students) and education (seminars, publications) on liability and insurance law.



## Blue-bike

The partnership with Blue-bike, which started four years ago (2017), was renewed for three years in June 2020 during a press event. Over the next three years, Blue-bike and Ethias will work even more closely together to further develop soft mobility in Belgium.

### The results of 2020 in short:

- **5 new bike points** were opened in 2020 (Beveren Station, Heverlee Station, Harelbeke, Gavere Station and mobi-point Gavere-Asper)
- **172,000 trips were made.** Due to the COVID-19 impact, the number of trips decreased by 38% compared to 2019.
- In 2020, Blue-bike worked diligently behind the scenes to develop **new technologies** (new Blue-bike app, the e-bike ...). In this way, Blue-bike aims to meet the needs of users, on the one hand, and those of cities wanting to use smart technologies as part of their intermodal and multimodal transport policy on the other hand
- Despite the fact that 2020 was a special year, **the number of Blue-bike members increased by 2.3%**. In total, there are now 21,091 Blue-bike members
- Ethias and Blue-bike have launched a joint **communication campaign in Flanders**, on the trams and buses of “De Lijn”

In 2021, Blue-bike will celebrate its 10<sup>th</sup> anniversary, with the ambition of being the reference player in Belgium in the field of shared bike systems. Emphasis will also be placed on the multimodal approach. Rental bikes will play an important role in this. Collaboration with cities and municipalities, which are active players in the transport regions, will be intensified.

Moreover, Blue-bike will further digitalize its services and introduce new technologies (smart lock, e-bike and accessibility of Blue-bikes on the MaaS platforms...). An additional opportunity for users, including Ethias clients.

The Flemish Government and Flemish Minister of Mobility, Lydia Peeters, have allocated a budget of over 100 million euros to roll out 1,000 local “mobi-points” throughout Flanders, as part of the Basic Accessibility Policy. With a network of almost 70 bike sharing points and a strong partnership with cities and municipalities, Blue-bike and Ethias are in pole position to make Flanders accessible for everyone.

## SOCIALLY RESPONSIBLE INVESTOR

The socially responsible investment (SRI) strategy is aligned with Ethias' corporate social responsibility (CSR) strategy. Through its financial investments, Ethias has a duty to act in the long-term interests of its policyholders and society in general.



This role as a responsible investor involves integrating environmental, social and governance (ESG) considerations into our investment processes. We believe that these ESG factors may have an impact on investment portfolios across the regions, companies and sectors in which we invest. Of course, ESG issues can affect the risk and return of portfolio positions and, as such, require special monitoring.

Every year, we invest the premiums entrusted to us by all our policyholders in order to make them grow and to honour all our insurance payments. Through these investments, we are committed to playing an important societal role in the hope of better preparing the world of tomorrow. We see our role as a responsible investor in the long term, particularly in the management of statutory and supplementary pensions and in supporting the economy.

Finally, climate change is a key focus of our ESG approach in terms of investment. In line with our "Change Over" plan (CO2 neutrality by 2030), we aim to manage climate-related risks and opportunities within our portfolios.

### Our responsible investment strategy

**Ethias' responsible investment policy (SRI) is based on several key principles:**

- Mobilizing through strong governance
- Joining sustainable finance initiatives
- Integrating ESG criteria into our investment processes
- Excluding investments in companies and countries based on ESG criteria
- Climate risk management
- Search for investments with an ESG impact

**In 2021, Ethias aims to further integrate new axes within its responsible investment strategy by:**

- Strengthening the integration of ESG criteria in its investment processes
- Setting a carbon intensity target for our portfolio
- Developing a policy of commitment, dialogue and voting
- Reporting and transparency on ESG criteria

In line with the European Regulation 2019/2088 of 27 November 2019 (the so-called "SFDR Regulation") on sustainability reporting in the financial services sector as well as expected European and national standards. In this context, Ethias will further integrate these sustainability criteria.

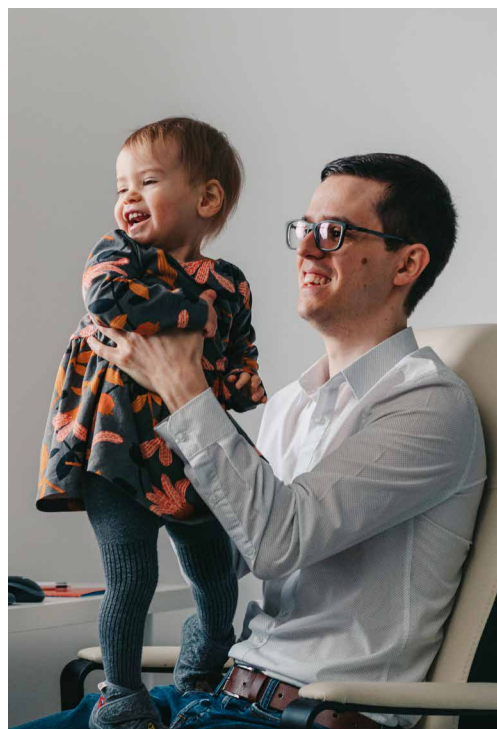


## Investment governance

Each year, the proposed ESG guidelines are included in Ethias' investment strategy. These guidelines are validated by the Executive Committee and the Board of Directors after presentation to the Audit and Risk Committee.

Ethias' Ethical Investment Committee is currently mainly responsible for the development and implementation of the Ethical Investment Code. This committee is composed of the following members: Chief Financial Officer, Chief Strategy & Data Officer, the CSR Manager, the Deputy CSR Manager, the financial representative within the CSR Unit and a representative of Legal.

In the future, Ethias intends to further strengthen the role of this committee so that it will be responsible for the development, implementation and monitoring of all the key principles of our responsible investment strategy.



## Integrating ESG criteria into our investment processes

### Direct management

In accordance with our general investment policy, we act as a prudent person in our investment portfolio management decisions. As a result, each asset manager has been made aware of the importance of taking an ESG approach to their investment decisions. In particular, the obligation to take into account the analysis of ESG criteria has been formalized in a number of procedures linked to our investment processes (analysis of ESG research on issuers in the portfolio and for new investments, integration of ESG criteria in credit analyses, etc.). Furthermore, in its fund selection procedure, Ethias favours socially responsible investments (SRI funds) offered by investment services providers.

In 2021, we aim to further develop the integration of ESG criteria in our direct investment decisions. Indeed, a process of ESG data acquisition and research, including in terms of climate impact, is underway and these data should be integrated into our investment processes.

### Delegated management

This ambition is also reflected in the management mandates concluded with external asset managers. Ethias monitors the progress of its asset managers in integrating ESG issues into their investment decision-making processes.

