



**QUARTERLY REPORT ON**  
**31 MARCH 2016**  
Ethias Group



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# INTRODUCTION

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

Unless otherwise specified, the amounts in this report are stated in thousands of 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	31 March 2016	31 March 2015	Change
<b>Non-Life</b>			
Public Bodies & Companies	474,190	479,293	-1.06%
Private Individuals	153,534	151,277	1.49%
<b>Premium collection Non-Life</b>	<b>627,724</b>	<b>630,570</b>	<b>-0.45%</b>
<b>Life</b>			
Public Bodies & Companies	310,806	338,580	-8.20%
Private Individuals	14,594	19,203	-24.00%
<b>Premium collection Life</b>	<b>325,400</b>	<b>357,783</b>	<b>-9.05%</b>
<b>Total premium collection Life and Non-Life</b>	<b>953,124</b>	<b>988,353</b>	<b>-3.56%</b>
<b>Consolidated revenues</b>	<b>704,847</b>	<b>664,958</b>	<b>6.00%</b>
Net profit (loss) on current transactions after tax	9,535	(14,681)	
Share of the associates in the result	-	-	
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	-	-	
<b>Net consolidated profit (loss) attributable to:</b>	<b>9,535</b>	<b>(14,681)</b>	
Owners of the parent	8,812	(14,535)	
Non-controlling interests	723	(146)	

## Essential data of the consolidated financial position

In thousands of EUR	31 March 2016	31 December 2015	Change
Total assets	20,703,326	19,847,455	4.31%
<b>Equity of the Group</b>	<b>1,805,120</b>	<b>1,834,842</b>	<b>-1.62%</b>
Non-controlling interests	30,303	34,578	-12.36%

## Regulatory coefficients

	31 March 2016	31 December 2015	Change
<b>Solvency II ratio (*) of the company Ethias SA</b>	<b>110.92%</b>	<b>131.56%</b>	<b>-15.69%</b>

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

## Other key figures

	31 March 2016	31 December 2015	Change
<b>Number of employees</b>	<b>3,255</b>	<b>3,257</b>	<b>-0.05%</b>



# MANAGEMENT REPORT

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

### 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 awareness (33%), which means that one out of 3 Belgians spontaneously think of Ethias when asked for an insurance company he/she knows.

### 19 February

The "Switch V" operation comes to an end. This operation consisted of offering to the holders of a "FIRST A" contract an exit premium equal to 10% of the mathematical reserve upon full surrender or upon partial surrender provided that the surrender rate was 50% or more of the mathematical reserve. Surrenders amounting to EUR 65 million were recorded.

### 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.

## 2. Result of the financial year

The first quarter of 2016 records a consolidated profit of EUR 9 million, split between the Non-Life business (EUR 76 million), the Life business (EUR -78 million), the other activities of the Group (EUR -15 million euros) and taxes (EUR 26 million).

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> quarter of 2016, and within this context we realized an adequacy test on 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 89 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 31/03/2016

None.



# CONSOLIDATED FINANCIAL STATEMENTS

## 1. Consolidated balance sheet

In thousands of EUR	Notes	31 March 2016	31 December 2015
<b>Assets</b>			
<b>Goodwill</b>	10.1	44,762	44,762
<b>Other intangible assets</b>	10.2	54,734	45,965
<b>Operational buildings and other tangible fixed assets</b>	10.4	136,700	136,517
<b>Investment in associates</b>		-	-
<b>Investment properties</b>	10.4	428,408	432,640
Financial assets available for sale	10.3	14,158,929	13,822,390
Financial assets at fair value through profit and loss	10.3	818,130	862,395
Loans, deposits and other financial investments recognized at amortized cost	10.3	843,655	845,705
Derivative financial instruments	10.3	138,875	22,986
Investments belonging to unit-linked insurance contracts	10.3	360,517	359,078
<b>Financial investments</b>		16,320,106	15,912,555
<b>Reinsurers' share of insurance liabilities</b>		157,823	134,123
<b>Deferred tax assets</b>	10.7	177,850	170,096
<b>Receivables arising from insurance operations or accepted reinsurance</b>	10.5	1,480,567	1,291,136
<b>Receivables arising from ceded reinsurance operations</b>	10.5	68,681	57,001
<b>Other receivables</b>	10.5	153,934	277,527
<b>Other assets</b>		211,132	258,369
<b>Cash and cash equivalents</b>	10.6	1,468,627	1,086,763
<b>Assets available for sale including assets from discontinued operations</b>		-	-
<b>Total assets</b>		20,703,326	19,847,455
<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		8,812	632,526
Other items of comprehensive income		239,507	233,041
<b>Equity of the Group</b>		1,805,120	1,834,842
<b>Non-controlling interests</b>		30,303	34,578
<b>Total equity</b>		1,835,423	1,869,420
Insurance contract liabilities		9,137,476	8,606,896
Investment contract liabilities with discretionary participation features		7,559,958	7,351,547
Investment contract liabilities without discretionary participation features		3,941	3,904
Liabilities belonging to unit-linked insurance contracts		360,517	359,078
Profit sharing liabilities		3,955	37,796
<b>Insurance and investment contract liabilities</b>	10.8	17,065,847	16,359,222
<b>Subordinated debts</b>	10.9	454,880	454,372
<b>Other financial debts</b>	10.9	164,211	56,096
<b>Employee benefits</b>	10.10	518,164	502,129
<b>Provisions</b>		72,231	62,799
<b>Derivative financial instruments</b>		-	19,958
<b>Tax payables</b>	10.11	75,756	49,168
<b>Deferred tax liabilities</b>	10.7	59	59
<b>Liabilities from operating activities</b>	10.11	226,656	215,463
<b>Other liabilities</b>	10.11	290,100	258,769
<b>Liabilities related to assets available for sale and discontinued operations</b>		-	-
<b>Total other liabilities</b>		18,867,903	17,978,035
<b>Total liabilities</b>		20,703,326	19,847,455

