



**INTERIM REPORT ON**  
**30 JUNE 2016**  
Ethias Group



# TABLE OF CONTENTS

<b>Introduction.....</b>	<b>4</b>
<b>Key figures .....</b>	<b>5</b>
<i>Essential data of the consolidated income statement.....</i>	<i>5</i>
<i>Essential data of the consolidated financial position.....</i>	<i>5</i>
<i>Regulatory coefficients.....</i>	<i>5</i>
<i>Other key figures.....</i>	<i>5</i>
<b>Management report .....</b>	<b>6</b>
1. The first half of 2016 in a number of dates and key facts .....	6
2. Result of the financial year .....	9
3. Information on circumstances which may significantly impact the company's development .....	9
4. Events occurring after the closing on 30/06/2016 .....	9
<b>Consolidated financial statements .....</b>	<b>11</b>
1. Consolidated balance sheet .....	12
2. Consolidated income statement .....	13
3. Statement of consolidated comprehensive income.....	144
4. Consolidated cash flows statement.....	15
5. Consolidated statement of changes in equity.....	16
6. General information .....	17
7. Summary of significant accounting principles .....	29
8. Critical accounting estimates and judgments .....	311
9. Management of financial and insurance risks .....	31
10. Explanatory notes to the consolidated balance sheet.....	33
11. Explanatory notes to the consolidated income statement.....	52
12. Other notes to the consolidated financial statements .....	555

# INTRODUCTION

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

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

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

# KEY FIGURES

## Essential data of the consolidated income statement

In thousands of EUR	30 June 2016	30 June 2015	Change
<b>Non-Life</b>			
Public Bodies & Companies	552,412	562,216	-1.74%
Private Individuals	297,914	292,009	2.02%
<b>Premium collection Non-Life</b>	<b>850,325</b>	<b>854,225</b>	<b>-0.46%</b>
<b>Life</b>			
Public Bodies & Companies	541,412	557,539	-2.89%
Private Individuals	22,360	26,521	-15.69%
<b>Premium collection Life</b>	<b>563,772</b>	<b>584,060</b>	<b>-3.47%</b>
<b>Total premium collection Life and Non-Life</b>	<b>1,414,097</b>	<b>1,438,285</b>	<b>-1.68%</b>
<b>Consolidated revenues</b>	<b>1,412,095</b>	<b>1,288,705</b>	<b>9.57%</b>
Net profit (loss) on current transactions after tax	260,273	380,065	
Share of the associates in the result	-	423	
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	(11)	
<b>Net consolidated profit (loss) attributable to:</b>	<b>260,273</b>	<b>380,477</b>	
Owners of the parent	258,460	378,309	
Non-controlling interests	1,813	2,168	

## Essential data of the consolidated financial position

In thousands of EUR	30 June 2016	31 December 2015	Change
Total assets	21,160,134	19,847,455	6.61%
<b>Equity of the Group</b>	<b>2,151,124</b>	<b>1,834,842</b>	<b>17.24%</b>
Non-controlling interests	55,595	34,578	60.78%

## Regulatory coefficients

	30 June 2016	31 December 2015	Change
<b>Solvency ratio of the company Ethias SA</b>	<b>125.10%</b>	<b>131.56%</b>	<b>-4.91%</b>

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

## Other key figures

	30 June 2016	31 December 2015	Change
<b>Number of employees</b>	<b>3,268</b>	<b>3,257</b>	<b>0.34%</b>

# MANAGEMENT REPORT

## 1. The first half of 2016 in a number of dates and key facts

### 1.1. Switch V

The decision by the European Commission of 12 June 2014 compels Ethias to continue its policy of accelerating the run-down of the portfolio "Life Individuals", and this to strengthen its solvency. That is why, besides the Switch IV operation performed in the first quarter of 2015, Ethias launched in December 2015 the Switch V operation valid until 19 February 2016. Holders of a FIRST A were offered an exit premium equal to 10% of the mathematical reserve upon partial surrender (provided that the surrender rate is 50% or more of the mathematical reserve) or upon full surrender.

Surrenders amounting to around EUR 66 million were recorded at end-June 2016 for a cost of EUR 6 million.

### 1.2. Terrorist attacks

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

### 1.3. Tax dispute

There was a significant dispute between Ethias SA and the tax administration about the "pension insurances" of various public entities (provinces, municipalities, inter-community and other public institutions) so as to ensure the statutory pensions of their regular permanent staff and their dependants.

Indeed, the administration considered that, given the absence of risk within the meaning of the Civil Code (chance to gain or to lose), those contracts were not Life insurance contracts but investment contracts and that, consequently, the annual interests granted by Ethias SA to the reserves of these contracts were movable capital income for the public entities / policyholders and therefore had to be subject to withholding tax.

Ethias SA fully contested the position of the tax administration and transferred the file to Court.

End-2009, the First Instance Court of Liège confirmed the assessments on withholding tax. Ethias SA lodged an appeal against this judgment in November 2010. On 28 November 2014, the Court of Appeal upheld the verdict rendered in first instance and Ethias was ordered to pay EUR 378 million (corresponding to withholding taxes levied on the years 1991-1994, 2002-2006, and 2008).

Ethias SA recovered EUR 44 million in 2015. This amount corresponds to the withholding taxes enrolled for the year 2008. The claim for relief of the withholding taxes enrolled in 2008 was made on the basis of the new withholding tax exemption referring to the situation presented by the insurance policies of the public sector's first pension pillar introduced by article 265, paragraph 2, 3° of the Income Tax Code since 1 January 2007.

Furthermore, two judgments delivered in June 2016 endorse the principles established by the judgment of the Supreme Court in January 2015 and ordered the relief of an amount of around EUR 204 million in favour of Ethias, corresponding to the withholding taxes enrolled for the years 1993-1994 and 2005-2006.

An appeal was also introduced early 2016 for the years 2002-2004, decided on by the Court of Appeal.

## 1.4. Brexit

Following the referendum of 23 June 2016, Britons voted to leave the European Union by 51.9%. The combined impact of a decrease in interest rates, a widening of the credit spreads and a decline in equities as a subsequent resultant has a net positive effect on the value of assets while the value of liabilities increases as a result of lower interest rates. This latter impact is higher than the impact on assets considering the duration gap of Ethias.

## 1.5. Reducing the duration gap

Ethias has continued its programme for reducing the duration gap (assets with an average maturity shorter than the maturity of liabilities), in particular through reinvestments in long-term OLO and the acquisition of derivative hedging instruments so as to limit its sensitivity to a decrease in interest rates. These measures have borne fruit since this gap in Life insurance portfolios has already been reduced from -3.32 at end-December 2015 to -1.89 at end-June 2016.

## 1.6. Other facts and a number of dates for the first half of 2016

### 6 January

The year's start coincides with the endorsement of the social agreement, implemented through collective labour agreements that are ratified by the various trade union organizations within the company.

### 1 February

Ethias Young Drivers is elected "Product of The Year".

### 5 February

Ethias enjoys a high reputation in Belgium. The insurer ranks second in terms of unaided brand awareness (33%), which means that one out of 3 Belgians spontaneously think of Ethias when asked for an insurance company he/she knows.

### 15 February

Ethias launches the "Ethias Pension Corner": an online platform specialized in pension-related information. The platform is free to policyholder and is accessible 24/7.

### 19 February

The "Switch V" operation comes to an end (cf. 1.1. Switch V).

### 22 March

Following the Brussels attacks, many work accident and civil liability claims are recorded. The reinsurance mechanism and TRIP (Terrorism Reinsurance and Insurance Pool) allow Ethias to reduce the financial impact. (cf. 1.2 Terrorist attacks)

### 07 April

Acquisition (51%) of the company "Air Properties". The company "Air Properties" has as sole asset an office building located in the Grand Duchy of Luxembourg and is fully let to BDO.

### 27 April

Ethias wins **2 DECAVI Trophies**: in the category "**Civil Liability Car Insurance**" and in the new category "**Tenants Insurance**".

### 24 May

The company M.I.M.S. is absorbed by Xperthis.

**10 June**

The Ethias website receives the BeCommerce label. This label is a proof of quality for the online purchase of goods and services. With the "BeCommerce" quality label, its members prove to consumers that they offer them a reliable and secure way to shop online.

**20 June**

The Ethias Trophy receives for the second time the "ATP Challenger Award 2015". This award recognizes the Mons tournament as the best in the world in the Challengers' category!

**30 June**

The company "Développement Cauchy" becomes "Archeion" and absorbs "Het Rijksarchief". Hence, the company "Archeion" is owner of two grounds, one in Namur and one in Ghent.



## 2. Result of the financial year

The first half of 2016 records a consolidated profit of EUR 258 million, split between the Non-Life business (EUR 103 million), the Life business (EUR -30 million), the other activities of the Group (EUR 184 million euros) and taxes (EUR 1 million).

The result of the other activities is positively influenced by the partial additional recovery of the tax dispute (EUR 204 million) between Ethias and the tax authorities with regard to the payment of pension insurances.

The weakness of the interest rates observed on the market during the financial year 2015 was even more marked during the 1<sup>st</sup> half of 2016, and within this context we realized a sufficiency test of the Life insurance provisions as in previous financial years. This test resulted in a strengthening of the technical provisions having a negative impact of EUR 71 million on the Life income statement. The Life result is also impacted by the cost of the "Switch V" operation of about EUR 6 million.

The Non-Life result is impacted by an expense of EUR 10 million related to the Brussels attacks.

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

### 3.1. European Commission

The decision by the European Commission of 12 June 2014 sets out a series of commitments that Ethias must meet until 31 December 2016 (this deadline may be shortened or extended by the European Commission under certain conditions).

These commitments, both those related to the run-down of the portfolio Life Individuals and those on risk management, on technical profitability and on respect for the "reinvestment guidelines", were met at the end of December 2015 and will continue to be met until the end of 2016.

### 3.2. Macroeconomic environment

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

### 3.3. Control of overheads

It was decided to reduce overhead costs by 10% in order to improve the performance of Ethias. This decision was necessary to strengthen the profitability of Ethias in the current macroeconomic and competitive environment. The savings plan should allow to generate approximately EUR 45 million on a yearly basis from 2017 onwards.

### 3.4. Guidewire

To prepare for the integration and use of Guidewire within Ethias, an implementation program called "Century" has started in December 2015. The aim of Century is to make every effort so that Guidewire will be fully operational in 2019. The program also focuses on accompanying measures and training needed to facilitate this transformation. The target is to ensure the first operational roll-out in the course of the 2<sup>nd</sup> quarter of 2017.

## 4. Events occurring after the closing on 30/06/2016

Conscious of the volatility of the SII solvency margins in the current macroeconomic context, and in response to the request by the regulator, measures will be taken during the second half of 2016 and early 2017 to continue strengthening the economic equity capital of Ethias in the short term and in a sustainable manner. The envisaged measures include in particular the establishment of a financial reinsurance program, the implementation of additional Switch actions and a further optimization of the asset portfolio in order to continue reducing the duration gap.

Our goal is to stabilize the Solvency II margin at a level of 150%.

Furthermore, the Board of Directors of September 6 considered it appropriate to reconfigure the Management Committee in view of diverging opinions that were noted at the company's management level. This decision is at the origin of CEO Bernard Thiry's departure, whose achievements from 2008 to date have been widely acknowledged by the Board of Directors. His departure does not impact in any way the strategy of Ethias nor the company's stand-alone vision, which was confirmed by the same Board. The chair of the Management Committee is currently held ad interim by Benoît Verwilghen, Deputy CEO and CFO.

# CONSOLIDATED FINANCIAL STATEMENTS

## 1. Consolidated balance sheet

In thousands of EUR	Notes	30 June 2016	31 December 2015
<b>Assets</b>			
Goodwill	10.1	44,762	44,762
Other intangible assets	10.2	66,118	45,965
Operational buildings and other tangible fixed assets	10.4	136,918	136,517
Investment in associates		-	-
Investment properties	10.4	501,620	432,640
Financial assets available for sale	10.3	14,536,633	13,822,390
Financial assets at fair value through profit and loss	10.3	792,461	862,395
Loans, deposits and other financial investments recognized at amortized cost	10.3	793,068	845,705
Derivative financial instruments	10.3	263,188	22,986
Investments belonging to unit-linked insurance contracts	10.3	341,652	359,078
Financial investments		16,727,002	15,912,555
Reinsurers' share of insurance liabilities		156,273	134,123
Deferred tax assets	10.7	126,918	170,096
Receivables arising from insurance operations or accepted reinsurance	10.5	1,372,127	1,291,136
Receivables arising from ceded reinsurance operations	10.5	59,855	57,001
Other receivables	10.5	377,786	277,527
Other assets		203,299	258,369
Cash and cash equivalents	10.6	1,387,455	1,086,763
Assets available for sale including assets from discontinued operations		-	-
<b>Total assets</b>		<b>21,160,134</b>	<b>19,847,455</b>
<b>Liabilities</b>			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		556,801	(30,726)
Net profit (loss) of the period		258,460	632,526
Other items of comprehensive income		335,863	233,041
Equity of the Group		2,151,124	1,834,842
Non-controlling interests		55,595	34,578
<b>Total equity</b>		<b>2,206,720</b>	<b>1,869,420</b>
Insurance contract liabilities		9,097,658	8,606,896
Investment contract liabilities with discretionary participation features		7,621,240	7,351,547
Investment contract liabilities without discretionary participation features		3,905	3,904
Liabilities belonging to unit-linked insurance contracts		341,652	359,078
Profit sharing liabilities		3,792	37,796
Insurance and investment contract liabilities	10.8	17,068,246	16,359,222
Subordinated debts	10.9	452,260	454,372
Other financial debts	10.9	299,627	56,096
Employee benefits	10.10	560,088	502,129
Provisions		17,390	62,799
Derivative financial instruments		-	19,958
Tax payables	10.11	79,033	49,168
Deferred tax liabilities	10.7	15,177	59
Liabilities from operating activities	10.11	228,111	215,463
Other liabilities	10.11	233,483	258,769
Liabilities related to assets available for sale and discontinued operations		-	-
<b>Total other liabilities</b>		<b>18,953,414</b>	<b>17,978,035</b>
<b>Total liabilities</b>		<b>21,160,134</b>	<b>19,847,455</b>

The statements and notes 1 to 12 form an integral part of the consolidated financial IFRS statements as at 30 June 2016.