This ambition is translated into the weight given to the quality of the managers' SRI approach in the selection and monitoring of their performance.

In 2021, we aim to increase the number of dialogues with asset managers on ESG issues. Ethias encourages them to integrate more ESG considerations into their investment decisions. All the managers with whom Ethias works are signatories to the United Nations Principles for Responsible Investment (UN PRI).

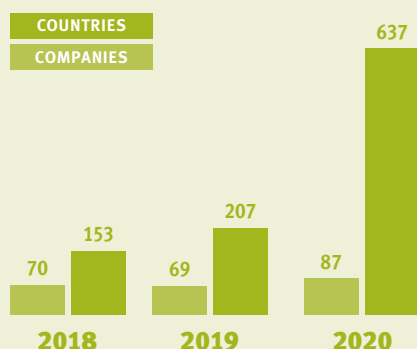
## Our Ethical Investment Code

This code has existed since 2005 and is reviewed annually since 2012 with the help of an external partner (Vigeo Eiris).

**It includes a list of prohibited investments which has been validated by the Ethias' Ethical Investment Committee and Executive Committee.**

**The code is an asset towards policyholders and applies to all of Ethias' direct investments. The code's methodology and scope are continually evolving to keep pace with societal trends.**

**Change in the number of issuers excluded from our investment scope**



As a result of the inclusion of climate risk, the number of issuers excluded from our investment perimeter has been multiplied by three.

Since 2017, Ethias has excluded from its investments thermal coal, which is the fossil energy that contributes most to global warming.

As of 2019, it also excludes tobacco and extends the ban on armaments to the production of conventional weapons.

In 2020, Ethias decided to comply with the exclusion criteria included in the "Towards sustainability" standard developed at the initiative of Febelfin for socially responsible and sustainable financial products, and to participate in efforts to prevent global warming. More specifically, Ethias will no longer invest in companies that emit too much greenhouse gas, companies active in the extraction of conventional oil and gas (fossil energies), non-conventional oil and gas (oil sands and oil shales) and in the production of non-sustainable electricity. These initiatives are in line with the European "Green Deal" presented by the European Commission. This deal should propel Europe towards a greener mode of operation and make it a pioneering continent in the fight against global warming.

**The ethical investment code consists of two blacklists of prohibited investment: a blacklist for shares and corporate bonds and a blacklist for government bonds.**

### Blacklist of companies

This list includes companies that are not aligned with the ten principles of the United Nations Global Compact that relate to human rights, labour law, the environment and anti-corruption as well as companies involved in the following controversial activities: armament (controversial or conventional), thermal coal, tobacco, unacceptable greenhouse gas emissions, unconventional oil and gas, conventional oil and gas extraction and production of unsustainable electricity.

### Blacklist of countries

Three concepts are adopted for government bonds.

- Countries with advantageous taxation as referred to in the 1992 Income Tax Code
- Countries with the lowest environmental, social and governance ratings as defined by the extra-financial rating agency Vigeo Eiris (viz. countries being the least compliant with international standards on human rights, labour rights and environmental protection)
- Countries subject to international violations



## Investments with ESG impact

**As the largest insurer of the public sector, we support the Belgian anchorage in our capacity as an insurer but also as a manager of financial assets entrusted to us by our public and private clients. By making responsible investment choices, we want to make an active contribution to a more sustainable society.**

This section presents a non-exhaustive list of financial products and financial holdings in which Ethias is a stakeholder.

### Socially responsible direct investments

**Ethias supports welcoming structures, social economy funds (such as Netwerk Rentevrij, a cooperative company with a social purpose, Carolidaire), scientific research funds, etc.**

Ethias holds financial participations in these different fields: social loan companies, housing companies, microfinance organizations, active support for associations and alternative finance organizations.

It has also established privileged links with companies in this sector.



### Through financial participations:

- **Incofin:** providing loans and venture capital to microfinance institutions
- **Socrowd:** cooperative that offers interest-free loans for initiatives with societal values
- **Inclusie Invest:** a cooperative with a social purpose. It collects financial resources from various types of investors (including individuals, care institutions and companies) with the aim of investing in housing projects for people with disabilities. Inclusie Invest carries out construction or renovation projects in an inclusive manner: on a small scale and in a local environment
- **Trividend:** Trividend was founded in 2001 by several social economy financiers. They identified the need for non-guaranteed loans and venture capital in the sector. Their contribution to Trividend would thus be used as a lever to attract private sector and government funding. In just a few years, Trividend has become a strong example of public-private partnership. The company explicitly supports the principles and values of the social economy
- **Carolidaire:** this fund supports social economy enterprises through loans and equity participation. The Fund also acts as an advisory body in the development of projects
- **Impulse Microfinance Investment Fund:** Belgium's premier private investment fund specializing in microfinance
- **Triodos:** Ethias holds Triodos share certificates to support the mission of this ethical and sustainable bank
- **Epimède:** fund investing in the private, unlisted capital of technological SMEs with growth potential. Preferred sectors are life sciences (biology, biotechnology, medical technology), engineering sciences (new information & communication technologies, clean technologies) and business services
- **Belgian Growth Fund:** this fund aims to strengthen the financial capacity of Belgian companies with growth potential and thus support the local economy. These companies, which represent a significant innovation capacity and provide additional jobs, would thus be able to remain on Belgian territory
- **Qbic Feeder Fund:** Ethias invests in scientific research through university funds and spin-offs
- **ICC (UGent):** Ghent University's ICC was established in 1990 as one of the first Incubation and Innovation Centres in Flanders. It is a joint project of the University of Ghent, the College of Ghent, the province of East Flanders, the city of Ghent, the Regional Investment Company Flanders and Ethias. Ghent University's ICC is a service centre for spin-offs of the Ghent University Association. It aims to stimulate the start-up, growth and development of young, innovative high-tech companies. By stimulating intellectual synergy and networking, the ICC UGent wants to create a dynamic climate for young and creative entrepreneurship, where new ideas can grow into successful companies
- **ICAB (VUB):** ICAB offers a modern and fully equipped working environment, networking possibilities and customized advice to innovative projects in the ICT and engineering sector. More specifically, it is about flexible housing at favourable conditions. This in a vibrant entrepreneurial community surrounded by start-ups, future partners, opinion leaders and financiers. With the added bonus of an ideal location in the capital of Europe. ICAB's partners include the Brussels Capital Region, Imec, VUB and Ethias

**In 2020, Ethias became a signatory of the UN PRI (United Nations Principles for Responsible Investments). This organization, through its principles, is the leading advocate of responsible investment worldwide.**

By signing the Principles of Responsible Investment, Ethias has publicly committed to taking into account the importance of the environment, society and good governance, as well as the United Nations principles, in its investment choices. This is the logical continuation of Ethias' CSR policy.