The statements and notes 1 to 12 form an integral part of the consolidated financial IFRS statements as at 31 March 2016.

## 2. Consolidated income statement

In thousands of EUR	Notes	31 March 2016	31 March 2015
Gross premiums	11.1	953,124	988,353
Premiums ceded to reinsurers		(37,681)	(34,282)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(279,624)	(290,875)
Other income from insurance activities		5,727	786
<b>Revenues from insurance activities <sup>(a)</sup></b>	11.1	<b>641,547</b>	<b>663,981</b>
Revenues from other activities		63,301	977
<b>Revenues</b>		<b>704,847</b>	<b>664,958</b>
Net revenues from investments		124,324	132,935
Net realized gains or losses on investments		12,441	38,857
Change in fair value of investments through profit and loss <sup>(b)</sup>		(14,017)	94,290
<b>Net financial income</b>		<b>122,748</b>	<b>266,081</b>
<b>NET REVENUES</b>		<b>827,595</b>	<b>931,039</b>
Insurance service expenses		692,839	925,473
Net expenses or revenues ceded to reinsurers		(2,242)	(10,010)
Management costs <sup>(c)</sup>		79,846	79,291
<b>Technical expenses for insurance activities</b>	11.2	<b>770,443</b>	<b>994,755</b>
Expenses for other activities		64,356	(4,001)
<b>Operating expenses</b>		<b>834,800</b>	<b>990,754</b>
Change in depreciation and amortization on investments (net)	11.3	87	(3,547)
Other investment financial expenses	11.3	2,111	(25,351)
Finance costs		7,079	4,288
<b>Financial expenses</b>		<b>9,277</b>	<b>(24,610)</b>
<b>NET EXPENSES</b>		<b>844,076</b>	<b>966,145</b>
Goodwill impairment		-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>(16,481)</b>	<b>(35,106)</b>
Income taxes		26,016	20,425
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>9,535</b>	<b>(14,681)</b>
Share of the associates in the result		-	-
Net profit (loss) from discontinued operations		-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>9,535</b>	<b>(14,681)</b>
Owners of the parent		8,812	(14,535)
Non-controlling interests		723	(146)

a) Net of reinsurance

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

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

### 3. Statement of consolidated comprehensive income

In thousands of EUR	31 March 2016	31 March 2015
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>9,535</b>	<b>(14,681)</b>
Actuarial gains and losses on defined benefit pension liabilities	(13,971)	(13,115)
Tax on other items that will not be subsequently reclassified to the net profit (loss)	4,749	4,458
<b>Items that will not be subsequently reclassified to the net profit (loss)</b>	<b>(9,222)</b>	<b>(8,657)</b>
Change in fair value of financial assets available for sale	(68,088)	43,957
Change in fair value of derivative instruments designated as cash flow hedges	110,287	9,003
Tax on other items of comprehensive income that will be subsequently reclassified to the net profit (loss)	(26,512)	(3,143)
<b>Items that could be subsequently reclassified to the net profit (loss)</b>	<b>15,688</b>	<b>49,817</b>
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	<b>6,465</b>	<b>41,159</b>
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>16,000</b>	<b>26,478</b>
Owners of the parent	15,278	26,624
Non-controlling interests	723	(146)