## 2. Consolidated income statement

In thousands of EUR	Notes	30 June 2016	30 June 2015
Gross premiums	11.1	1,414,097	1,438,285
Premiums ceded to reinsurers		(37,091)	(37,758)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(195,809)	(196,673)
Other income from insurance activities		3,036	2,012
<b>Revenues from insurance activities <sup>(a)</sup></b>	11.1	<b>1,184,234</b>	<b>1,205,866</b>
Revenues from other activities		227,861	82,839
<b>Revenues</b>		<b>1,412,095</b>	<b>1,288,705</b>
Net revenues from investments		374,656	301,340
Net realized gains or losses on investments		(3,714)	(1,120)
Change in fair value of investments through profit and loss <sup>(b)</sup>		(8,685)	13,442
<b>Net financial income</b>		<b>362,257</b>	<b>313,661</b>
<b>NET REVENUES</b>		<b>1,774,352</b>	<b>1,602,366</b>
Insurance service expenses		1,240,463	960,339
Net expenses or revenues ceded to reinsurers		(11,671)	(25,806)
Management costs <sup>(c)</sup>		152,515	168,239
<b>Technical expenses for insurance activities</b>	11.2	<b>1,381,307</b>	<b>1,102,772</b>
Expenses for other activities		130,398	80,692
<b>Operating expenses</b>		<b>1,511,705</b>	<b>1,183,464</b>
Change in depreciation and amortization on investments (net)	11.3	(16,737)	(2,149)
Other investment financial expenses	11.3	5,417	(44,620)
Finance costs		14,995	9,331
<b>Financial expenses</b>		<b>3,674</b>	<b>(37,438)</b>
<b>NET EXPENSES</b>		<b>1,515,379</b>	<b>1,146,026</b>
Goodwill impairment		-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>258,973</b>	<b>456,340</b>
Income taxes		1,300	(76,275)
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>260,273</b>	<b>380,065</b>
Share of the associates in the result		-	423
Net profit (loss) from discontinued operations		-	(11)
<b>Net consolidated profit (loss) attributable to:</b>		<b>260,273</b>	<b>380,477</b>
Owners of the parent		258,460	378,309
Non-controlling interests		1,813	2,168

a) Net of reinsurance

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

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

### 3. Statement of consolidated comprehensive income

In thousands of EUR	30 June 2016	30 June 2015
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>260,273</b>	<b>380,477</b>
Actuarial gains and losses on defined benefit pension liabilities	(47,198)	75,052
Tax on other items that will not be subsequently reclassified to the net profit (loss)	16,043	(25,510)
<b>Items that will not be subsequently reclassified to the net profit (loss)</b>	<b>(31,155)</b>	<b>49,542</b>
Change in fair value of financial assets available for sale	6,908	(21,508)
Change in fair value of derivative instruments designated as cash flow hedges	208,780	(2,341)
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	(81,712)	14,511
<b>Items that could be subsequently reclassified to the net profit (loss)</b>	<b>133,977</b>	<b>(9,338)</b>
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	<b>102,821</b>	<b>40,204</b>
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>363,095</b>	<b>420,681</b>
Owners of the parent	361,282	418,513
Non-controlling interests	1,813	2,168

#### 4. Consolidated cash flows statement

In thousands of EUR	Notes	30 June 2016	30 June 2015
<b>Net profit (loss) before tax (Total 1)</b>		<b>258,973</b>	<b>456,340</b>
Depreciations and impairments on intangible and tangible assets	10.2, 10.4	12,342	8,733
Change in depreciations on financial instruments and investment properties	10.3, 10.4, 11.3	(16,737)	(2,149)
Change in fair value on investments through profit or loss	10.3, 11.3	8,685	(13,442)
Provisions for risks and expenses, and other liabilities		(38,632)	(53,525)
Change in provisions of insurance and investments contracts		235,811	(2,254,729)
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(218,087)	(263,048)
<b>Corrections of the amounts that do not impact cash flows (Total 2)</b>		<b>(16,617)</b>	<b>(2,578,160)</b>
Dividends and instalments on earned dividends		14,564	19,018
Earned financial income	11.3	293,880	319,117
Use of provision for employee benefits		(9,614)	(9,789)
Change in current receivables and debts	10.5, 10.11	(11,609)	(112,672)
Change in liabilities from insurance and investments contracts		(28,646)	(75,603)
Tax paid		(160,654)	(3,143)
<b>Other changes (Total 3)</b>		<b>97,922</b>	<b>136,927</b>
<b>Net cash flows from operating activities (Total 1+2+3)</b>		<b>340,278</b>	<b>(1,984,892)</b>
Shares in subsidiaries, net of acquired cash in hand	6.5.1	(23,281)	(6,217)
Acquisition of financial assets and investment properties	10.3, 10.4	(1,226,658)	(997,125)
Acquisition of intangible and tangible fixed assets	10.2, 10.4	(36,211)	(16,582)
Disposals of shares in subsidiaries, net of transferred cash	6.5.2	-	-
Disposals of financial assets and investment properties	10.3, 10.4	1,089,166	1,849,539
Disposals of intangible and tangible fixed assets	10.2, 10.4	231	126
<b>Net cash flows from investing activities</b>		<b>(196,754)</b>	<b>829,742</b>
Subscription to capital increase		-	-
Capital refund		-	(10,706)
Dividends paid by the parent company		(45,000)	-
Dividends paid to third parties		(4,954)	(5,207)
Issues of financial liabilities	10.9	3,493	2,925
Refund of financial liabilities	10.9	(23,170)	(1,838)
Interests paid on financial liabilities		(10,992)	(663)
<b>Net cash flows from financing activities</b>		<b>(80,623)</b>	<b>(15,489)</b>
<b>Total cash flows</b>		<b>62,901</b>	<b>(1,170,639)</b>
<b>Cash or cash equivalents at the beginning of the period</b>	10.6	<b>1,067,203</b>	<b>1,868,800</b>
<b>Cash or cash equivalents at the end of the period</b>	10.6	<b>1,130,089</b>	<b>698,430</b>
Change in the cash accounts		62,901	(1,170,639)
Impacts of exchange rate differences of foreign currency and of other transactions		(15)	270
<b>Change in cash</b>		<b>62,886</b>	<b>(1,170,370)</b>

Cash flows related to the subsidiary available for sale were not separately presented in this cash flow statement. There were no more cash equivalents for the subsidiary held for sale on 30 June 2015.

## 5. Consolidated statement of changes in equity

In thousands of EUR	30 June 2016						
	Subscribed capital	Result carried forward	Financial assets available for sale	Others	Equity of the Group	Non-controlling interests	Total equity
<b>Equity as of 1 January</b>	<b>1,000,000</b>	<b>601,801</b>	<b>247,307</b>	<b>(14,265)</b>	<b>1,834,842</b>	<b>34,578</b>	<b>1,869,420</b>
Net consolidated profit (loss) attributable to:	-	258,460			258,460	1,813	260,273
Total of other items of comprehensive income	-		(3,839)	106,660	102,821	-	102,821
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>258,460</b>	<b>(3,839)</b>	<b>106,660</b>	<b>361,282</b>	<b>1,813</b>	<b>363,095</b>
Capital movements	-	-	-	-	-	0	0
Dividends	-	(45,000)	-	-	(45,000)	(4,954)	(49,954)
Change in the consolidation scope	-	-	-	-	-	24,203	24,203
Other movements	-	-	-	-	-	(44)	(44)
<b>Equity as of 30 June</b>	<b>1,000,000</b>	<b>815,261</b>	<b>243,468</b>	<b>92,395</b>	<b>2,151,124</b>	<b>55,595</b>	<b>2,206,720</b>

In thousands of EUR	30 June 2015						
	Subscribed capital	Result carried forward	Financial assets available for sale	Others	Equity of the Group	Non-controlling interests	Total equity
<b>Equity as of 1 January</b>	<b>1,000,000</b>	<b>(30,726)</b>	<b>246,681</b>	<b>(69,890)</b>	<b>1,146,066</b>	<b>51,869</b>	<b>1,197,934</b>
Net consolidated profit (loss) attributable to:	-	378,309	-	-	378,309	2,168	380,477
Total of other items of comprehensive income	-	-	(7,793)	47,996	40,204	-	40,204
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>378,309</b>	<b>(7,793)</b>	<b>47,996</b>	<b>418,513</b>	<b>2,168</b>	<b>420,681</b>
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(5,207)	(5,207)
Change in the consolidation scope	-	-	-	-	-	(10,946)	(10,946)
Other movements	-	-	-	-	-	-	-
<b>Equity as of 30 June</b>	<b>1,000,000</b>	<b>347,583</b>	<b>238,888</b>	<b>(21,893)</b>	<b>1,564,578</b>	<b>37,883</b>	<b>1,602,462</b>

Amounts are disclosed net of taxes.

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

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

On 30 June 2016, Ethias paid out an amount of EUR 45 million to the parent company Vitrufin. The dividends distributed for an amount of EUR 4,954 thousand (compared to EUR 5,207 thousand on 31 March 2015) mainly consist of dividends distributed outside of the Group by the NRB subgroup.



## 6. General information

### 6.1 The Group

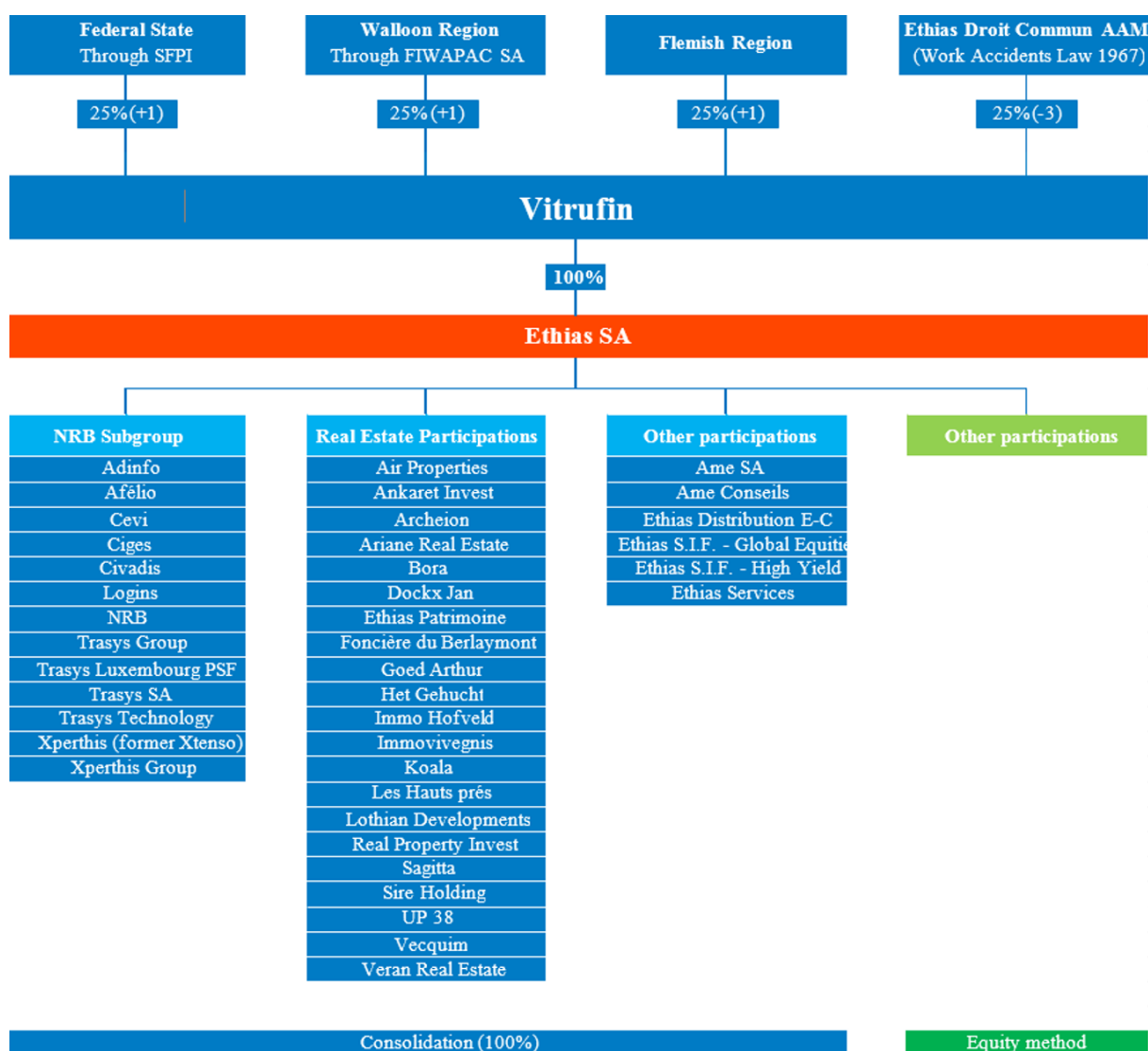
Ethias SA is the consolidating company of the Ethias Group.

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

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

The Group employs 3,268 people on 30 June 2016 compared to 3,257 on 31 December 2015.