**The six Principles for Responsible Investment propose a range of possible actions to integrate ESG aspects into investment activities:**

- Ethias will take ESG factors into account in its investment analysis and decision-making processes
- As an active shareholder, Ethias will incorporate ESG aspects into its policy and practices
- Ethias will ask the entities in which it holds a stake to demonstrate adequate transparency on ESG factors
- Ethias will promote the acceptance and implementation of the principles in the investment industry
- Ethias will cooperate to make the implementation of the Principles more effective
- Ethias will report on its activities and progress since its adherence to the Principles

**UN PRI will carry out recurrent analyses of Ethias' investment policy, which in turn will provide full transparency, through a detailed report, on its investment policy, as well as on the progress made in complying with the UN PRI principles.**



#### Through investments with added value for society:

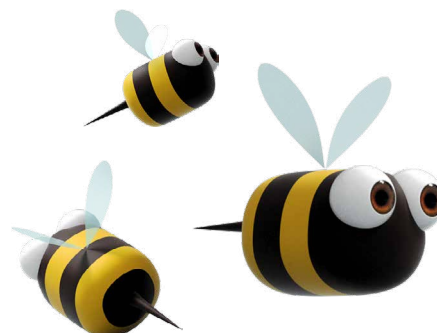


- **Social housing corporations:** good housing is and remains a fundamental right for all. Social housing is not a problem, it is a solution. Social housing corporations try to differentiate between a family, a single mother, a disabled person ... The need is high. For many years, Ethias has been the second largest shareholder of "Oostendse Haard", the Oostend housing company
- **Hospitals and nursing homes:** Ethias supports a very large number of institutions, such as psychiatric and recovery/care centres for the elderly, research centres, etc
- **Scientific research:** university funds, spin-offs, notably through its partnership in the venture capital fund Qbic Feeder Fund
- **Gimv Health & Care Fund:** Ethias is a strategic partner of this fund. It focuses on companies active in health & care services and in the MedTech sector (medical technology), and invests in innovative health care concepts within these sectors. In this way, the fund contributes to addressing a number of challenges that our society faces: an ageing population, increasing chronic diseases, rising health care costs and increasing demands for quality information from patients

#### Through investments with environmental impact:

As a responsible investor, it is our duty to play a role in financing the energy transition to a low-carbon economy.

- **Infrastructure funds:** Ethias has also increased its investments in infrastructure funds that invest in renewable energy (wind, solar, biomass), public transport, energy efficiency, etc
- **Biobest:** Ethias has participated in financing the growth of Biobest, a subsidiary of La Floridienne, a holding company active in Flanders in the biological crop protection and pollination market. Thanks to this investment, Biobest was able to take over an American partner in the sector, Beneficial Insectary. The latter is the most important producer in the market of biological crop protection by insects

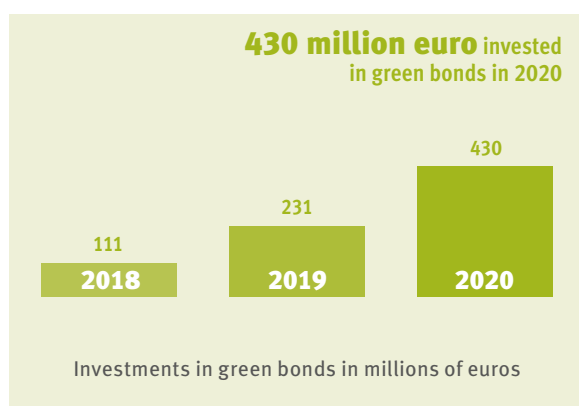






## Direct investments in green bonds

Green bonds are bonds issued by a company or a public entity (international agency, State, local authority ...) to finance projects, assets or activities with an environmental benefit. In 2020, Ethias invested 199 million euros in green bonds, i.e. an increase of 86 % compared to 2019.



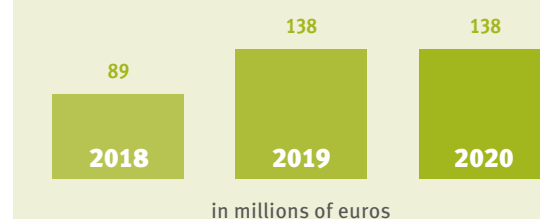
## Direct investments in passive and sustainable real estate

Some examples:

- **Stationsstraat 51 (Malines):** investment in a 100 % passive office building. As the first 100 % passive building in Belgium, this converted building of the former Belgian State Telephone Company (RTT) from the 1950s is a pioneer in sustainable renovation technologies
- **State Archives (Namur & Ghent):** Ethias owns the buildings of the State Archives in Namur and Ghent. Built for the Belgian Building Authority (Régie des Bâtiments), these two new complexes meet the highest environmental quality standards. The Namur building has received a Valideo certificate
- **The new headquarters of BDO (Luxembourg):** Ethias invested in an office building in Luxembourg which received the "Interim Certificate - Design Stage BREEAM" in 2015. It was decided to extend the certification mission to obtain the BREEAM "Post Construction" certificate in 2016. The final certificate of the building was received with the mention "very good" (Renovation)
- **NAOS (Luxembourg):** The BREEAM "Excellent" certificate was obtained at end-2018 and covers the design stage of this office building in the Grand Duchy of Luxembourg. The post-construction evaluation is ongoing
- **Joint venture with the Belgian logistics company Weerts Group:** this local joint venture will enable investment in new sustainable buildings and create a considerable number of jobs



### Investments in offices with a Green Label



## Responsible investment products offered to our clients through our life insurance policies

Our responsible investment policy is also reflected in the investment products made available to our individual, corporate and public sector clients.

### For our institutional clients

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

**Through the “Ethical” sub-fund of the Ethias Life Fund offered in our dedicated asset funds:** the objective of this sub-fund is to invest in units of funds that invest in shares and/or bonds of companies that integrate ecological, social or ethical criteria into their long-term strategy. The Mundo assets are invested in the “Ethical” sub-fund of the Ethias Life Fund.

### For our retail clients

**Through the Invest 23 Mundo fund:** our retail clients also have the opportunity to invest in the “Ethical” sub-fund of the Ethias Life Fund through the internal investment fund 23 Mundo.







# PLANET

THE ENVIRONMENT





## ENVIRONMENTAL GOVERNANCE



Even if the service activities of Ethias per se do not seem polluting, the company and its employees still represent an environmental impact through their travel, energy consumption, waste and CO<sub>2</sub> emissions, or even water and paper consumption.



### CO<sub>2</sub> Neutral Company

In 2020, Ethias obtained the “CO<sub>2</sub> Neutral” label. It guarantees that labelled organizations are actively calculating, reducing and compensating their local and global climate impact.

As opposed to “greenwashing”, this label can only be achieved through serious climate efforts. It is validated by Vinçotte.

Our participation in the project **Reforestation in Zambia** has enabled us to offset our CO<sub>2</sub> emissions in 2020. Read more about our Change Over plan on page 58.

### REFORESTING IN ZAMBIA

### As a responsible insurer, Ethias is particularly attentive to climate issues and the impact on the environment.

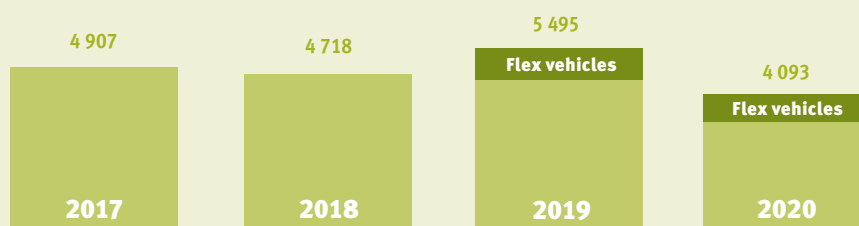
Since 2007, it has regularly had an energy audit of its carbon footprint carried out and is constantly looking for new ways to reduce this footprint.

In 2020, Ethias’ efforts to reduce its energy consumption combined with the impact of working from home have paid off: **our emissions have been reduced by 26%**, and even by 30.5% if we take into account the parallel increase in the number of employees (+7%)!

This is a strong performance that confirms **our ability to reach the 30% reduction target set for 2025 by the Change Over plan!**

**Ethias’ 2020 ecological footprint amounts to 4,093 tons of CO<sub>2</sub>**, 90% of which comes from mobility (vehicle fleet) and buildings.

#### Annual consumption (in tons of CO<sub>2</sub>)



Since 2019, Ethias has included in its carbon footprint the CO<sub>2</sub> emissions of vehicles linked to the Flex@Ethias, the cafeteria plan for Ethias employees that was launched the same year

In order to further optimize its efforts, Ethias has developed a proactive policy to reduce its ecological footprint in the following **5 areas**:



**Mobility**



**Waste reduction**



**Green IT**



**Suppliers and responsible purchasing**



**Building Management**



## Mobility



### A mobility policy for employees

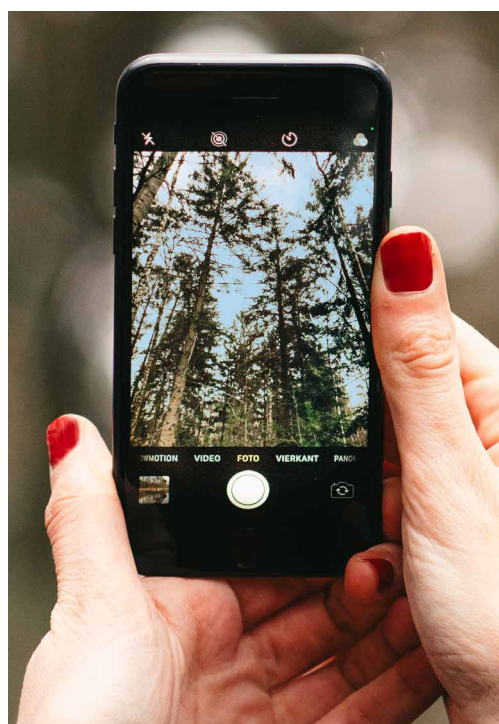
**Ethias has made a public commitment to the theme of soft mobility because it is convinced that mobility is crucial for the future of our society, but also because the company positions itself as a pioneer in this field.**

Indeed, the company has for many years boasted a **dynamic and proactive travel policy** that relies on intelligent and more environmentally friendly mobility, using public means of transport and soft mobility devices to improve employee travelling.

Since 2012, Ethias has been a pilot entity of the cycling initiative “Tous Vélo-Actifs” of the Walloon Public Service for Mobility (SPW Mobilité), which promotes the bicycle as a means of transport for commuting. At the same time, Ethias was one of the first companies to join the cell “Mobility” of the Walloon employers’ organization (UWE), which organizes among other things training sessions for Mobility Managers in Wallonia.

Thanks to the support it provides and the many initiatives deployed internally, Ethias was awarded the “Tous Vélo-Actifs” label by the SPW Mobilité at end-2020, as well as the badge “Best bicycle parking for employees”.

Ethias also encourages its employees to continue their efforts and change their travel habits by promoting carpooling and the use of public transport.



## Ethias carpools

Ethias has supported alternative mobility programmes set up by public authorities, such as the “Covoit-stop” initiative. Ethias has also launched a project allowing more colleagues to try out carpooling, while benefiting from the tax advantage. The comOn platform has been selected to support this initiative.

## Ethias Commuty

In June 2020, Ethias deployed the “Commuty” app to optimize the management of parking spaces for staff members. Thanks to this application, colleagues know in advance that a parking space has been reserved for them and can therefore avoid unnecessary “driving back and forth” to find an available space.

The app also gives priority to colleagues who carpool.

## Ethias cycles

Since 2014, Ethias has been providing its employees for their personal trips (during lunch time, after work) with a fleet of 10 business bikes (including an electric one).

A free electric charging station for bicycles is installed in its car parking.

Since 2015, Ethias has been organizing “The Bicycle Spring” and offering employees who come to work by bicycle free maintenance and overhaul of their bikes: an important preventive gesture for an insurance company.

## CO<sub>2</sub> emissions

Since 2008, the company has been applying an environmental measure to its company vehicles: a carbon emission limit rate has been set for each category of company cars. The control of carbon emissions is a priority action plan for Ethias.

In line with its objective of achieving carbon neutrality, Ethias has begun to consider integrating 100% electric vehicles into its fleet for commute travel between its offices.

But the best commute travel is the one you don’t make! In order to reduce travel between workplaces, Ethias has installed videoconferencing systems for work meetings between the company’s main offices in Hasselt and Liège.

Staff members can obtain a rail pass for professional travel free of charge and can finance the purchase of a bicycle or speed pedelec.

Finally, Ethias also intervenes in the first year of the Blue-bike subscription for staff members.



## Telework to support our objectives

**CO<sub>2</sub> emissions linked to commuter traffic have a particularly significant environmental impact.**

The system of generalized telework, which was launched in 2019, was rolled out more rapidly in 2020 in response to the mandatory measures imposed by the health crisis. This generalized roll-out had a significant positive impact on the reduction of commute travel

(-28%) and on the energy balance of our buildings (-27%), despite the inclusion in our carbon footprint of domestic consumption in 2020 due to telework (83 tCO<sub>2</sub>).