Its legal structure is as follows:



## 6.2 Consolidation scope

### 6.2.1. List of consolidated subsidiaries

	30 June 2015					31 December 2015		
	Country	Sector	Currency	Integration percentage	Control percentage	Integration percentage	Control percentage	Change in scope
<b>Consolidating company:</b>								
Ethias SA	Belgium	Insurance	EUR	100.00%	100.00%	100.00%	100.00%	
<b>Consolidated companies with 100 % consolidation:</b>								
Ame SA	Belgium	Holding	EUR	100.00%	100.00%	100.00%	100.00%	
Ame Conseils	Luxembourg	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Distribution E-C	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Sustainable Invest. Fund - High Yield	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Sustainable Invest. Fund - Global Equities	Belgium	Other	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Services	Belgium	Other	EUR	99.90%	99.90%	99.90%	99.90%	
Air Properties	Luxembourg	Real Estate	EUR	51.00%	51.00%	0.00%	0.00%	Acquired in 2016
Ankaret Invest	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Archeion SA (former Développement Cauchy)	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	Change of name
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%	
Dockx Jan	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Patrimoine	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Foncière du Berlaymont	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Goed Arthur	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Het Gehucht	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Het Rijksarchief	Belgium	Real Estate	EUR	0.00%	0.00%	100.00%	100.00%	Absorbed by Archeion SA
Immo Hofveld	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Immovivegnis	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Koala	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Les Hauts prés	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Lothian Developments IV	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Real Property Invest	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Sagitta	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Sire Holding	Belgium	Real Estate	EUR	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	100.00%	100.00%	100.00%	100.00%	
Veran Real Estate	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Adinfo	Belgium	IT	EUR	34.88%	51.00%	34.88%	51.00%	
Afelio	Belgium	IT	EUR	51.36%	75.10%	51.36%	75.10%	
Cevi	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Ciges	Belgium	IT	EUR	37.61%	100.00%	37.61%	100.00%	
Civadis	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
Logins	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
MIMS	Belgium	IT	EUR	0.00%	0.00%	37.61%	100.00%	Absorbed by Xperthis SA

NRB	Belgium	IT	EUR	68.39%	68.39%	68.39%	68.39%
Trasys Group	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%
Trasys SA	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%
Trasys Luxembourg PSF	Luxembourg	IT	EUR	68.39%	100.00%	68.39%	100.00%
Trasys Technology	Belgium	IT	EUR	68.39%	100.00%	68.39%	100.00%
Xperthis (former Xtenso)	Belgium	IT	EUR	37.61%	100.00%	37.61%	100.00%
Xperthis Group	Belgium	IT	EUR	37.61%	55.00%	37.61%	55.00%

### 6.2.2. List of non-consolidated subsidiaries

	30 June 2016				31 December 2015	
	Country	Sector	Currency	Percentage of ownership	Percentage of ownership	Change in scope
Assurcard	Belgium	Insurance	EUR	20.00%	20.00%	
Aviabel	Belgium	Insurance	EUR	24.70%	24.70%	
Whestia	Belgium	Insurance	EUR	25.10%	25.10%	
BC Meetjesland-Maldegem	Belgium	Other	EUR	27.58%	27.58%	
BC Regio Geraardsbergen	Belgium	Other	EUR	27.12%	27.12%	
Epimède	Belgium	Other	EUR	25.49%	25.49%	
Hotel Wellness	Belgium	Other	EUR	100.00%	100.00%	
L'Ouvrier Chez Lui	Belgium	Other	EUR	63.58%	63.58%	
Palais des Expositions de Charleroi s.c.	Belgium	Other	EUR	23.04%	23.04%	
TEB Participations (former Ecetia Participations)	Belgium	Other	EUR	29.43%	29.43%	
Ariane Building	Belgium	Real Estate	EUR	25.00%	25.00%	
Cerep Loi 1	Belgium	Real Estate	EUR	35.00%	35.00%	
TEB Foncière (former Ecetia Immobilier)	Belgium	Real Estate	EUR	29.41%	29.41%	
Thier sur la Fontaine	Belgium	Real Estate	EUR	45.00%	45.00%	
Vital Building	Belgium	Real Estate	EUR	50.00%	50.00%	
Skarabee	Belgium	IT	EUR	31.25%	31.25%	

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

### 6.3 Presentation of the NRB subgroup

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

#### 6.3.1. Consolidated balance sheet

In thousands of EUR	30 June 2016	31 December 2015
<b>Assets</b>		
<b>Goodwill</b>	<b>59,313</b>	<b>51,740</b>
<b>Other intangible assets</b>	<b>17,909</b>	<b>15,132</b>
<b>Operational buildings and other tangible fixed assets</b>	<b>43,175</b>	<b>41,603</b>
<b>Investment in associates</b>	<b>-</b>	<b>-</b>
<b>Investment properties</b>	<b>1,842</b>	<b>2,047</b>
Financial assets available for sale	27	27
Financial assets at fair value through profit and loss	28,348	28,580
Loans, deposits and other financial investments recognized at amortized cost	3,902	3,899
<b>Financial investments</b>	<b>32,277</b>	<b>32,506</b>
<b>Reinsurers' share of insurance liabilities</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>612</b>	<b>989</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>78,391</b>	<b>86,041</b>
<b>Other assets</b>	<b>17,851</b>	<b>10,549</b>
<b>Cash and cash equivalents</b>	<b>15,462</b>	<b>21,738</b>
<b>Assets available for sale including assets from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>266,831</b>	<b>262,345</b>
<b>Liabilities</b>		
Share capital	16,837	16,837
Reserves and retained earnings	84,372	76,877
Net profit (loss) of the period	4,140	9,922
Other items of comprehensive income	2	2
<b>Equity of the Group</b>	<b>105,350</b>	<b>103,637</b>
<b>Non-controlling interests</b>	<b>15,512</b>	<b>16,845</b>
<b>Total equity</b>	<b>120,862</b>	<b>120,482</b>
<b>Insurance and investment contract liabilities</b>	<b>-</b>	<b>-</b>
<b>Subordinated debts</b>	<b>-</b>	<b>-</b>
<b>Other financial debts</b>	<b>31,564</b>	<b>36,530</b>
<b>Employee benefits</b>	<b>7,517</b>	<b>7,801</b>
<b>Provisions</b>	<b>858</b>	<b>1,003</b>
<b>Derivative financial instruments</b>	<b>-</b>	<b>-</b>
<b>Tax payables</b>	<b>9,963</b>	<b>11,926</b>
<b>Deferred tax liabilities</b>	<b>35</b>	<b>35</b>
<b>Liabilities from operating activities</b>	<b>-</b>	<b>-</b>
<b>Other liabilities</b>	<b>96,033</b>	<b>84,569</b>
<b>Liabilities related to assets available for sale and discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total other liabilities</b>	<b>145,970</b>	<b>141,863</b>
<b>Total liabilities</b>	<b>266,831</b>	<b>262,345</b>

In 2016, the goodwill did not undergo any evolution related to new acquisitions. However, several of them were recalculated based on their percentage of integration in the subgroup NRB and no longer, as before, in the Ethias group.

## 6.3.2. Consolidated income statement

In thousands of EUR	30 June 2016
<b>Revenues from insurance activities <sup>(a)</sup></b>	-
Revenues from other activities	142,432
<b>Revenues</b>	<b>142,432</b>
Net revenues from investments	426
Net realized gains or losses on investments	(215)
Change in fair value of investments through profit and loss <sup>(b)</sup>	26
<b>Net financial income</b>	<b>237</b>
<b>NET REVENUES</b>	<b>142,669</b>
Insurance service expenses	-
Management costs <sup>(c)</sup>	-
<b>Technical expenses for insurance activities</b>	<b>-</b>
Expenses for other activities	133,421
<b>Operating expenses</b>	<b>133,421</b>
Change in depreciation and amortization on investments (net)	205
Other investment financial expenses	270
Finance costs	198
<b>Financial expenses</b>	<b>673</b>
<b>NET EXPENSES</b>	<b>134,094</b>
Goodwill impairment	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>	<b>8,575</b>
Income taxes	(3,943)
<b>NET PROFIT (LOSS) AFTER TAX</b>	<b>4,632</b>
<b>Net consolidated profit (loss) attributable to:</b>	<b>4,632</b>
Owners of the parent	4,140
Non-controlling interests	492

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 first financial year statement for the sub-conso NRB was made on 31 December 2014 and has afterwards only been drawn up for the annual reports. To date, this is the first quarterly statement made, so there is no year of comparison.

## 6.3.3 Statement of consolidated comprehensive income

In thousands of EUR

	30 June 2016
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>4,632</b>
Actuarial gains and losses on defined benefit pension liabilities	-
Other items that will not be subsequently reclassified to the net profit (loss)	-
Other items of comprehensive income from companies accounted for using the equity method that will not be subsequently reclassified to the net profit (loss)	-
Change in fair value of assets/liabilities available for sale	-
Tax on other items that will not be subsequently reclassified to the net profit (loss)	-
<b>Items that will not be subsequently reclassified to the net profit (loss)</b>	<b>-</b>
Change in fair value of financial assets available for sale	-
Change in fair value of derivative instruments designated as cash flow hedges	-
Currency translation adjustments related to foreign activities	-
Gains and losses related to associates	-
Other gains and losses recognized in other items of comprehensive income	-
Other items that will not be subsequently reclassified to the net profit (loss)	-
Other items of comprehensive income from companies accounted for using the equity method that will be subsequently reclassified to the net (profit) loss	-
Change in fair value of assets/liabilities available for sale	-
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	-
<b>Items that could be subsequently reclassified to the net profit (loss)</b>	<b>-</b>
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	<b>-</b>
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>4,632</b>
Owners of the parent	4,140
Non-controlling interests	492

## 6.4 Sector information

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

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

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

The results of the segments for the years ended on 30 June 2016 and 2015 respectively are detailed below:

		PUBLIC SECTOR & COMPANIES	PUBLIC SECTOR & COMPANIES	INDIVIDUALS	INDIVIDUALS	OTHER	Statutory income statement B-Gaap	ADJUSTMENTS	Consolidated income statement IFRS
In thousands of EUR		NON-LIFE	LIFE	NON-LIFE	LIFE	NON-TECH- NICAL	30 June 2016	Total Adjustments	30 June 2016
	Notes								
Gross premiums	12.1	552,412	565,629	297,914	22,620	-	1,438,575	(24,477)	1,414,097
Premiums ceded to reinsurers	12.3	(26,822)	(2,869)	(3,455)	-	-	(33,147)	(3,944)	(37,091)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(181,680)	-	(18,073)	-	-	(199,753)	3,944	(195,809)
Other income from insurance activities		254	918	839	35,661	-	37,672	(34,636)	3,036
Revenues from insurance activities <sup>(a)</sup>	12.1	344,163	563,678	277,225	58,281	-	1,243,347	(59,113)	1,184,234
Revenues from other activities	12.4	-	-	-	-	393,147	393,147	(165,286)	227,861
Revenues		344,163	563,678	277,225	58,281	393,147	1,636,494	(224,399)	1,412,095
Net revenues from investments		43,293	159,425	19,022	44,619	14,032	280,391	94,265	374,656
Net realized gains or losses on investments		-	-	-	-	(683)	(683)	(3,031)	(3,714)
Change in fair value of investments through profit and loss <sup>(b)</sup>		-	-	-	-	(15,491)	(15,491)	6,806	(8,685)
Net financial income	12.5	43,293	159,425	19,022	44,619	(2,142)	264,217	98,040	362,257
NET REVENUES		387,456	723,103	296,247	102,900	391,005	1,900,711	(126,359)	1,774,352
Insurance service expenses		296,430	655,987	171,823	102,477	-	1,226,716	13,746	1,240,463
Net expenses or revenues ceded to reinsurers	12.3	(5,595)	(2,972)	(3,169)	-	-	(11,736)	65	(11,671)
Management costs <sup>(c)</sup>		58,154	36,174	55,270	6,899	-	156,496	(3,982)	152,515
Technical expenses for insurance activities	12.2	348,988	689,189	223,924	109,376	-	1,371,477	9,830	1,381,307
Expenses for other activities	12.4	-	-	-	-	233,043	233,043	(102,646)	130,398
Operating expenses		348,988	689,189	223,924	109,376	233,043	1,604,520	(92,816)	1,511,705
Change in depreciation and amortization on investments (net)	12.5	-	-	-	-	3,204	3,204	(19,941)	(16,737)
Other investment financial expenses	12.5	-	-	-	-	995	995	4,421	5,417
Finance costs	12.6	-	-	-	-	3,677	3,677	11,317	14,995
Financial expenses		-	-	-	-	7,877	7,877	(4,202)	3,674
NET EXPENSES		348,988	689,189	223,924	109,376	240,920	1,612,397	(97,018)	1,515,379
Goodwill impairment		-	-	-	-	-	-	-	-
NET PROFIT (LOSS) BEFORE TAX		38,468	33,915	72,322	(6,476)	150,085	288,314	(29,341)	258,973
Income taxes	12.9	-	-	-	-	(6,403)	(6,403)	7,704	1,300
NET PROFIT (LOSS) AFTER TAX		38,468	33,915	72,322	(6,476)	143,681	281,910	(21,637)	260,273
Share of the associates in the result		-	-	-	-	-	-	-	-
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-
Net consolidated profit (loss) attributable to:		38,468	33,915	72,322	(6,476)	143,681	281,910	(21,637)	260,273
Owners of the parent							281,910	(23,450)	258,460
Non-controlling interests								1,813	1,813