Emissions related to telework are estimated at 0.47 kgCO<sub>2</sub>/person/day, and take into account the average Belgian mix for electricity consumption (lighting and computer equipment) as well as heating according to temperatures (from October to March).

On the other hand, remote meetings have led to a significant reduction in travel between and within buildings. Each meeting room and each desk is now equipped with an integrated visio-conferencing system.

**These new working methods have a positive effect on:**

- CO<sub>2</sub> from travel: 28% reduction in emissions
- Total emissions from our building infrastructure: -25%
- Consumables: -6%
- Paper: -35%
- Meat: -58%
- Waste: -51%

**Based on these results, Ethias is convinced of the ecological opportunities offered by telework and is determined to use all means to partially continue the system of working-from-home after the COVID-19 crisis.**

**36% reduction in the number of kilometres travelled by our company cars in 2020**



## Reduction in CO<sub>2</sub> emissions



**The carbon footprint measurement carried out annually by CO<sub>2</sub>logic has shown a reduction in Ethias' overall emissions.**

This reduction in our CO<sub>2</sub> emissions is the result of the impact of telework, which has been in place since 2019 and intensified in 2020, but also of all the actions initiated by Ethias over the last few years.

These results confirm the relevance of our initiatives and determine our willingness to increase our efforts through the implementation of an ambitious plan.

**The actions undertaken in 2012-2013 were continued in 2020:**

- Concluding electricity supply contracts with a guarantee label for the **green origin of the electricity**. This label guarantees the supply of energy generated by hydroelectricity, wind power, co-generation or solar energy (energy 2030)
- **Measurement of the carbon footprint**, in partnership with CO<sub>2</sub>Logic, resulting in proposals for actions to reduce the footprint. Since 2018, the carbon footprint has been measured annually (previously every two years)
- **Partnership with Bpost** for the CO<sub>2</sub> compensation of postal mailings
- **Modernization** of the production and management **equipment** for the heating/air conditioning system, including the replacement of the air conditioning system in our Alleur building
- **Detailed monitoring** of the energy consumption for our various buildings and regional offices in order to define corrective measures
- **Implementation of corrective or innovative measures** in order to reduce our emissions (installation of energy metering modules, presence detectors)

## Support of Climathon

**Climathon is an annual international programme that enables climate action through the realization of tangible entrepreneurial projects.** The idea is to also accelerate the development of companies and start-ups while relying on the evolution of local politics.

The 2<sup>nd</sup> Liège Climathon took place on 12 and 14 November 2020 and was structured in three key steps to enable climate action:

- **Define local climate-related challenges**
- **Develop solutions to meet these challenges**
- **Provide long-term support to achieve the solutions**

Because Ethias is aware that climate change has consequences for its business and its ecosystem and because these challenges are at the heart of its activity, **Ethias has sponsored the "ecology" challenge.**

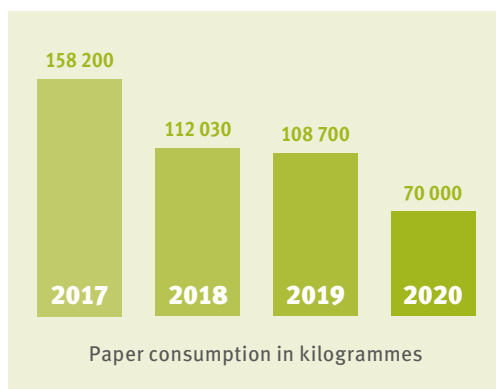
51 participants were able to reflect and propose solutions to the question **"How can we improve the air quality of our cities and limit the impact of heat waves?"**



## Waste reduction



**Although waste sorting is part of everyone's habits in private life, it is still more difficult to organize this in companies and, above all, to anchor it in people's mentalities. Ethias regularly raises staff awareness about waste collection and sorting.**



### Other consumables

In addition to paper/cardboard consumables, Ethias also aims to optimize the recycling of equipment and other consumable items:

- **Order of office chairs with “cradle-to-cradle” certificate** - 90% recycling - “Quality Office” certification
- **Donation of office desks** and other furniture to charities and schools
- **Battery collection** in collaboration with Bebat



## Paper consumption

The digital transformation of Ethias was stimulated in 2020 by numerous actions aimed at reducing paper consumption, thanks in particular to:

- Maximizing the adoption of e-mail billing
- Sending green cards digitally
- Generalizing the electronic transmission of registered letters
- Promoting the Client Zone of our website and its digital features
- Setting consumption reduction targets per department
- Awareness-raising and best practice sharing, including the promotion of central versus local printing
- Reducing paper advertisements in favour of digital and more targeted communications
- Changing the default transmission channel in IMS for hundreds of documents: 59% of exchanges with our clients are done digitally (compared to 51% in 2019 over the same period)
- Progressing the transition to the Guidewire tool, for which digital is the default communication channel (including the digitization of the signature of the person in charge): 77% of our client exchanges are already done by e-mail. The balance of the correspondence is almost entirely printed in a centralized way
- Replacing and reorganizing the photocopier fleet in June 2020, both in Liège and in Hasselt. As a result, all printings are “delayed” by default, i.e. printing starts after manual validation on the copier. This is a further step towards digitization, but also towards reducing paper consumption
- Implementing a digital helpdesk to support our client in the digital transition
- In 2018, a pilot project for collecting paper towels was set up. In 2019, the recycling of 1,604 kg of paper resulted in a reduction in carbon emissions of 694 kg of CO<sub>2</sub>. In 2020, despite the almost generalized working-from-home, Ethias was still able to recycle 840 kg of paper in 2020, which represents a 364 kg reduction in carbon emissions

**70 tonnes of paper and cardboard were recycled in collaboration with “Terre”, a non-profit organization in 2020**  
(-35% compared to 2019)





## Green IT



**While IT tools support environmental aspects through the paper savings they generate, they can be a source of energy consumption themselves.**

Ethias is working with its IT subsidiary NRB to reduce this impact by optimizing its infrastructure and processes, but also by:

- Launching an internal campaign to **reduce Ethias' digital storage space**
- **Migrating mail archives to cloud solutions**
- Donating, via Digital4Youth, Ethias laptops to schools and non-profit organizations in order to **extend their lifespan**
- **Virtualizing NRB's servers** to reduce the number of physical servers and therefore the energy requirements for power and cooling
- Launching the project to **install a wind turbine with the objective of producing 40% of NRB's energy needs**



## Staff restaurant

**Although the health crisis forced the shutdown of its restaurant operations, Ethias initiated a major overhaul of the catering services for its staff in 2020.**

It has therefore entered into a partnership with ISS Facility Services. This partnership includes:

- Use of **organic and/or locally produced products**
- Compliance with the **Fairtrade@Work Label**
- **Waste reduction**
- **Adherence to the Green Deal - Sustainable Canteens Charter**



## Suppliers and responsible purchasing

**Since 2017, our Procurement department is in charge of purchasing all material goods and services in order to get the best guarantees at the best conditions.**

Ethias ensures that tenders for products and services include **environmental sustainability criteria**. We also take into account ecological criteria by choosing recyclable and energy-saving materials, ecological and biodegradable products.

Ethias also ensures that the general conditions of all order forms include an article in which the supplier undertakes to **respect the basic principles of the International Labour Organization (ILO)** and to ensure that any subcontractor respects them:

- Prohibition of child labour
- Respect of freedom of association
- Abolition of all forms of forced labour
- Prohibition of discrimination in employment and occupation

In 2020, Ethias subscribed to the **Green Deal for circular purchasing**. This Green Deal aims to promote the development of a circular economy in Wallonia. It encourages any organization, public or private, to commit to circularity through very concrete actions. Economic opportunities, competitiveness and environmental concerns are at the heart of this sustainable project.

For the 2020 version of its investment code, Ethias has decided to comply with the exclusion criteria included in the **"Towards sustainability"** standard developed at the initiative of Febelfin for socially responsible and sustainable financial products, and to participate in efforts to prevent global warming.

All of the **hydro-alcoholic gel dispensers** - placed internally or distributed as part of our support to the community - meet local production and short-circuit criteria in order to limit travel related to manufacturing and delivery. Their simple but effective design and choice of materials also met criteria for easy recycling.

During the week of February 17-23, 2020, our CEO, Philippe Lallemand, had the opportunity to support the **Fairtrade@Work** campaign via a video on the LinkedIn network so as to encourage other companies to take socially responsible initiatives. At Ethias, the 750,000 cups of coffee we consume annually generate premiums that are paid directly to local co-operators and producers.

For the supply of its electricity, Ethias subscribes to **"green" electricity contracts**, giving priority to the green origin guarantee label. This label guarantees the supply of energy produced by hydroelectricity, wind energy, cogeneration or solar energy (Energy 2030).





## CHANGE OVER: TOWARDS CARBON NEUTRALITY!

Since 2003, Ethias has adopted a participative approach in its CSR policy and has been proactively following climate developments.

Ethias is aware that climate change and environmental degradation pose an existential threat to Europe and the rest of the world. These changes threaten the survival of humanity.

In response to climate change, Europe has launched the “Green Deal” with the aim of becoming the first climate-neutral continent by 2050.

In 2020, Ethias took another step forward by developing its multi-year “Change Over” plan with the aim to become a carbon-neutral insurance company within 10 years, while initially offsetting its current emissions. This plan rests on two main pillars:

- **Sobriety & efficiency:** having passive buildings, limiting unnecessary travel, promoting working from home, reducing excess consumption as much as possible
- **The energy shift:** gradually shifting to low-carbon forms of electricity. This transformation will mainly concern the infrastructure and the overall mobility of employees. Ethias has taken the lead by deciding to quantify its ecological impact in order to better reduce this impact through numerous actions on the ground

In order to make employees aware of this change and to involve them in its approach, Ethias set up a major internal survey on their mobility in the autumn of 2020.

**1 078** employees participated in the internal mobility survey  
(almost 70% of the workforce)

### The 3 steps of the Change Over plan:

#### 2020

##### Launching the plan

Offsetting our emissions through a **reforestation project in Zambia** aiming at:

- Sustainably increasing crop yields, incomes and welfare of smallholder farmers
- Reducing uncontrolled forest loss and degradation by increasing net forest cover

From 2021, **gradual conversion of our fleet to more hybrid and electric vehicles and continuation of our working-from-home policy to reduce travel.**

#### 2025

##### Reducing our CO<sub>2</sub> emissions by one third

We will achieve this by:

- Renovating or building new premises according to the principles of sustainable construction
- Continuing our efforts to reduce the carbon footprint of our vehicle fleet

#### 2030

##### Achieving carbon neutrality

We will achieve this through:

- Low-carbon buildings
- A fleet of zero emission vehicles
- Reducing our digital footprint in partnership with NRB



## BUILDING MANAGEMENT



### Reduction of occupancy area

In 2020, Ethias continued its real estate initiative aimed at reducing the number of square meters of office space occupied and thus its carbon footprint. 300 colleagues were directly concerned by this reorganization of space in Liège. This approach is supported in particular by the introduction of telework, which enables the optimization of work spaces.

#### Liège

Since 2017, Ethias has sold 3 of the 4 buildings it occupied in Liège in order to consolidate its activities on a single site (sale of the Prémontrés building in 2020: -1,600 m<sup>2</sup>).

#### Rives Ardentes

Ethias has recently validated the choice of its future location in Liège, a brand new building in the emerging “Rives Ardentes” eco-district, which will reduce its current surface area by 25%.

#### Hasselt

In order to continue to reduce the surface area occupied and to achieve its objective of carbon neutrality, Ethias has also launched major renovation work on its building in Hasselt. By 2024, Ethias' activities will occupy only 9,000 m<sup>2</sup> of the building, compared to 21,000 m<sup>2</sup> at present.

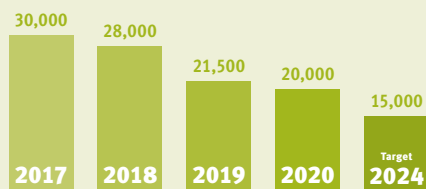
**Target 2024: 9,000 m<sup>2</sup> for Hasselt**  
21,000m<sup>2</sup> in 2020



The specifications of this new building meet many ecological considerations, such as:

- A BREEAM Excellent and Very Good certification
- Optimal accessibility via soft mobility or public transport
- A 25% reduction in the surface area currently occupied
- A large bicycle parking area
- An ecological and sustainable architecture

**Target 2024: 15,000 m<sup>2</sup> for Liège**  
20,000m<sup>2</sup> in 2020



Over the last 4 years, Ethias has reduced the surface area of its buildings in Liège by 33%

### Strategic renovation choice

Our buildings are already monitored in real time in order to programme the techniques according to the real needs and the comfort expected by its occupants.

When we renovate or build our offices, we will benefit from the latest technologies, in particular by integrating more Smart Building sensors.

When choosing its equipment and infrastructure suppliers and partners, Ethias naturally takes into account ecological criteria (choice of recyclable and energy-efficient materials, ecological and biodegradable products).

For the renovation of its site in Hasselt, Ethias enlisted the help of botanical specialists to increase the presence of plants and trees to neutralize the CO<sub>2</sub> emissions produced by the staff's activities in the building.