	Notes	PUBLIC SECTOR & COMPANIES	PUBLIC SECTOR & COMPANIES	INDIVIDUALS	INDIVIDUALS	OTHER	Statutory income statement B-GAAP	ADJUST- MENTS	Consolidated income statement IFRS
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON- TECH- NICAL	30 June 2015	Total Adjust- ments	30 June 2015
In thousands of EUR									
Gross premiums	12.1	562,216	566,297	292,009	26,966	-	1,447,488	(9,203)	1,438,285
Premiums ceded to reinsurers	12.3	(28,444)	(2,371)	(6,943)	-	-	(37,758)	0	(37,758)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(184,054)	699	(13,317)	-	-	(196,672)	(1)	(196,673)
Other income from insurance activities		246	46	728	992	-	2,012	0	2,012
<b>Revenues from insurance activities <sup>(a)</sup></b>	12.1	<b>349,964</b>	<b>564,671</b>	<b>272,477</b>	<b>27,958</b>	<b>-</b>	<b>1,215,070</b>	<b>(9,204)</b>	<b>1,205,866</b>
Revenues from other activities	12.4	-	-	-	-	131,791	131,791	(48,952)	82,839
<b>Revenues</b>		<b>349,964</b>	<b>564,671</b>	<b>272,477</b>	<b>27,958</b>	<b>131,791</b>	<b>1,346,861</b>	<b>(58,156)</b>	<b>1,288,705</b>
Net revenues from investments		55,311	216,460	25,182	64,595	40,480	402,028	(100,688)	301,340
Net realized gains or losses on investments		-	-	-	-	16,487	16,487	(17,607)	(1,120)
Change in fair value of investments through profit and loss <sup>(b)</sup>		-	-	-	-	5,263	5,263	8,179	13,442
<b>Net financial income</b>	12.5	<b>55,311</b>	<b>216,460</b>	<b>25,182</b>	<b>64,595</b>	<b>62,230</b>	<b>423,778</b>	<b>(110,117)</b>	<b>313,661</b>
<b>NET REVENUES</b>		<b>405,275</b>	<b>781,131</b>	<b>297,659</b>	<b>92,553</b>	<b>194,021</b>	<b>1,770,639</b>	<b>(168,273)</b>	<b>1,602,366</b>
Insurance service expenses		300,824	740,132	178,140	380,777	-	1,599,873	(639,534)	960,339
Net expenses or revenues ceded to reinsurers	12.3	(24,539)	(1,132)	(231)	-	-	(25,902)	96	(25,806)
Management costs <sup>(c)</sup>		56,903	12,711	55,492	4,546	-	129,652	38,587	168,239
<b>Technical expenses for insurance activities</b>	12.2	<b>333,188</b>	<b>751,711</b>	<b>233,401</b>	<b>385,323</b>	<b>-</b>	<b>1,703,623</b>	<b>(600,851)</b>	<b>1,102,772</b>
Expenses for other activities	12.4	-	-	-	-	126,262	126,262	(45,570)	80,692
<b>Operating expenses</b>		<b>333,188</b>	<b>751,711</b>	<b>233,401</b>	<b>385,323</b>	<b>126,262</b>	<b>1,829,885</b>	<b>(646,421)</b>	<b>1,183,464</b>
Change in depreciation and amortization on investments (net)	12.5	-	-	-	-	3,115	3,115	(5,264)	(2,149)
Other investment financial expenses	12.5	-	-	-	-	482	482	(45,102)	(44,620)
Finance costs	12.6	-	-	-	-	3,341	3,341	5,990	9,331
<b>Financial expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,938</b>	<b>6,938</b>	<b>(44,376)</b>	<b>(37,438)</b>
<b>NET EXPENSES</b>		<b>333,188</b>	<b>751,711</b>	<b>233,401</b>	<b>385,323</b>	<b>133,200</b>	<b>1,836,823</b>	<b>(690,797)</b>	<b>1,146,026</b>
Goodwill impairment		-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>72,087</b>	<b>29,420</b>	<b>64,258</b>	<b>(292,770)</b>	<b>60,821</b>	<b>(66,184)</b>	<b>522,524</b>	<b>456,340</b>
Income taxes	12.9	-	-	-	-	(4,122)	(4,122)	(72,153)	(76,275)
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>72,087</b>	<b>29,420</b>	<b>64,258</b>	<b>(292,770)</b>	<b>56,699</b>	<b>(70,306)</b>	<b>450,371</b>	<b>380,065</b>
Share of the associates in the result		-	-	-	-	-	-	423	423
Net profit (loss) from discontinued operations		-	-	-	-	(11)	(11)	(11)	(11)
<b>Net consolidated profit (loss) attributable to:</b>		<b>72,087</b>	<b>29,420</b>	<b>64,258</b>	<b>(292,770)</b>	<b>56,688</b>	<b>(70,317)</b>	<b>450,794</b>	<b>380,477</b>
Owners of the parent							(70,317)	448,626	378,309
Non-controlling interests								2,168	2,168

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

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

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

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

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

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

#### 6.4.1. Private Individuals

The income in Non-Life Private Individuals amounts to EUR 298 million in the 1<sup>st</sup> half of 2016 and slightly grows compared to the income of EUR 292 million in the 1<sup>st</sup> half of 2015, mainly observed for the Car Insurance, Private CL and Assistance products.

The net technical-financial balance amounts to EUR 72 million and increases with EUR 8 million compared to the 1<sup>st</sup> half of 2015, resulting from a very good claims rate (low frequency) and exceptional factors (change in calibration of the fixed amount in legal protection, partially offset by the expense related to the attacks in Brussels) over the 1<sup>st</sup> half of 2016.

The income in Life Private Individuals amounts to EUR 23 million in the 1<sup>st</sup> half of 2016 and is limited to fund replenishments on existing policies in Life and to the commercialization, since June 2015, of Branch 23 products (Boost Invest offerings).

In the 1<sup>st</sup> half of 2016, a "Switch V" operation was launched and resulted in surrenders amounting to EUR 66 million, for a cost of EUR 6 million.

The net technical-financial balance of Live Private Individuals in the 1<sup>st</sup> half amounts to EUR -6 million in 2016 compared to EUR -293 million in 2015, the latter being marked by the cost of the "Switch IV" operation.

#### 6.4.2. Public Bodies & Companies

The Non-Life income in Public Bodies & Companies amounts to EUR 552 million in the 1<sup>st</sup> half of 2016, viz. a level similar to the income in the 1<sup>st</sup> half of 2015 (EUR 562 million), despite the difficult macro-economic environment for public and private entities, weighing mainly on the products of the Work Accident and Civil Liability branches.

The net technical-financial balance amounts to EUR 38 million and decreases with EUR 34 million compared to the 1<sup>st</sup> half of 2015. This is explained, on the one hand, by an exceptional effect of EUR 13 million in reinsurance as well as by higher financial revenues in the 1<sup>st</sup> half of 2015 and, on the other hand, by higher technical expenses in the first half of 2016 (in particular due to the recognition of the expenses related to the attacks in Brussels).

The income in Life Public Bodies and Companies amounts to EUR 566 million in the 1<sup>st</sup> half of 2016 and mainly results from the commercialization of Life Insurance products of the 1<sup>st</sup> and 2<sup>nd</sup> pillar (respectively pension insurance and group insurance).

The net technical-financial balance of Life Public Bodies amounts to EUR 34 million in the 1<sup>st</sup> half of 2016 compared to EUR 29 million in the 1<sup>st</sup> half of 2015. This effect is explained, inter alia, by a decrease in the technical expenses of the insurance activities.

### 6.4.3. Adjustments

#### 6.4.3.1. IFRS adjustments

The recognition of IAS 19 decreases Life income by EUR 17.9 million, insurance payments by EUR 7.7 million and Life technical provisions by EUR 12.6 million; overheads related to the 4 processes and expenses for other activities increase by EUR 40.1 million. The total impact from IAS 19 thus amounts to EUR 43 million.

The recognition of Life technical provisions under IFRS 4 negatively impacts the result of EUR 71.3 million. Following the adequacy test for technical provisions, the latter had to be increased, impacting the income by EUR -71.3 million. The impact of shadow accounting only marginally affects the result.

The application of IAS 39 increases the result of the financial instruments by EUR 28.4 million. This increase is mainly due to the non-recognition of the arbitrage operation on Greek bonds in BGAAP (pursuant to article 27bis §4, Royal Decree of 17 October 1994), the non-recognition in IFRS of a general provision and the recognition of the derivative financial instruments. This increase is offset by the recognition, on a LOCOM basis, of the perpetual bonds in BGAAP (according to article 31, Royal Decree of 17 October 1994).

IFRS adjustments of subsidiaries amount to EUR 0.5 million and mainly relate to adjustments on formation expenses and revaluations of stocks, funds and bonds.

Deferred taxes related to IFRS adjustments impact the income statement by EUR 22.8 million.

The sum of the IFRS adjustments represents a revenue of EUR 23.4 million.

#### 6.4.3.2. Consolidation adjustments

Consolidation adjustments consist primarily of the elimination of dividends (EUR -39 million), the reversal of value adjustments (EUR +7 million) and the deferred taxes related to the IFRS for EUR -15 million.

All consolidation adjustments represent an expense of EUR 45 million.

#### 6.4.3.3. Eliminations of intercompany transactions

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

## 6.5 Acquisitions and disposals of subsidiaries

### 6.5.1 Acquisitions

In thousands of EUR	30 June 2016	31 December 2015
Intangible assets	-	542
Investment properties	76,009	37,551
Financial investments	-	27
Reinsurers' share of technical provisions	-	-
Other assets and tangible fixed assets	1,179	41,531
Cash and cash equivalents	-	21,445
Insurance and investment contract liabilities	-	-
Financial debts	(25,470)	(41,986)
Provisions for risks and expenses	-	(15)
Other liabilities	(4,304)	(36,925)
<b>Identifiable net assets and liabilities acquired</b>	<b>47,414</b>	<b>22,169</b>
Goodwill on acquisitions	-	14,909
Change in cash related to acquisitions from previous financial years	70	4,360
Non-controlling interests	(24,203)	7,627
<b>Consideration paid in cash</b>	<b>23,281</b>	<b>49,065</b>
Acquired cash in hand	-	21,445
<b>Net cash flows</b>	<b>23,281</b>	<b>27,620</b>

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

For its part, NRB, which aims to become the number one ICT services provider for hospitals in Belgium, has started since 2010 a strategy of expansion and growth through the acquisition of various companies. For the first half of 2016, there have been no new acquisitions.

The given goodwill represents the remaining part of the purchase price that could not be allocated to the acquired assets.

## 6.5.2 Disposals

In thousands of EUR	30 June 2016	31 December 2015
Intangible assets	-	-
Financial investments	-	-
Reinsurers' share of technical provisions	-	-
Other assets	-	-
Cash and cash equivalents	-	-
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Provisions for risks and expenses	-	-
Other liabilities	-	-
<b>Identifiable net assets and liabilities</b>	-	-
Gain/(loss) on disposals, net of tax	-	(1,128)
Net cash received related to disposals without loss of control	-	1,128
Transferred cash	-	-
<b>Net cash flows</b>	-	-

## 7. Summary of significant accounting principles

### 7.1 Basis of preparation of the consolidated financial statements

#### 7.1.1 General principles

IAS 34 is applicable to this interim report ending 30 June 2016 as it prescribes the minimum content of an interim financial report as well as the accounting and valuating principles to apply to the full or summarized financial statements of an interim period. Emphasis is placed on the important events, activities, circumstances and transactions that have taken place since the 1<sup>st</sup> of January 2016, using the same accounting methods as in the yearly financial statements.

This report is prepared for the six months ending 30 June 2016 and compares it with the end of the previous financial year for the consolidated balance sheet, and with the comparable interim periods of the previous financial year for the other statements.

These interim financial statements, for the period of six months ending 30 June 2016, have been prepared in accordance with IAS 34 "Interim financial reporting".

The interim financial statements should be read in conjunction with the annual financial statements for the year ending 31 December 2015, which have been prepared in accordance with IFRS.

The consolidated financial statements are prepared on a basis of business continuity. They give an accurate image of the financial situation, the financial performances and the cash flows of the Group, based on relevant, reliable, comparable and understandable information. The accounts are presented in thousands of euros and are rounded to the nearest thousand.

The financial statements are established on the basis of a historical cost approach, except for, in particular, insurance contract assets and liabilities, which are estimated according to methods already applied by the Group in Belgian standards, and for financial instruments estimated at fair value (financial instruments at fair value through profit or loss and available-for-sale financial instruments).

#### 7.1.2 New standards, amendments and interpretations published and adopted since 1 January 2016

The following new standards and interpretations, applicable as from 1 January 2016, had no important incidence on the consolidated accounts of the Group:

- Amendments to IAS 27 - Equity method in separate financial statements.
- Amendments to IAS 1 - Disclosure Initiative.
- Annual improvements to IFRS (cycle 2012-2014) relate to IFRS 5, 7, 19 and 34.
- Amendment to IFRS 11 - Accounting for the acquisition of interests in joint operations.
- Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS 16 and IAS 41 on agriculture - Bearer biological assets.

The annual improvements to IFRS (2010-2012) (Official Journal of the European Union of 9 January 2015) have come into force for the annual periods beginning as from 1 February 2015 and relate to IFRS 2, 3, 8 and 13 as well as to IAS 16, 24 and 38. The impact of these amendments to IFRS on our financial statements is limited.

The amendments to IAS 19 - Defined benefit plans: Employee Contributions (Official Journal of the European Union of 9 January 2015) have come into force for the annual periods beginning as from 1 February 2015, but do not apply for the Group.

#### 7.1.3 Future standards and interpretations

The Group has chosen to apply none of the new, revised or amended standards for which the IFRS leave the choice to anticipate or not their coming into force.

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

To conclude, the Group follows the elaboration by the IASB of the main standards and interpretations that can have a significant impact on the accounts. As such, it mainly follows the evolution of the future standards IFRS 4 "insurance contracts" and IFRS 9 "financial instruments".

## **7.2 Sector information**

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

## **7.3 Accounting principles and valuation rules**

The accounting principles and the valuation rules applied at 31 December 2015 are still valid and therefore applicable for the 1<sup>st</sup> half of 2016. For detailed explanation, see the annual report at end 2015.

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

## 8. Critical accounting estimates and judgments

The preparation of the consolidated accounts in accordance with the IFRS standards brings the Group to realize judgments, estimates and assumptions that have an impact on the application of the accounting policies and on the amounts of the assets, liabilities, revenues and expenses, and which by nature contain a certain degree of uncertainty. These estimates are based on the experience and assumptions which the Group considered as reasonable on the basis of the circumstances. The actual results would and will by definition often differ from these estimates. The revisions of the accounting estimates are recognized during the period in which the estimates are reviewed and in the course of all future periods covered. The judgments and estimates mainly relate to the domains included in the annual report at end-2015.