Ethias has set up Concept Stores, sustainable commercial agencies that are close to the clients. The products used for the furnishing or construction/renovation of these agencies are either recycled materials or recyclable materials. A framework agreement was signed with a design office to further develop this environmental concept.

**2 new Concept Stores were opened in 2020**



# GOVERNANCE

## INTEGRITY

The company's activity is based on strong values that guide its work, its organization and its policies.

**Integrity is at the heart of these values and must guide everyone's daily decisions and actions. This nurtures stakeholder confidence and preserves the company's credibility and reputation, which are key factors in its success.**

The integrity policy includes the internal and external rules of conduct that apply to the company's employees and provides a reference framework to guide each of their actions, inspire their choices and bring the company's values to life on a daily basis.

Within the framework of its governance, **Ethias is attentive to the issue of climate risks** (global warming, pollution, etc.), **which could affect the profitability of its products or even the continuity of its activities.**

As part of its ORSA (Own Risk Self Assessment), **Ethias assesses the potential consequences of a natural disaster every year.** The stress tests carried out on this occasion make it possible to question the company's reinsurance policy.

Its **ethical investment code** also excludes investments in industrial activities that are harmful to the environment.

## United Nations Global Compact

Since 2006, Ethias has adhered to the United Nations Global Compact and renewed its adherence in 2020. The Global Compact remains fully integrated into the company's strategy.

This pact defines a global framework in terms of ethics, respect for human rights, respect for labour law and environmental policy.

Ethias translates this global framework into concrete actions on a daily basis, while involving all its stakeholders and promoting these values. They are listed in a table at the end of this document.

## Codes

### Social-Ethical Code

This code recalls the company's values and commitments, including the basic principles of the International Labour Organization (ILO), and provides for the establishment of the Ethics Committee. It reaffirms its commitment, in the field of labour relations, to the founding values of the social economy, which seeks to reconcile profitable economic activity with a people-centred social policy, to which primacy is given.

There is a procedure for reporting non-compliance with the Social-Ethical Code.

#### Core values of the company included in the Social-Ethical Code

- ✓ Respect for the dignity of individuals and their private lives
- ✓ Freedom of association and the right to collective bargaining
- ✓ Prohibition of discrimination in employment relations on the grounds of gender, race, nationality, beliefs (religious, philosophical or political) or social origin, individual physical characteristics or state of health
- ✓ Equal treatment and equal opportunities
- ✓ Professional training and development of employee qualifications
- ✓ Encouraging an internal communication policy
- ✓ Prohibition of psychological harassment, sexual harassment and all forms of violence
- ✓ Compliance with laws and regulations, individual and collective labour agreements
- ✓ Compliance with company procedures and guidelines
- ✓ Preserving excellent safety, hygiene and well-being at work

#### Ethias' Commitment to the social economy

Built on values of solidarity and social progress, Ethias intends to fully assume its social, societal and environmental responsibility.

Its commitments in this respect have been formalised in a charter which includes considerations such as:

- Respect for freedom of association and recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labour
- Abolition of child labour
- Elimination of discrimination in respect of employment and occupation
- Fight against corruption
- Action against corruption in all its forms, including extortion and bribery

### Code of conduct for the Financial Department

The code sets out a series of professional and ethical standards and specific procedures allowing to ensure that the staff of the finance department carries out its mission in accordance with the values of Ethias.

# AMBITIONS 2021

**Ethias' Executive Committee and the Joint Ethics Committee reaffirm their willingness to anchor CSR in the strategic fundamentals of the company, as an employer, insurer, investor and responsible player in society.**

In 2021, Ethias will continue to apply the 10 principles of the United Nations Global Compact to all its CSR actions and activities. Moreover, it will broaden its frame of reference to the 17 Sustainable Development Goals set by the United Nations, for which societal interest is growing.

**While continuing its support to the various post-COVID recovery plans and rolling out its sustainable investment strategy, Ethias decided to strengthen the CSR activities undertaken to date and to focus the 2021 action plan on four sustainable development objectives:**



## END POVERTY IN ALL ITS FORMS EVERYWHERE

Economic growth must be shared to create sustainable jobs and promote equality.



## ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

Empowering people to live healthy lives and promoting well-being for all at all ages is essential for sustainable development.



## SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable



## COMBAT CLIMATE CHANGE AND ITS IMPACTS

The fight against global warming has become an integral part of achieving sustainable development.

## TOWARDS CARBON NEUTRALITY!

Since 2008, Ethias has been measuring its CO<sub>2</sub> emissions and working to reduce its carbon footprint.

Ethias has committed to an ambitious strategy to take the company carbon neutral by 2030!!

Find all the details of our Change Over plan on page 58.



**More than 5,000 employees committed to a more sustainable society**

As part of its group strategy, which was launched in 2020, **Ethias' next non-financial reports will include the activities of all its subsidiaries.**

# ADHERENCE TO THE UNITED NATIONS GLOBAL COMPACT

In 2020, Ethias renewed its membership of the United Nations Global Compact, to which it has adhered since 2006. The Global Compact remains fully integrated into the company's strategy:

## 10 UN Principles

for engaging business to:

## Ethias' answers

Support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>• Joint Ethics Committee</li> <li>• Integrity policy</li> <li>• Social-Ethical Code</li> <li>• Ethical investment code</li> <li>• Signature UN PRI</li> </ul>
Make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> <li>• Signing of an ILO convention by all suppliers</li> <li>• Ethical Investment Code</li> <li>• Signature UN PRI</li> </ul>
Uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>• Social governance</li> </ul>
Contribute to the elimination of all forms of forced or compulsory labour	<ul style="list-style-type: none"> <li>• Signing of an ILO convention by all suppliers</li> </ul>
Contribute to the effective abolition of child labour	<ul style="list-style-type: none"> <li>• Signing of an ILO convention by all suppliers</li> </ul>
Contribute to the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> <li>• Diversity Charter</li> <li>• "Women in Finance" charter</li> <li>• Talent Management Policy</li> </ul>
Support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>• Change Over (carbon neutrality from 2030) and carbon offset projects</li> <li>• Environmental Governance</li> <li>• Ethical Investment Code</li> <li>• Signature UN PRI</li> </ul>
Take initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> <li>• Change Over (carbon neutrality from 2030) and carbon offset projects</li> <li>• CO<sub>2</sub> emissions balance</li> <li>• Actions in favour of multimodal mobility</li> </ul>
Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> <li>• Responsible suppliers</li> <li>• Strategic renovation choices</li> </ul>
Work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>• Integrity policy</li> <li>• Ethical Investment Code</li> <li>• Signature UN PRI</li> </ul>

## WHY A NON-FINANCIAL REPORT?

**For Ethias, the drafting of this non-financial report is a continuation of an approach that was initiated in 2007 with the drafting of what was then called the «Corporate Social Responsibility Report».**

**This fourth edition of the report goes beyond the legal requirement.**

This document is intended to be a unifying instrument. It reflects the collaboration of all entities within the company to achieve a common goal: to be and remain a socially responsible insurer, redoubling its efforts to address the health crisis.