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

## 9. Management of financial and insurance risks

### 9.1. Concentration risk

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

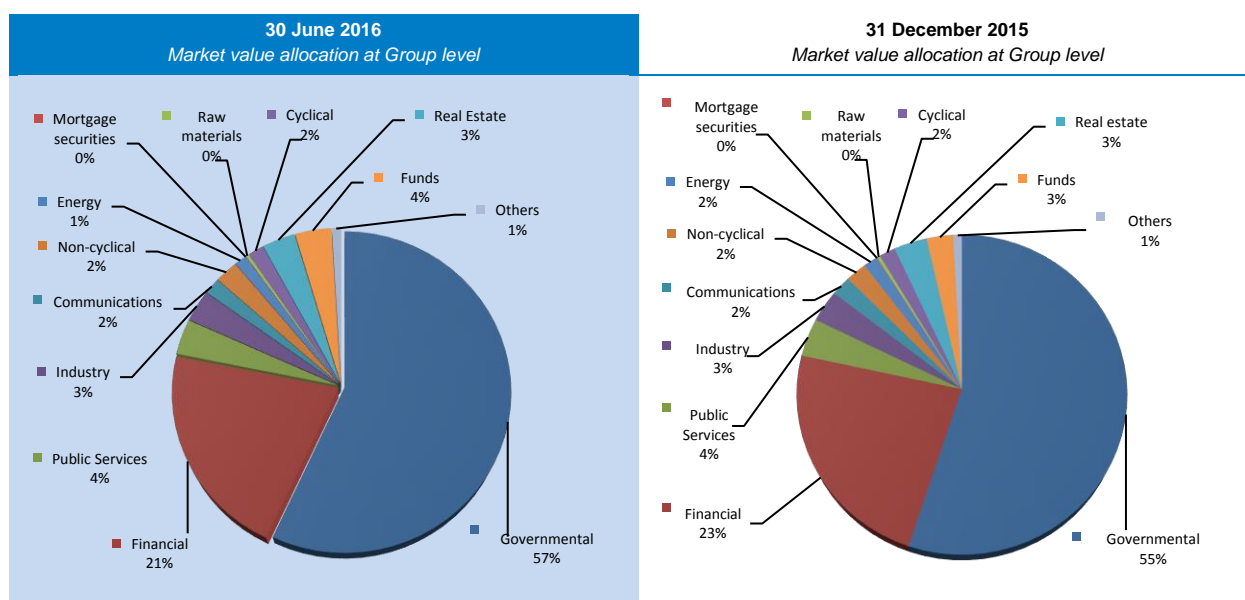
It should be noted that bond forwards are not included in the indicators presented in this document.

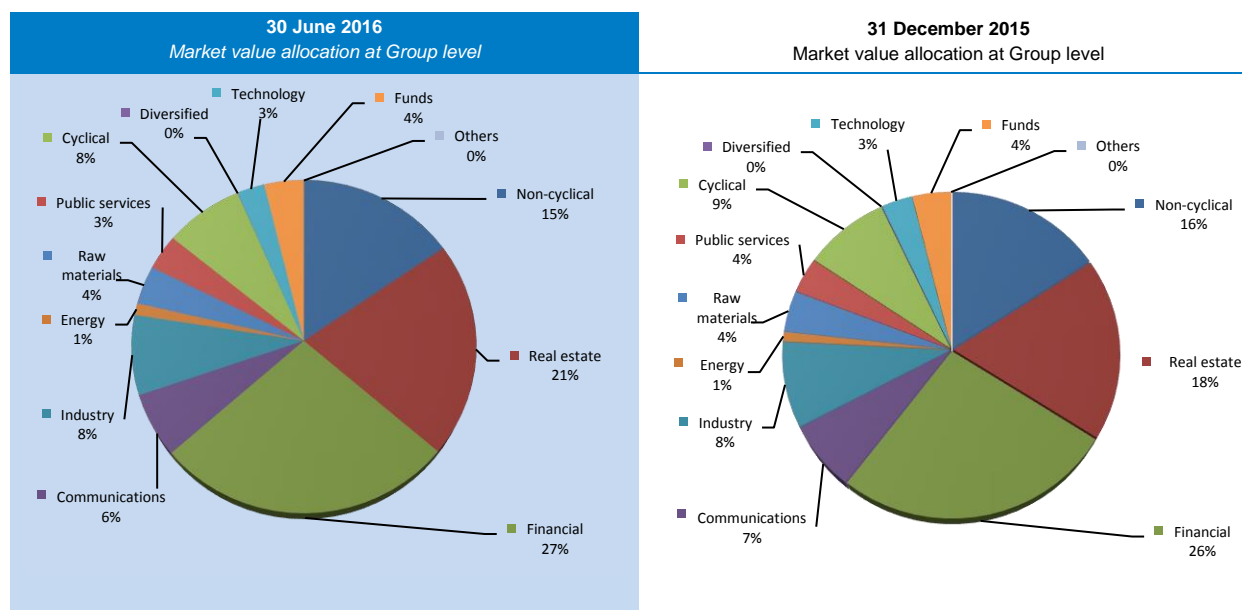
#### Sectoral distribution

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

For the first half of 2016 and the year 2015, the sectoral distribution of the shares and investment funds as of the bonds and equivalent stocks invested by the Ethias Group, appears as follows:

#### Bonds and equivalent stocks



**Shares, participations and investment funds:****Exposure to sovereign risk**

In the second quarter of 2016, the part invested by the Ethias Group in sovereign or supranational risk amounts to 60% of the total amount of the fair value of all the bonds (i.e. EUR 8,762,782 thousand on a total of EUR 14,672,200 thousand). For 2015, this ratio amounted to 58% (i.e. EUR 8,119,959 thousand on a total of EUR 13,998,218 thousand).

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

In thousands of euros, in market value at Group level	30 June 2016	31 December 2015
Germany	221,638	214,136
Austria	226,154	188,901
Belgium	5,119,862	4,824,003
Spain	546,505	511,947
Central and Eastern Europe	386,346	431,274
France	1,138,162	919,650
Ireland	258,333	189,666
Italy	569,981	553,542
The Netherlands	62,457	70,682
Scandinavia	5,417	151
Portugal	112,405	115,559
Supranational securities	106,639	92,219
Others	8,883	8,228
<b>Total</b>	<b>8,762,782</b>	<b>8,119,959</b>

Within the framework of its credit risk management, the Group analyses the details of its exposure to the sovereign risk as mentioned above whilst including all debts issued or guaranteed by governments, in fair value, without restriction to their activity sector. By way of example, the Group considers the securities of companies active in public services but guaranteed by the Belgian state as governmental and similar debts. This explains why the total amount of exposure to the sovereign risk, i.e. EUR 8,762,782 thousand per 30 June 2016 (against EUR 8,119,959 thousand per 31 December 2015), is higher than the amount mentioned under the sector "Governmental", i.e. EUR 8,347,618 thousand (against EUR 7,707,353 thousand for the year 2015).



## 9.2. Credit spread risk

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

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

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

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

In thousands of EUR <i>In market value</i> <i>At Group level</i>	30 June 2016						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent stocks	842,904	6,659,670	2,353,352	3,783,725	364,256	668,293	14,672,200
Loans and deposits	-	-	3,829	-	-	790,412	794,241
Receivables	-	-	-	-	-	1,809,768	1,809,768
Cash and cash equivalents	-	83	1,330,102	171	1,068	56,031	1,387,455
<b>Total</b>	<b>842,904</b>	<b>6,659,753</b>	<b>3,687,283</b>	<b>3,783,896</b>	<b>365,324</b>	<b>3,324,504</b>	<b>18,663,664</b>
In thousands of EUR <i>In market value</i> <i>At Group level</i>	31 December 2015						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent stocks	842,891	6,169,089	2,349,234	3,673,202	443,334	520,466	13,998,218
Loans and deposits	-	-	3,796	30	-	827,849	831,675
Receivables	-	-	-	-	-	1,625,664	1,625,664
Cash and cash equivalents	-	125	711,849	354,492	57	20,240	1,086,763
<b>Total</b>	<b>842,891</b>	<b>6,169,214</b>	<b>3,064,880</b>	<b>4,027,724</b>	<b>443,391</b>	<b>2,994,219</b>	<b>17,542,320</b>

In 2016, the rating of Belfius went from BBB to A. The increase in "No rating" is mainly explained by increased exposure to money market funds.

## 10. Explanatory notes to the consolidated balance sheet

### 10.1 Goodwill

#### 10.1.1 Evolution of goodwill

In thousands of EUR	30 June 2016	31 December 2015
<b>Gross value on 1 January</b>	<b>44,762</b>	<b>29,667</b>
Accumulated impairments on 1 January	-	-
<b>Net book value on 1 January</b>	<b>44,762</b>	<b>29,667</b>
Acquisitions	-	14,909
Other changes	-	187
<b>Net book value on 30 June/31 December</b>	<b>44,762</b>	<b>44,762</b>

There are no changes regarding goodwill in the first half of 2016.

### 10.1.2 Impairment test on goodwill

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

The Group carried out an impairment test on the goodwill and concluded that no impairment had to be recognized on 30 June 2016. This decision was, in particular, based on the fact that the goodwill was recently recognized (2010-2015). The valuation conditions of the relevant activities did not significantly evolve between the acquisition date of the various subsidiaries involved and the closing date. The expected future profitability allows to justify the book value of the goodwill.

## 10.2 Other intangible assets

In thousands of EUR	30 June 2016		
	Software and IT developments	Other intangible assets	Total
<b>Gross value on 1 January</b>	<b>53,293</b>	<b>45,100</b>	<b>98,393</b>
Accumulated amortization on 1 January	(40,072)	(4,474)	(44,546)
Accumulated impairments on 1 January	-	(7,881)	(7,881)
<b>Net book value on 1 January</b>	<b>13,221</b>	<b>32,744</b>	<b>45,965</b>
Acquisitions	4,793	23,386	28,180
Disposals	(7)	-	(7)
Reclassifications	189	(3,081)	(2,892)
Change in the consolidation scope	-	-	-
Net amortization	(2,250)	(276)	(2,526)
Impairments	-	(2,603)	(2,603)
Other changes	-	-	-
<b>Net book value on 30 June</b>	<b>15,947</b>	<b>50,171</b>	<b>66,118</b>

In thousands of EUR	31 December 2015		
	Software and IT developments	Other intangible assets	Total
<b>Gross value on 1 January</b>	<b>46,985</b>	<b>12,971</b>	<b>59,956</b>
Accumulated amortization on 1 January	(34,842)	(3,731)	(38,573)
Accumulated impairments on 1 January	-	(7,457)	(7,457)
<b>Net book value on 1 January</b>	<b>12,144</b>	<b>1,783</b>	<b>13,927</b>
Acquisitions	4,709	32,246	36,955
Disposals	(8)	-	(8)
Reclassifications	338	(5)	333
Change in the consolidation scope	542	-	542
Net amortization	(4,503)	(855)	(5,359)
Impairments	-	(425)	(425)
Other changes	-	-	-
<b>Net book value on 31 December</b>	<b>13,221</b>	<b>32,744</b>	<b>45,965</b>

## 10.3 Financial investments

### 10.3.1 Overview of financial investments by category

In thousands of EUR	30 June 2016					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	136,607	(18,585)	88,639	-	206,661	206,661
<b>Share interests</b>	<b>136,607</b>	<b>(18,585)</b>	<b>88,639</b>	<b>-</b>	<b>206,661</b>	<b>206,661</b>
Available for sale	280,098	(3,901)	51,073	-	327,270	327,270
Designated at fair value through profit or loss	124,252	-	-	(15,295)	108,956	108,956
Held for trading	16,089	-	-	(3,701)	12,388	12,388
<b>Shares</b>	<b>420,439</b>	<b>(3,901)</b>	<b>51,073</b>	<b>(18,997)</b>	<b>448,614</b>	<b>448,614</b>
Available for sale	36,992	(1,216)	10,245	-	46,020	46,020
Designated at fair value through profit or loss	12,234	-	-	(685)	11,549	11,549
<b>Investment funds</b>	<b>49,226</b>	<b>(1,216)</b>	<b>10,245</b>	<b>(685)</b>	<b>57,570</b>	<b>57,570</b>
Available for sale	12,103,684	(2,543)	1,855,540	-	13,956,682	13,956,682
Designated at fair value through profit or loss	674,296	-	-	(14,729)	659,567	659,567
Unlisted on an active market	65,266	(10,000)	-	-	55,266	55,951
<b>Bonds</b>	<b>12,843,247</b>	<b>(12,543)</b>	<b>1,855,540</b>	<b>(14,729)</b>	<b>14,671,515</b>	<b>14,672,200</b>
Loans and deposits	754,756	(16,953)	-	-	737,802	794,241
<b>Other investments</b>	<b>754,756</b>	<b>(16,953)</b>	<b>-</b>	<b>-</b>	<b>737,802</b>	<b>794,241</b>
Held for trading	38,663	-	-	21,658	60,321	60,321
Held for cash flow hedging	-	-	202,867	-	202,867	202,867
<b>Derivative financial assets</b>	<b>38,663</b>	<b>-</b>	<b>202,867</b>	<b>21,658</b>	<b>263,188</b>	<b>263,188</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>294,598</b>	<b>-</b>	<b>-</b>	<b>47,054</b>	<b>341,652</b>	<b>341,652</b>
<b>Total</b>	<b>14,537,535</b>	<b>(53,199)</b>	<b>2,208,365</b>	<b>34,301</b>	<b>16,727,002</b>	<b>16,784,126</b>

31 December 2015

In thousands of EUR	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	133,456	(18,520)	71,629	-	186,566	186,566
<b>Share interests</b>	<b>133,456</b>	<b>(18,520)</b>	<b>71,629</b>	<b>-</b>	<b>186,566</b>	<b>186,566</b>
Available for sale	277,044	(3,015)	82,383		356,412	356,412
Designated at fair value through profit or loss	129,663	-	-	4,881	134,544	134,544
Held for trading	10,387	-	-	(761)	9,626	9,626
<b>Shares</b>	<b>417,094</b>	<b>(3,015)</b>	<b>82,383</b>	<b>4,120</b>	<b>500,582</b>	<b>500,582</b>
Available for sale	34,945	(1,216)	9,659		43,388	43,388
Designated at fair value through profit or loss	12,482	-	-	(434)	12,049	12,049
<b>Investment funds</b>	<b>47,427</b>	<b>(1,216)</b>	<b>9,659</b>	<b>(434)</b>	<b>55,436</b>	<b>55,436</b>
Available for sale	11,906,811	(25,334)	1,354,549	-	13,236,025	13,236,025
Designated at fair value through profit or loss	698,443	-	-	7,734	706,177	706,177
Unlisted on an active market	65,266	(10,000)	-	-	55,266	56,016
<b>Bonds and equivalent stocks</b>	<b>12,670,520</b>	<b>(35,334)</b>	<b>1,354,549</b>	<b>7,734</b>	<b>13,997,468</b>	<b>13,998,218</b>
Loans and deposits	807,194	(16,755)	-	-	790,439	831,675
<b>Other investments</b>	<b>807,194</b>	<b>(16,755)</b>			<b>790,439</b>	<b>831,675</b>
Held for trading	58,540	-	-	(49,599)	8,940	8,940
Held for cash flow hedging	-	-	14,045	-	14,045	14,045
<b>Derivative financial assets</b>	<b>58,540</b>	<b>-</b>	<b>14,045</b>	<b>(49,599)</b>	<b>22,986</b>	<b>22,986</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>309,101</b>	<b>-</b>	<b>-</b>	<b>49,977</b>	<b>359,078</b>	<b>359,078</b>
<b>Total</b>	<b>14,443,331</b>	<b>(74,840)</b>	<b>1,532,266</b>	<b>11,798</b>	<b>15,912,555</b>	<b>15,954,541</b>

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

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

### 10.3.2 Evolution of financial investments

In thousands of EUR	30 June 2016						Total
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	
<b>Opening balance on 1 January</b>	<b>13,822,390</b>	<b>852,769</b>	<b>9,626</b>	<b>845,705</b>	<b>22,986</b>	<b>359,078</b>	<b>15,912,555</b>
Acquisitions	991,670	34,368	79,591	28,495	24,405	64,503	1,223,032
Reclassifications between categories	-	-	-	-	-	-	-
Disposals and reimbursements	(768,262)	(72,370)	(73,506)	(80,995)	(6,871)	(79,382)	(1,081,386)
Foreign currency translation differences on monetary assets	272	-	-	-	-	-	272
Adjustment at fair value	502,742	(36,272)	(3,323)	-	222,669	(3,193)	682,623
Amortizations	(12,783)	1,577	-	-	-	645	(10,560)
Impairments	603	-	-	(136)	-	-	467
Change in scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
<b>Net book value on 30 June</b>	<b>14,536,633</b>	<b>780,073</b>	<b>12,388</b>	<b>793,068</b>	<b>263,188</b>	<b>341,652</b>	<b>16,727,003</b>

In thousands of EUR	31 December 2015						Total
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	
<b>Opening balance on 1 January</b>	<b>14,510,277</b>	<b>1,409,262</b>	<b>13,494</b>	<b>945,343</b>	<b>15,094</b>	<b>416,352</b>	<b>17,309,822</b>
Acquisitions	1,844,797	181,800	85,194	71,137	52,622	136,752	2,372,301
Reclassifications between categories	40	-	(40)	-	-	-	-
Disposals and reimbursements	(2,268,438)	(778,808)	(87,651)	(163,895)	(24,646)	(206,307)	(3,529,746)
Foreign currency translation differences on monetary assets	(311)	-	-	-	-	-	(311)
Adjustment at fair value	(220,842)	36,760	(1,371)	-	(20,084)	11,083	(194,453)
Amortizations	(19,637)	3,755	-	-	-	1,199	(14,683)
Impairments	(23,523)	-	-	(6,880)	-	-	(30,402)
Change in scope	27	-	-	-	-	-	27
Other changes	-	-	-	-	-	-	-
<b>Net book value on 31 December</b>	<b>13,822,390</b>	<b>852,769</b>	<b>9,626</b>	<b>845,705</b>	<b>22,986</b>	<b>359,078</b>	<b>15,912,555</b>

Bonds unlisted on an active market are recognized within loans, deposits and other financial investments.

Adjustments to the fair value for derivatives break down into EUR 188,822 thousand for derivative hedging instruments (against EUR 379 thousand in December 2015) and EUR 33,847 thousand for derivative trading instruments on June 30, 2016 (against EUR -20,462 thousand in December 2015).

### 10.3.3 Evolution of impairments on investments

#### 10.3.3.1 Impairments on available-for-sale investments

In thousands of EUR	30 June 2016	31 December 2015
<b>Balance on 1 January</b>	<b>(48,085)</b>	<b>(30,572)</b>
Provision for impairments	(7,290)	(26,807)
Reversals of impairments	7,893	3,284
Reversals due to disposals	21,237	6,269
Change in scope	-	-
Reclassifications	-	(260)
Other changes	-	-
<b>Balance on 30 June/31 December</b>	<b>(26,245)</b>	<b>(48,085)</b>

### 10.3.3.2 Impairments on loans, deposits and other financial investments

In thousands of EUR	30 June 2016	31 December 2015
<b>Balance on 1 January</b>	<b>(26,755)</b>	<b>(20,002)</b>
Provision for impairments	(266)	(6,880)
Reversals of impairments	130	-
Reversals due to disposals	68	127
Change in scope	-	-
Reclassifications	(130)	-
Other changes	-	-
<b>Balance on 30 June/31 December</b>	<b>(26,953)</b>	<b>(26,755)</b>

### 10.3.4 Definition of fair value of financial instruments

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

In thousands of EUR	30 June 2016			Net book value
	Level 1 - Listed prices on an active market	Level 2 - Valuation methods based on observable market data	Level 3 - Valuation methods not based on observable market data	
<b>Financial assets</b>				
Available for sale	-	-	206,661	206,661
<b>Share interests</b>	-	-	<b>206,661</b>	<b>206,661</b>
Available for sale	326,941	-	329	327,270
Designated at fair value through profit or loss	108,956	-	-	108,956
Held for trading	12,388	-	-	12,388
<b>Shares</b>	<b>448,285</b>	-	<b>329</b>	<b>448,614</b>
Available for sale	31,531	14,489	-	46,020
Designated at fair value through profit or loss	11,549	-	-	11,549
Held for trading	-	-	-	-
<b>Investment funds</b>	<b>43,080</b>	<b>14,489</b>	-	<b>57,570</b>
Available for sale	12,761,863	1,181,680	13,139	13,956,682
Designated at fair value through profit or loss	155,005	417,986	86,576	659,567
Held for trading	-	-	-	-
<b>Bonds</b>	<b>12,916,868</b>	<b>1,599,666</b>	<b>99,715</b>	<b>14,616,249</b>
Held for trading	-	60,321	-	60,321
Held for cash flow hedging	-	202,867	-	202,867
<b>Derivative financial assets</b>	-	<b>263,188</b>	-	<b>263,188</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>243,055</b>	<b>98,597</b>	-	<b>341,652</b>
<b>Total financial assets</b>	<b>13,651,288</b>	<b>1,975,941</b>	<b>306,705</b>	<b>15,933,934</b>
<b>Financial liabilities</b>				
Investment contracts hedged by assets at fair value	246,960	98,597	-	345,557
Derivative financial liabilities	-	-	-	-
<b>Total financial liabilities</b>	<b>246,960</b>	<b>98,597</b>	-	<b>345,557</b>

31 December 2015

In thousands of EUR

	Level 1 - Listed prices on an active market	Level 2 - Valuation methods based on observable market data	Level 3 - Valuation methods not based on observable market data	Net book value
<b>Financial assets</b>				
Available for sale	-	-	186,566	186,566
<b>Share interests</b>	-	-	<b>186,566</b>	<b>186,566</b>
Available for sale	356,176	-	236	356,412
Designated at fair value through profit or loss	134,544	-	-	134,544
Held for trading	9,626	-	-	9,626
<b>Shares</b>	<b>500,346</b>	-	<b>236</b>	<b>500,582</b>
Available for sale	26,557	16,831	-	43,388
Designated at fair value through profit or loss	12,049	-	-	12,049
Held for trading	-	-	-	-
<b>Investment funds</b>	<b>38,605</b>	<b>16,831</b>	-	<b>55,436</b>
Available for sale	11,982,016	1,246,111	7,898	13,236,025
Designated at fair value through profit or loss	150,810	463,354	92,014	706,177
Held for trading	-	-	-	-
<b>Bonds</b>	<b>12,132,826</b>	<b>1,709,464</b>	<b>99,912</b>	<b>13,942,202</b>
Held for trading	-	8,940	-	8,940
Held for cash flow hedging	-	14,045	-	14,045
<b>Derivative financial assets</b>	-	<b>22,986</b>	-	<b>22,986</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>227,831</b>	<b>131,248</b>	-	<b>359,078</b>
<b>Total financial assets</b>	<b>12,899,608</b>	<b>1,880,528</b>	<b>286,714</b>	<b>15,066,850</b>
<b>Financial liabilities</b>				
<b>Investment contracts hedged by assets at fair value</b>	<b>231,735</b>	<b>131,248</b>	-	<b>362,983</b>
Held for trading	-	-	-	-
Held for cash flow hedging	-	19,958	-	19,958
<b>Derivative financial liabilities</b>	-	<b>19,958</b>	-	<b>19,958</b>
<b>Total financial liabilities</b>	<b>231,735</b>	<b>151,206</b>	-	<b>382,941</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.

### 10.3.5 Distribution between the various hierarchic levels

The distribution between the various hierarchical levels is based on the following criteria:

#### Level 1: Fair value measured by reference to an active market

The fair value measurements of the financial assets recognized at this level are determined by using the market prices when they are available on an active market. A financial instrument is considered as listed on an active market if the ratings are easily and regularly available through stock exchanges, exchange brokers, brokers, price-setting services or regulatory authorities and if these prices represent real and regular market operations that are carried out under the usual conditions of free competition.

The Group classifies at this level assets valorized on the basis of prices given by financial information providers (e.g. Bloomberg) when a certain number of indicators, such as a sufficient number of contributors or the fact that the difference between purchase price and resale price of the security remains at an acceptable level, allow to reasonably assess whether there is an active market.

This category includes, inter alia, all sovereign debt securities directly valued on the basis of values obtained on the market. We note that, in application of IFRS 13, the bid listing of Bloomberg is accepted.

Since the valorization is based on the bid price supplied by a single counterparty, the security will be recognized in level 2 or 3. The same applies to bonds that would not be listed on a market and would not have a counterparty price. For the latter, the assessment is based on a theoretical price calculated by applying a spread and an interest rate curve.

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 the shares 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.

With regard to "Private Equity" funds, the applied fair value is based on quarterly reports sent by the different managers of these funds. These are recognized in level 2 in so far as the components of the funds are mainly components valorized on active markets.

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. Are recognized in level 2, funds managed by external mandataries provided that the assets included within these funds are predominantly traded on active markets.

#### **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.

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 Group's non-controlling interests also belong to level 3. The fair value of these share interests is namely essentially determined on the basis of an internal valorization method that is based:

- either on the intrinsic value of the participating interest for insurance companies, i.e. the Revalued Net Asset as well as the value of existing portfolios (= embedded value),
- either on the Net Asset of the share interest for other companies.

Because of their small structures and their immateriality, we do not have at this time future projections on the share interests. The valorizations are based on data published in year N-1, hence there are no risks incurred.



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

In thousands of EUR	30 June 2016		31 December 2015	
	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>Share interests</b>	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Shares</b>	-	-	-	-
Available for sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Investment funds</b>	-	-	-	-
Available for sale	55,379	175,758	206,206	46,826
Designated at fair value through profit or loss	-	45,336	-	-
Held for trading	-	-	-	-
<b>Bonds</b>	<b>55,379</b>	<b>221,094</b>	<b>206,206</b>	<b>46,826</b>
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
<b>Derivative financial assets</b>	-	-	-	-
<b>Investments belonging to unit-linked insurance contracts</b>	-	<b>1,724</b>	-	-
<b>Total financial assets</b>	<b>55,379</b>	<b>222,818</b>	<b>206,206</b>	<b>46,826</b>
<b>Financial liabilities</b>				
Investment contracts hedged by assets at fair value	-	1,724	-	-
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
<b>Derivative financial liabilities</b>	-	-	-	-
<b>Total financial liabilities</b>	-	<b>1,724</b>	-	-

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

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

## 10.3.7 Evolution of investments estimated at fair value in level 3

In thousands of EUR	30 June 2016		
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Total
<b>Opening balance on 1 January</b>	<b>194,700</b>	<b>92,014</b>	<b>286,714</b>
Acquisitions	20,051	-	20,051
Reclassifications between categories	-	-	-
Reclassification to level 3	-	-	-
Exit from level 3	-	-	-
Disposals and reimbursements	(11,812)	-	(11,812)
Adjustment at fair value through equity	17,255	-	17,255
Adjustment at fair value through profit or loss	-	(5,438)	(5,438)
Impairments through profit or loss	(65)	-	(65)
Other changes	-	-	-
<b>Closing balance on 30 June</b>	<b>220,129</b>	<b>86,576</b>	<b>306,705</b>

In thousands of EUR	31 December 2015		
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Total
<b>Opening balance on 1 January</b>	<b>239,588</b>	<b>332,273</b>	<b>571,861</b>
Acquisitions	24,702	-	24,702
Reclassifications between categories	100	-	100
Reclassification to level 3	-	-	-
Exit from level 3	-	(185,476)	(185,476)
Disposals and reimbursements	(74,700)	(41,31)	(115,932)
Adjustment at fair value through equity	9,129	-	9,129
Adjustment at fair value through profit or loss	-	(13,552)	(13,552)
Impairments through profit or loss	(4,119)	-	(4,119)
Other changes	-	-	-
<b>Closing balance on 31 December</b>	<b>194,700</b>	<b>92,014</b>	<b>286,714</b>

There is no transfer in 2016. At 31 December 2015, regarding the transfer from level 3 of EUR 185,476 thousand, EUR 137,778 thousand was transferred to Level 1 and EUR 47,697 thousand to level 2.