Hence, the entire company contributes to the elaboration of this report by updating the CSR team on all the initiatives taken in the different departments over the year.

The report is then drafted and finalized under the aegis of the Ethics Committee, which was set up within Ethias in 2003. It is a joint body, consisting of as many representatives of the employer as of the employees. It is chaired by the CEO and its mission is to deploy CSR within the company and to ensure compliance with the rules of social ethics.

The report is part of the financial report and follows the same approval procedure through the Executive Committee, the Board of Directors and the General Assembly of the company. This report covers the activities of Ethias SA.

Ethias has based this report on the 10 principles of the United Nations Global Compact and the United Nation's 17 SDGs. Each of Ethias' actions is guided by an overall strategy founded on these principles and the resulting commitments. The UN Global Compact and its 17 SDGs, to which Ethias adheres, are the connecting thread in the company's CSR approach.



**Éditeur responsable:** Nicolas Dumazy,  
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## 7. Statutory auditor's report on the financial statements for the year ended 31 December 2020



### **FREE TRANSLATION**

**ETHIAS SA/NV**

**Statutory auditor's report to the general shareholders' meeting on the annual accounts for the year ended 31 December 2020**

23 April 2021





## FREE TRANSLATION

### STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ETHIAS SA/NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of Ethias SA/NV (the "Company"). This report includes our report on the annual accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 20 May 2020, following the proposal formulated by the board of directors and following the recommendation by the audit and risk committee and the proposal formulated by the workers' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the Company's annual accounts for 13 consecutive years.

#### Report on the annual accounts

##### *Unqualified opinion*

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 18.224.266.496 and a profit and loss account showing a profit for the year of EUR 202.863.174.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2020, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

##### *Basis for unqualified opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory Auditor's responsibilities for the audit of the annual accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Adequacy of technical provisions**

##### ***Description of the key audit matter***

As of 31 December 2020, technical provisions amount to EUR 13.516 million and represent 74% of the total balance sheet.

The adequacy test of these provisions is complex and relies on a significant degree of judgment. The assumptions used may be influenced by economic conditions, future management actions as well as by the laws and regulations applicable to the Company.

Given the materiality of these technical provisions in the annual accounts as well as the risk of inadequacy, we consider the adequacy of the technical provisions to be a key audit matter.

##### ***How our audit addressed the key audit matter***

Assisted by our internal actuarial experts, we reviewed the design and tested the operational effectiveness of the key controls put in place by the Company to guarantee the adequacy of technical provisions. We have also paid particular attention to the controls implemented by the Company to ensure the quality of the data used in the framework of the technical provisions adequacy test.

We also assessed the relevance of the technical provisions adequacy test, considering the current market conditions, as well as its adequacy in relation to the technical results observed during the past financial year.

Finally, we performed an independent test on the adequacy of technical provisions and compared it with the amounts determined by the Company.

Note that we have shared and corroborated our conclusions with the actuaries and the actuarial function of the Company.

Based on our audit, we believe that the assumptions used to determine the adequacy of technical provisions are reasonable. The independent tests we carried out did not reveal any exceptions as to the adequacy of the technical provisions.

#### **Valuation of investments for which a price quoted on an active market is not available**

##### ***Description of the key audit matter***

The Company holds investments for which there is no quoted price in an active market. Indeed, the fair value of a certain number of these investments is determined using valuation techniques which are based, or not, on observable market data.



As of 31 December 2020, the Company held assets valued by a non-independent counterparty (mainly bonds and other fixed income securities) for an amount of EUR 708 million and internally (mainly “corporate” bonds) for an amount of EUR 179 million.

The valuation of these investments is a key audit matter due to the importance of the estimates made and the impact that the valuation may have on note 3 of the annual accounts and the determination of the impairments to be accounted for.

*How our audit addressed the key audit matter*

We have reviewed the design and operational effectiveness of the key controls put in place by the Company to ensure the accuracy of the valuation of these investments.

For a sample of investments, we also reviewed the estimates made and the key assumptions applied in determining the fair value. We also tested the standing data used in determining the fair value.

Finally, we involved experts in the valuation of financial instruments who independently recalculated the fair value of a sample of investments.

We believe that the key assumptions used in determining the fair value of these investments are reasonable. The independent tests we performed did not reveal any exceptions in determining the fair value of investments for which a quoted price in an active market is not available.

***Responsibilities of the board of directors for the preparation of the annual accounts***

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Statutory auditor's responsibilities for the audit of the annual accounts***

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Other legal and regulatory requirements**

### ***Responsibilities of the board of directors***

The board of directors is responsible for the preparation and the content of the directors' report, the separate report on non-financial information and the other information included in the annual report, of the documents required to be deposited by virtue of the legal and regulatory requirements, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code and the Company's articles of association.



### ***Statutory auditor's responsibilities***

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, the separate report on non-financial information and the other information included in the annual report, certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code, and to report on these matters.

### ***Aspects related to the directors' report and to the other information included in the annual report***

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report and the other information included in the annual report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:6, §4 of the Companies' and Associations' Code is included in a separate report from the directors' report. This report of non-financial information contains the information required by virtue of article 3:6, §4 of the Companies' and Associations' Code, and agrees with the annual accounts for the same year. The Company has prepared the non-financial information based on internationally recognized reference frameworks. However, in accordance with article 3:75, §1, 6° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with these internationally recognized reference frameworks.

### ***Statement related to the social balance sheet***

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required under this Code, including, but not limited to, in relation to salaries and education, and does not present any material inconsistencies with the information we have at our disposition in our engagement.

### ***Statement related to independence***

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

### ***Other statements***

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code that we have to report to you.
- This report is consistent with the additional report to the audit and risk committee referred to in article 11 of the Regulation (EU) N° 537/2014.
- We have evaluated the property effects resulting from the decisions of the board of directors dated 29 January 2020, 19 February 2020 and 29 April 2020 as described in section 10.4 of the directors' report and we have no remarks to make in this respect.

Sint-Stevens-Woluwe, 23 April 2021

The statutory auditor  
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV  
Represented by

Tom Meuleman  
Réviseur d'Entreprises / Bedrijfsrevisor





[www.ethias.be](http://www.ethias.be)