## 10.4 Tangible fixed assets and investment properties

In thousands of EUR	30 June 2016			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
<b>Gross value to be depreciated on 1 January</b>	<b>502,109</b>	<b>182,420</b>	<b>180,920</b>	<b>865,449</b>
Acquisitions	3,627	139	7,892	11,659
Disposals and withdrawals	(4,304)	(10)	(498)	(4,812)
Properties available for sale	-	-	-	-
Change in the consolidation scope	76,236	-	-	76,236
Reclassifications from one heading to another	840	-	(542)	298
Other changes	-	-	-	-
<b>Gross value on 30 June</b>	<b>578,508</b>	<b>182,549</b>	<b>187,772</b>	<b>948,829</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(69,469)</b>	<b>(80,119)</b>	<b>(146,704)</b>	<b>(296,292)</b>
Depreciations of the financial year	(7,256)	(2,215)	(4,999)	(14,469)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	904	5	275	1,184
Impairment and reversal on investment properties available for sale	-	-	-	-
Change in the consolidation scope	(227)	-	-	(227)
Reclassifications from one heading to another	(840)	-	353	(487)
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 30 June</b>	<b>(76,888)</b>	<b>(82,330)</b>	<b>(151,073)</b>	<b>(310,291)</b>
<b>Net book value on 30 June</b>	<b>501,620</b>	<b>100,220</b>	<b>36,699</b>	<b>638,538</b>
<b>Fair value on 30 June</b>	<b>547,075</b>	<b>141,895</b>	<b>36,699</b>	<b>725,669</b>

In thousands of EUR	31 December 2015			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
<b>Gross value to be depreciated on 1 January</b>	<b>437,758</b>	<b>178,657</b>	<b>156,235</b>	<b>772,650</b>
Acquisitions	17,526	2,248	13,287	33,061
Disposals and withdrawals	(337)	-	(1,954)	(2,292)
Included loan costs	-	-	-	-
Change in the consolidation scope	47,833	815	13,731	62,378
Reclassifications from one heading to another	(671)	701	(378)	(349)
Other changes	-	-	-	-
<b>Gross value on 31 December</b>	<b>502,109</b>	<b>182,420</b>	<b>180,920</b>	<b>865,449</b>
<b>Depreciations and accumulated impairments on 1 January</b>	<b>(46,413)</b>	<b>(74,942)</b>	<b>(127,506)</b>	<b>(248,862)</b>
Depreciations of the financial year	(12,908)	(4,477)	(8,372)	(25,758)
Impairments of the financial year	(336)	-	-	(336)
Reversals of the financial year	75	-	-	75
Disposals and withdrawals	-	-	253	253
Reversals following disposals	103	-	1,130	1,233
Impairment and reversal on investment properties available for sale	-	-	-	-
Change in the consolidation scope	(10,282)	(417)	(12,214)	(22,913)
Reclassifications from one heading to another	293	(283)	5	15
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 31 December</b>	<b>(69,469)</b>	<b>(80,119)</b>	<b>(146,704)</b>	<b>(296,292)</b>
<b>Net book value on 31 December</b>	<b>432,640</b>	<b>102,301</b>	<b>34,216</b>	<b>569,157</b>
<b>Fair value on 31 December</b>	<b>465,395</b>	<b>122,202</b>	<b>34,216</b>	<b>621,813</b>

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

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

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

## 10.5 Receivables

### 10.5.1 Breakdown of receivables by nature

In thousands of EUR	30 June 2016		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,388,094	(15,968)	1,372,127
Receivables arising from ceded reinsurance operations	59,855	-	59,855
Receivables arising from other operations	65,644	(347)	65,297
Tax receivables	207,060	-	207,060
Other receivables	105,497	(69)	105,429
<b>Total</b>	<b>1,826,151</b>	<b>(16,384)</b>	<b>1,809,768</b>

In thousands of EUR	31 December 2015		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,306,349	(15,214)	1,291,136
Receivables arising from ceded reinsurance operations	57,001	-	57,001
Receivables arising from other operations	70,694	(445)	70,249
Tax receivables	49,860	-	49,860
Other receivables	157,602	(184)	157,418
<b>Total</b>	<b>1,641,506</b>	<b>(15,843)</b>	<b>1,625,663</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 evolution of the receivables arising from insurance operations is due to the fact that a major part of the premiums is issued during the first half of the year. The adjustment of the accepted reinsurance deposits also explains the increase.

The increase in tax receivables is due to the recognition of the recovery of the tax dispute for EUR 204 million (cf. 1.3), compensated by receivables of 2015 closed in 2016.

The decrease in other receivables is mainly explained by the evolution of the receivable on accepted reinsurance of Ethias DC AAM, the payment received from the NSSO-PLA (National Social Security Office for Provincial and Local Authorities) regarding the regularization of the 2015 pensions as well as the recognition of the costs related to the dedicated asset funds for half compared to December 2015.

### 10.5.2 Evolution of impairments on receivables

In thousands of EUR	30 June 2016	31 December 2015
<b>Impairments on receivables on 1 January</b>	<b>(15,843)</b>	<b>(18,561)</b>
Provisions of the financial year	(5,687)	(11,699)
Expenditures of the financial year	476	6,319
Reversals of the financial year	4,458	8,275
Change in the consolidation scope	-	(178)
Other changes	213	-
<b>Impairments on receivables on 30 June/31 December</b>	<b>(16,384)</b>	<b>(15,843)</b>

We think the impairment principle on receivables is prudent as only 9 % of the impairments are actually recorded as a write-off of receivables.

### 10.5.3 Outstanding receivables

A financial asset is outstanding as soon as a counterparty fails to pay on the date stipulated under the contract, when it exceeds the recommended limit or is informed about a limit that is lower than the current outstanding amounts. The table below gives information about the maturity overrun of the outstanding, but not yet depreciated, financial assets.

In thousands of EUR	30 June 2016							
	Book value before impairments	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not expired	Expired by up to 6 months	Expired by up to 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	1,388,094	(15,968)	1,372,127	-	1,207,110	152,637	8,445	3,934
Receivables arising from ceded reinsurance operations	59,855	-	59,855	-	59,855	-	-	-
Other receivables	378,202	(416)	377,786	41	373,795	2,534	1,011	405
<b>Total</b>	<b>1,826,151</b>	<b>(16,384)</b>	<b>1,809,768</b>	<b>41</b>	<b>1,640,760</b>	<b>155,171</b>	<b>9,456</b>	<b>4,339</b>

In thousands of EUR	31 December 2015							
	Book value before impairments	Impairments	Net book value	Net book value of impaired assets	Net book value of unimpaired assets based on the following periods:			
					Not expired	Expired by up to 6 months	Expired by up to 12 months	Expired by more than 12 months
Receivables arising from insurance operations or accepted reinsurance	1,306,349	(15,214)	1,291,136	-	1,168,455	104,329	10,789	7,563
Receivables arising from ceded reinsurance operations	57,001	-	57,001	-	57,001	-	-	-
Other receivables	278,156	(629)	277,527	20	266,718	8,660	1,704	425
<b>Total</b>	<b>1,641,506</b>	<b>(15,843)</b>	<b>1,625,664</b>	<b>20</b>	<b>1,492,174</b>	<b>112,989</b>	<b>12,493</b>	<b>7,988</b>

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

## 10.6 Cash and cash equivalents

In thousands of EUR	30 June 2016	31 December 2015
Cash at bank and in hand	1,324,978	949,801
Cash equivalents	62,477	136,962
<b>Total of the cash and cash equivalents</b>	<b>1,387,455</b>	<b>1,086,763</b>
Debts arising from repurchase operations (repo)	(7,901)	(9,271)
Bank overdraft and other debts included in the cash flow statement	(249,466)	(10,290)
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 table</b>	<b>1,130,089</b>	<b>1,067,203</b>

Cash equivalents consist exclusively of treasury bonds.

Since 2014, hedge accounting has been introduced. At 30 June 2016, the amount received in collateral for the swaptions totals EUR 58,931 thousand (compared to EUR 3,890 thousand on 31 December 2015) and EUR 190,464 thousand (compared to EUR 5,075 thousand) for the forwards.

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

## 10.7 Deferred tax assets and liabilities

### 10.7.1 Breakdown of deferred tax assets and liabilities

In thousands of EUR	30 June 2016		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	3,141	-	3,141
Available-for-sale investments in other items of comprehensive income	-	710,281	(710,281)
Financial assets designated at fair value through profit or loss	5,591	10,175	(4,584)
Insurance and investment liabilities in other items of comprehensive income	577,250	-	577,250
Insurance and investment liabilities through profit or loss	225,968	9,527	216,442
Employee benefits in other items of comprehensive income	24,325	-	24,325
Employee benefits through profit or loss	30,226	505	29,721
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	3,446	27,718	(24,272)
Carried forward tax losses	-	-	-
<b>Deferred tax assets and liabilities</b>	<b>869,947</b>	<b>758,206</b>	<b>111,741</b>
Compensation through taxable entity	(743,029)	(743,029)	-
<b>Deferred tax assets and liabilities</b>	<b>126,918</b>	<b>15,177</b>	<b>111,741</b>

In thousands of EUR	31 December 2015		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	4,316	-	4,316
Available-for-sale investments in other items of comprehensive income	-	465,753	(465,753)
Financial assets designated at fair value through profit or loss	2,010	17,475	(15,465)
Insurance and investment liabilities in other items of comprehensive income	414,825	-	414,825
Insurance and investment liabilities through profit or loss	201,717	9,564	192,153
Employee benefits in other items of comprehensive income	7,845	-	7,845
Employee benefits through profit or loss	44,363	-	44,363
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	82	12,632	(12,550)
Carried forward tax losses	303	-	303
<b>Deferred tax assets and liabilities</b>	<b>675,461</b>	<b>505,424</b>	<b>170,038</b>
Compensation through taxable entity	(505,365)	(505,365)	-
<b>Deferred tax assets and liabilities</b>	<b>170,096</b>	<b>59</b>	<b>170,038</b>

### 10.7.2 Evolution of deferred tax assets and liabilities

In thousands of EUR	30 June 2016			31 December 2015		
	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>170,096</b>	<b>59</b>	<b>170,038</b>	<b>279,261</b>	<b>4,032</b>	<b>275,230</b>
Changes through profit or loss	17,591	10,219	7,372	(42,509)	36,022	(78,531)
Change in other items of comprehensive income	(60,263)	5,406	(65,669)	(66,657)	(39,995)	(26,661)
Change in scope	-	-	-	-	-	-
Other changes	(506)	(506)	-	-	-	-
<b>Net book value on 30 June/31 December</b>	<b>126,918</b>	<b>15,177</b>	<b>111,741</b>	<b>170,096</b>	<b>59</b>	<b>170,038</b>

### 10.7.3 Deferred taxes

In thousands of EUR	30 June 2016	31 December 2015
Deferred taxes for which a deferred tax asset was allocated		
Intended use within the year	57,129	57,129
Intended use between 1 and 2 years	54,612	75,133
Intended use between 2 and 3 years	-	37,777
Intended use after 3 years	-	-
Debt with maturity after 3 years	-	-
<b>Subtotal</b>	<b>111,741</b>	<b>170,038</b>
Deferred taxes for which no deferred tax asset was allocated		
Limited recoverability	-	-
Unlimited recoverability	190,549	264,612
<b>Subtotal</b>	<b>190,549</b>	<b>264,612</b>
<b>Total of the allocated and non-allocated deferred taxes</b>	<b>302,290</b>	<b>434,650</b>

## 10.8 Insurance and investment contract liabilities

### 10.8.1 Summary table of insurance and investment contract liabilities

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

#### 10.8.1.1 Liabilities related to Non-Life insurance contracts

In thousands of EUR	30 June 2016	31 December 2015
Mathematical provisions	799,602	766,078
Provisions for unearned premiums	486,752	273,781
Provisions for claims	2,308,818	2,310,020
Shadow accounting	-	-
Other provisions	210,392	216,668
<b>Total insurance contract liabilities (gross)</b>	<b>3,805,564</b>	<b>3,566,546</b>
Reinsurers' share in liabilities related to Non-Life insurance contracts	152,759	132,505
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>3,652,805</b>	<b>3,434,041</b>

#### 10.8.1.2 Liabilities related to Life insurance contracts

In thousands of EUR	30 June 2016	31 December 2015
Mathematical provisions	4,445,791	4,419,951
Provisions for claims	1,317	1,565
Shadow accounting	841,204	618,834
Other provisions	3,783	-
<b>Insurance contract liabilities</b>	<b>5,292,093</b>	<b>5,040,350</b>
<b>Liabilities related to unit-linked insurance contracts</b>	<b>25,701</b>	<b>24,154</b>
<b>Total insurance contract liabilities (gross)</b>	<b>5,317,794</b>	<b>5,064,504</b>
Reinsurers' share in liabilities related to Life insurance contracts	3,514	1,432
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>5,314,280</b>	<b>5,063,072</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.



### 10.8.1.3 Investment contract liabilities

In thousands of EUR	30 June 2016	31 December 2015
Mathematical provisions	6,708,906	6,713,747
Provisions for claims	-	-
Shadow accounting	893,339	637,800
Other provisions	18,995	-
<b>Investment contract liabilities with discretionary participation features</b>	<b>7,621,240</b>	<b>7,351,547</b>
<b>Liabilities related to unit-linked investment contracts with discretionary participation features</b>	<b>242,116</b>	<b>232,442</b>
Mathematical provisions	3,905	3,904
<b>Investment contract liabilities without discretionary participation features</b>	<b>3,905</b>	<b>3,904</b>
<b>Liabilities related to unit-linked investment contracts without discretionary participation features</b>	<b>73,835</b>	<b>102,482</b>
<b>Total investment contract liabilities (gross)</b>	<b>7,941,096</b>	<b>7,690,377</b>
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>7,941,096</b>	<b>7,690,377</b>

### 10.8.1.4 Profit sharing liabilities

In thousands of EUR	30 June 2016	31 December 2015
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	3,792	18,040
Profit sharing related to investment contracts	-	19,756
<b>Liabilities for profit sharing of policyholders</b>	<b>3,792</b>	<b>37,796</b>

## 10.9 Financial debts

### 10.9.1 Breakdown by nature

In thousands of EUR	30 June 2016		31 December 2015	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	452,260	426,585	454,372	419,918
<b>Subordinated debts</b>	<b>452,260</b>	<b>426,585</b>	<b>454,372</b>	<b>419,918</b>
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	71	71	1,325	1,325
Debts arising from repurchase operations (repo)	7,901	7,901	9,271	9,271
Collateral received as guarantee	249,395	249,395	8,965	8,965
Others	42,260	42,260	36,536	36,536
<b>Other financial debts</b>	<b>299,627</b>	<b>299,627</b>	<b>56,096</b>	<b>56,096</b>
<b>Total of the financial debts</b>	<b>751,886</b>	<b>726,212</b>	<b>510,468</b>	<b>476,015</b>

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

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

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

On 5 November 2015, Ethias SA issued an additional tranche in the Tier 2 subordinated loan of EUR 170.8 million in nominal value, for an issue price of 80%, paying the nominal rate of 5% and maturing in January 2026.

The assessments at fair value of the issued loans are based on the market price Bid (source BGN) for a nominal value of EUR 416,700 thousand relating to the above-mentioned restructuring and additional issuance. The fair value of the residual bond loans is determined on the basis of observable elements, such as the levels of the interest rate markets and of the credit markets for a nominal value of EUR 89,000 thousand. The valuation model used takes into account the probability of exercise of the various repayment options available to investors.

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

## 10.10 Employee benefits

### 10.10.1 Overview of employee benefits by nature

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

In thousands of EUR	30 June 2016	31 December 2015
Post-employment benefits	530,162	477,758
Long-term employee benefits	1,643	1,453
Termination benefits	28,283	22,918
<b>Total</b>	<b>560,088</b>	<b>502,129</b>

### 10.10.2 Description of the employee benefits

#### 10.10.2.1 Post-employment benefits

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

##### Pension benefit obligations

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

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

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

Finally, by the fact that the Group itself insures the future benefits of the pension schemes allocated to its employees, the representative assets of the pension plans do not correspond with the definition of the scheme in the sense of IAS 19.

##### Other post-employment benefits

These other post-employment benefits mainly include various advantages offered to pensioners and pre-pensioners: access to healthcare cover, to cultural activities of the employee association and other divers advantages. These advantages are essentially financed by the aid fund of the employee association. This fund is essentially supplied by individual contributions paid by active employees, pensioners and pre-pensioners. The residual liability eventually at charge of the employer is considered as non-significant and is not valorized in the financial statements.

#### 10.10.2.2 Long-term benefits

Long-term benefits refer to advantages granted to active employees and which are not fully payable within the twelve months following the end of the financial year in which the employees provided the services. These benefits include, inter alia, long-term absences and jubilee premiums paid.

#### 10.10.2.3 Termination benefits

Termination benefits refer to amounts paid to employees in the event of dismissal or resignation. In this benefit category are also included the provisions made by the employer to deal with the charge of the benefits paid to the pre-pensioners until the age of 65 as well as the departures as part of the "60+ plan" (set up in late 2015) regarding a phased retirement of employees of at least 55 years of age on June 30, 2015. These benefits should only be provisioned if the company committed itself explicitly to grant them.

## 10.11 Trade and other payables

### 10.11.1 Breakdown by nature

In thousands of EUR	30 June 2016	31 December 2015
Liabilities arising from direct insurance operations and accepted reinsurance	116,650	129,778
Liabilities arising from ceded reinsurance operations	111,461	85,685
<b>Liabilities from operating activities</b>	<b>228,111</b>	<b>215,463</b>
Tax on current result	9,572	6,925
Other contributions and taxes	69,460	42,243
<b>Tax payables</b>	<b>79,033</b>	<b>49,168</b>
Social security payables	48,500	63,606
Payables to associates	-	-
Payables from finance leases	4,721	3,331
Trade payables	76,408	54,890
Other payables	67,378	111,635
<b>Other payables</b>	<b>197,006</b>	<b>233,460</b>
<b>Accruals for liabilities</b>	<b>36,477</b>	<b>25,308</b>
<b>Total other payables</b>	<b>540,627</b>	<b>523,400</b>

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

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

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

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

## 11 Explanatory notes to the consolidated income statement

### 11.1 Revenues from insurance activities

In thousands of EUR	30 June 2016			
	Insurance contracts		Investment contracts with discretionary participation features	Total
	Life	Non-Life	Life	
Gross premiums	139,260	850,325	424,512	1,414,097
Premiums ceded to reinsurers	(2,869)	(34,221)	-	(37,091)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(195,809)	-	(195,809)
Other income from insurance activities	20	1,093	1,924	3,036
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>136,410</b>	<b>621,388</b>	<b>426,435</b>	<b>1,184,234</b>

In thousands of EUR	30 June 2015			Total
	Insurance contracts Life	Non-Life	Investment contracts with discretionary participation features Life	
Gross premiums	170,160	854,225	413,900	1,438,285
Premiums ceded to reinsurers	(2,371)	(35,387)	-	(37,758)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(196,73)	-	(196,73)
Other income from insurance activities	11	974	1,027	2,012
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>167,800</b>	<b>623,139</b>	<b>414,927</b>	<b>1,205,866</b>

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

## 11.2 Technical expenses of insurance activity

In thousands of EUR	30 June 2016			Total
	Insurance contracts Life	Non-Life	Investment contracts with discretionary participation features Life	
Expenses for insurance payments	165,494	467,409	607,560	1,240,463
Net expenses or revenues ceded to reinsurers	(2,971)	(8,700)	-	(11,671)
Management costs	14,168	112,020	26,327	152,515
<b>Technical expenses for insurance activities</b>	<b>176,692</b>	<b>570,728</b>	<b>633,887</b>	<b>1,381,307</b>

In thousands of EUR	30 June 2015			Total
	Insurance contracts Life	Non-Life	Investment contracts with discretionary participation features Life	
Expenses for insurance payments	162,589	477,982	319,767	960,339
Net expenses or revenues ceded to reinsurers	(1,132)	(24,673)	-	(25,806)
Management costs	25,424	110,771	32,044	168,239
<b>Technical expenses for insurance activities</b>	<b>186,881</b>	<b>564,080</b>	<b>351,811</b>	<b>1,102,772</b>

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

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

## 11.3 Net financial result without finance costs

In thousands of EUR	30 June 2016					Total
	Revenues of investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
<b>Investment properties</b>	<b>12,702</b>	<b>575</b>	<b>-</b>	<b>(7,256)</b>	<b>1,900</b>	<b>7,922</b>
Available for sale	2,962	30	-	2,155	-	5,147
<b>Share interests</b>	<b>2,962</b>	<b>30</b>	<b>-</b>	<b>2,155</b>	<b>-</b>	<b>5,147</b>
Available for sale	7,989	3,300	-	(886)	-	10,403
At fair value through profit or loss	3,226	128	(15,280)	-	-	(11,926)
Held for trading	387	2,541	(3,323)	-	-	(395)
<b>Shares and investment funds</b>	<b>11,602</b>	<b>5,969</b>	<b>(18,603)</b>	<b>(886)</b>	<b>-</b>	<b>(1,918)</b>
Available for sale	196,033	(10,350)	271	22,792	-	208,746
At fair value through profit or loss	12,893	384	(24,184)	-	-	(10,908)
Held for trading	-	-	-	-	-	-
Unlisted at amortized cost price	836	-	-	-	-	836
<b>Bonds</b>	<b>209,761</b>	<b>(9,966)</b>	<b>(23,913)</b>	<b>22,792</b>	<b>-</b>	<b>198,674</b>
<b>Loans, deposits and other financial investments</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>(68)</b>	<b>-</b>	<b>10,431</b>
Held for trading	-	(323)	33,847	-	-	33,525
Held for cash flow hedging	-	-	-	-	-	-
<b>Derivative financial instruments</b>	<b>-</b>	<b>(323)</b>	<b>33,847</b>	<b>-</b>	<b>-</b>	<b>33,525</b>
<b>Investments belonging to unit-linked insurance contracts (pure)</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18)</b>
<b>Cash and cash equivalents</b>	<b>832</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>816</b>
<b>Others</b>	<b>126,315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,317)</b>	<b>118,998</b>
<b>Net financial result without finance costs</b>	<b>374,656</b>	<b>(3,714)</b>	<b>(8,685)</b>	<b>16,737</b>	<b>(5,417)</b>	<b>373,577</b>

In thousands of EUR	30 June 2015					Total
	Revenues of investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
<b>Investment properties</b>	<b>12,135</b>	<b>760</b>	<b>-</b>	<b>(6,294)</b>	<b>-</b>	<b>6,601</b>
Available for sale	6,157	(2,245)	-	1,740	-	5,651
<b>Share interests</b>	<b>6,157</b>	<b>(2,245)</b>	<b>-</b>	<b>1,740</b>	<b>-</b>	<b>5,651</b>
Available for sale	7,725	29,881	(189)	3,749	-	41,166
At fair value through profit or loss	4,250	16,560	5,750	-	-	26,560
Held for trading	86	1,475	(253)	-	-	1,308
<b>Shares and investment funds</b>	<b>12,061</b>	<b>47,916</b>	<b>5,308</b>	<b>3,749</b>	<b>-</b>	<b>69,034</b>
Available for sale	219,915	11,826	-	2,922	-	234,663
At fair value through profit or loss	21,416	2,219	(5,834)	-	-	17,801
Held for trading	-	-	-	-	-	-
Unlisted at amortized cost price	354	-	-	-	-	354
<b>Bonds</b>	<b>241,685</b>	<b>14,045</b>	<b>(5,834)</b>	<b>2,922</b>	<b>-</b>	<b>252,819</b>
<b>Loans, deposits and other financial investments</b>	<b>13,866</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>13,898</b>
Held for trading	81	(62,608)	(4,564)	-	-	(67,090)
Held for cash flow hedging	-	-	-	-	-	-
<b>Derivative financial instruments</b>	<b>81</b>	<b>(62,608)</b>	<b>(4,564)</b>	<b>-</b>	<b>-</b>	<b>(67,090)</b>

Investments belonging to unit-linked insurance contracts (pure)	(6,811)	1,012	18,500	-	-	12,702
Cash and cash equivalents	2,430	-	31	-	-	2,462
Others	19,735	-	-	-	44,620	64,355
Net financial result without finance costs	301,340	(1,120)	13,442	2,149	44,620	360,430

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

Note that in June 2016, part of Branch 23 was moved to Branch 21 (at the level of FVPL bonds) for a total amount of EUR 2,265 thousand euros.

## 11.4 Employee benefit expenses

In thousands of EUR	30 June 2016	30 June 2015
Wages	114,125	97,802
Social security expenses	31,256	28,500
Post-employment benefits	8,756	(540)
Defined benefit schemes	19,291	15,635
Other long-term benefits	154	161
Other benefits	(13,705)	(12,492)
Others	7,682	5,817
<b>Total of the employee benefit expenses</b>	<b>167,559</b>	<b>134,882</b>

The amount of the expenses included in the income statement on the defined contribution pension schemes amounts to EUR 19,291 thousand in the first half of 2016 (against EUR 15,635 thousand in 2015). This charge includes, inter alia, the cost price of services, the financial cost as well as taxes and contributions inherent in the group insurance products. This charge is divided by allocation within the income statement in expenses for insurance benefits (regarding internal claim handling costs, acquisition costs of contracts and administrative costs) and other investment financial expenses (regarding management costs of investments).

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

## 12 Other notes to the consolidated financial statements

### 12.1 Related parties

Within the framework of its activities the Group concludes on a regular basis transactions with related parties. In general, all transactions are concluded at market conditions as applicable to unrelated parties.

Related parties with whom the Group concludes transactions can belong to the following categories:

- The key management personnel of the Group are the directors of Ethias SA.
- The entities exercising a mutual control or a significant influence on the entity. As shareholder of the Group, the Mutual Insurance Association Ethias Droit Commun is considered to belong to this category;
- Joint ventures in which the entity participates;
- Non-consolidated subsidiaries; and
- Associates.

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

### 12.1.1 Transactions related to the balance sheet

In thousands of EUR	30 June 2016	31 December 2015
Receivables	1,036,030	1,005,693
Other assets	-	-
<b>Total assets with related parties</b>	<b>1,036,030</b>	<b>1,005,693</b>
Insurance and investment contract liabilities	1,036,030	966,258
Financial debts	-	-
Trade and other payables	-	-
<b>Total liabilities with related parties</b>	<b>1,036,030</b>	<b>966,258</b>

### 12.1.2 Transactions related to revenues and expenses

In thousands of EUR	30 June 2016	30 June 2015
Revenues	107,719	117,243
Operating expenses	(126,753)	(122,863)
Financial income	15,593	18,094
<b>Total of the revenues and expenses with related parties</b>	<b>(3,440)</b>	<b>12,474</b>

### 12.1.3 Other transactions with related parties

In 2016, the Group did not receive or give any commitment towards related parties.

### 12.1.4 Remunerations for key management personnel

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

The total amount of their remunerations include the following elements:

In thousands of EUR	30 June 2016	30 June 2015
Short-term benefits	1,276	1,250
Post-employment benefits	421	392
Termination benefits	-	-
Other long-term benefits	-	-
<b>Remunerations and other benefits for managers and directors</b>	<b>1,697</b>	<b>1,642</b>

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

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

## 12.2 Commitments

### 12.2.1 Received commitments

In thousands of EUR	30 June 2016	31 December 2015
Guarantee commitments	901,510	803,018
Finance commitment	-	-
Other received commitments	-	-
<b>Total</b>	<b>901,510</b>	<b>803,018</b>

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



## 12.2.2 Given commitments

In thousands of EUR	30 June 2016	31 December 2015
Guarantee commitments with regard to financing	62,550	83,400
Other guarantee commitments	67,980	49,764
Commitments on securities	14,526	14,619
Other given commitments	194,556	127,539
<b>Total</b>	<b>339,611</b>	<b>275,321</b>

The guarantee commitments with regard to financing mainly concern the credit facility for an amount of EUR 62,550 thousand granted by Ethias SA to Vitrufin on 30 June 2016 (against EUR 83,400 thousand on 31 December 2015).

The other guarantee commitments mainly include:

- Personal guarantees given for an amount of EUR 59,226 thousand on 30 June 2016 (against EUR 41,011 thousand on 31 December 2015). The latter represent the securities given as guarantee related to an accepted reinsurance contract called in by Ethias SA as a result of the disposal of its subsidiary Belré in 2011. These guarantees are mainly composed of sovereign bonds.

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

The other guarantees given include:

- purchase commitments for properties, i.e. EUR 22,211 thousand on 30 June 2016 (against EUR 60,313 thousand on 31 December 2015).
- lending commitments for EUR 16,284 thousand on 30 June 2016 (against EUR 26,949 thousand on 31 December 2015). This total is composed of EUR 14,984 thousand for lending commitments for infrastructures (against EUR 14,411 thousand), no financial lending commitments (against EUR 10,539 thousand in 2015), and EUR 1,300 thousand for real estate loans (against 2,000 million on 31 December 2015).
- commitments towards non-consolidated financial participations for EUR 37,061 thousand on 30 June 2016 (against EUR 28,217 thousand on 31 December 2015).
- commitments towards bond funds for EUR 119,000 thousand on 30 June 2016 (of which EUR 100,000 thousand for Dutch mortgage loan funds).

## 12.3 Contingent liabilities

### 12.3.1 Financing guarantee commitment granted to Vitrufin

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

## 12.4 Events after the reporting period

Cf. item "4. Events occurring after the closing on 30/06/2016" of the management report.