## 4. Consolidated cash flows statement

In thousands of EUR	Notes	31 March 2016	31 March 2015
<b>Net profit (loss) before tax (Total 1)</b>		<b>(16,481)</b>	<b>(35,106)</b>
Depreciations and impairments on intangible and tangible assets	10.2, 10.4	6,011	1,286
Change in depreciations on financial instruments and investment properties	10.3, 10.4, 11.3	87	(3,547)
Change in fair value on investments through profit or loss	10.3, 11.3	14,017	(94,290)
Provisions for risks and expenses, and other liabilities		(89)	(34,653)
Change in provisions of insurance and investments contracts		327,505	(1,471,607)
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(114,484)	(158,276)
<b>Corrections of the amounts that do not impact cash flows (Total 2)</b>		<b>233,047</b>	<b>(1,761,086)</b>
Dividends and instalments on earned dividends		1,620	3,305
Earned financial income	11.3	170,267	182,833
Use of provision for employee benefits		(4,333)	(5,553)
Change in current receivables and debts	10.5, 10.11	(44,786)	(127,767)
Change in liabilities from insurance and investments contracts		(317)	4,530
Tax paid		44,214	1,670
<b>Other changes (Total 3)</b>		<b>166,666</b>	<b>59,019</b>
<b>Net cash flows from operating activities (Total 1+2+3)</b>		<b>383,232</b>	<b>(1,737,172)</b>
Shares in subsidiaries, net of acquired cash in hand	6.5.1	(70)	(3,281)
Acquisition of financial assets and investment properties	10.3, 10.4	(602,234)	(706,810)
Acquisition of intangible and tangible fixed assets	10.2, 10.4	(15,261)	(3,400)
Disposals of shares in subsidiaries, net of transferred cash	6.5.2	-	-
Disposals of financial assets and investment properties	10.3, 10.4	568,172	1,166,986
Disposals of intangible and tangible fixed assets	10.2, 10.4	203	43
<b>Net cash flows from investing activities</b>		<b>(49,190)</b>	<b>453,538</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	3,810	1,095,067
Refund of financial liabilities	10.9	(6,654)	(1,355)
Interests paid on financial liabilities		(10,314)	-
<b>Net cash flows from financing activities</b>		<b>(63,112)</b>	<b>1,077,799</b>
<b>Total cash flows</b>		<b>270,930</b>	<b>(205,835)</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>1,338,108</b>	<b>1,663,130</b>
Change in the cash accounts		270,930	(205,835)
Impacts of exchange rate differences of foreign currency and of other transactions		(25)	165
<b>Change in cash</b>		<b>270,905</b>	<b>(205,670)</b>

Cash flows related to the subsidiary available for sale were not separately presented in this cash flow statement. The total of the cash and cash equivalents of this company amounted to EUR 776 thousand on 31 March 2015.

## 5. Consolidated statement of changes in equity

In thousands of EUR	31 March 2016						
	Subscribed capital	Result carried forward	Financial assets available for sale	Others	Equity of the Group	Non-controlling interests	Total equity
<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)	-	8,812	-	-	8,812	723	9,535
Total of other items of comprehensive income	-	-	(57,113)	63,579	6,465	-	6,465
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>8,812</b>	<b>(57,113)</b>	<b>63,579</b>	<b>15,278</b>	<b>723</b>	<b>16,000</b>
Capital movements	-	-	-	-	-	-	-
Dividends	-	(45,000)	-	-	(45,000)	(4,954)	(49,954)
Change in the consolidation scope	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	(44)	(44)
<b>Equity as of 31 March</b>	<b>1,000,000</b>	<b>565,613</b>	<b>190,193</b>	<b>49,313</b>	<b>1,805,120</b>	<b>30,303</b>	<b>1,835,423</b>

In thousands of EUR	31 March 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)	-	(14,535)	-	-	(14,535)	(146)	(14,681)
Total of other items of comprehensive income	-	-	43,874	(2,714)	41,159	-	41,159
<b>Net consolidated comprehensive income</b>	<b>-</b>	<b>(14,535)</b>	<b>43,874</b>	<b>(2,714)</b>	<b>26,624</b>	<b>(146)</b>	<b>26,478</b>
Capital movements	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(5,207)	(5,207)
Change in the consolidation scope	-	-	-	-	-	(10,500)	(10,500)
Other movements	-	-	-	-	-	-	-
<b>Equity as of 31 March</b>	<b>1,000,000</b>	<b>(45,261)</b>	<b>290,554</b>	<b>(72,604)</b>	<b>1,172,690</b>	<b>36,016</b>	<b>1,208,706</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 31 March 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 on 31 March 2015) mainly consist of dividends distributed outside of the Group by the NRB subgroup.

## 6. General information

### 6.1 The Group

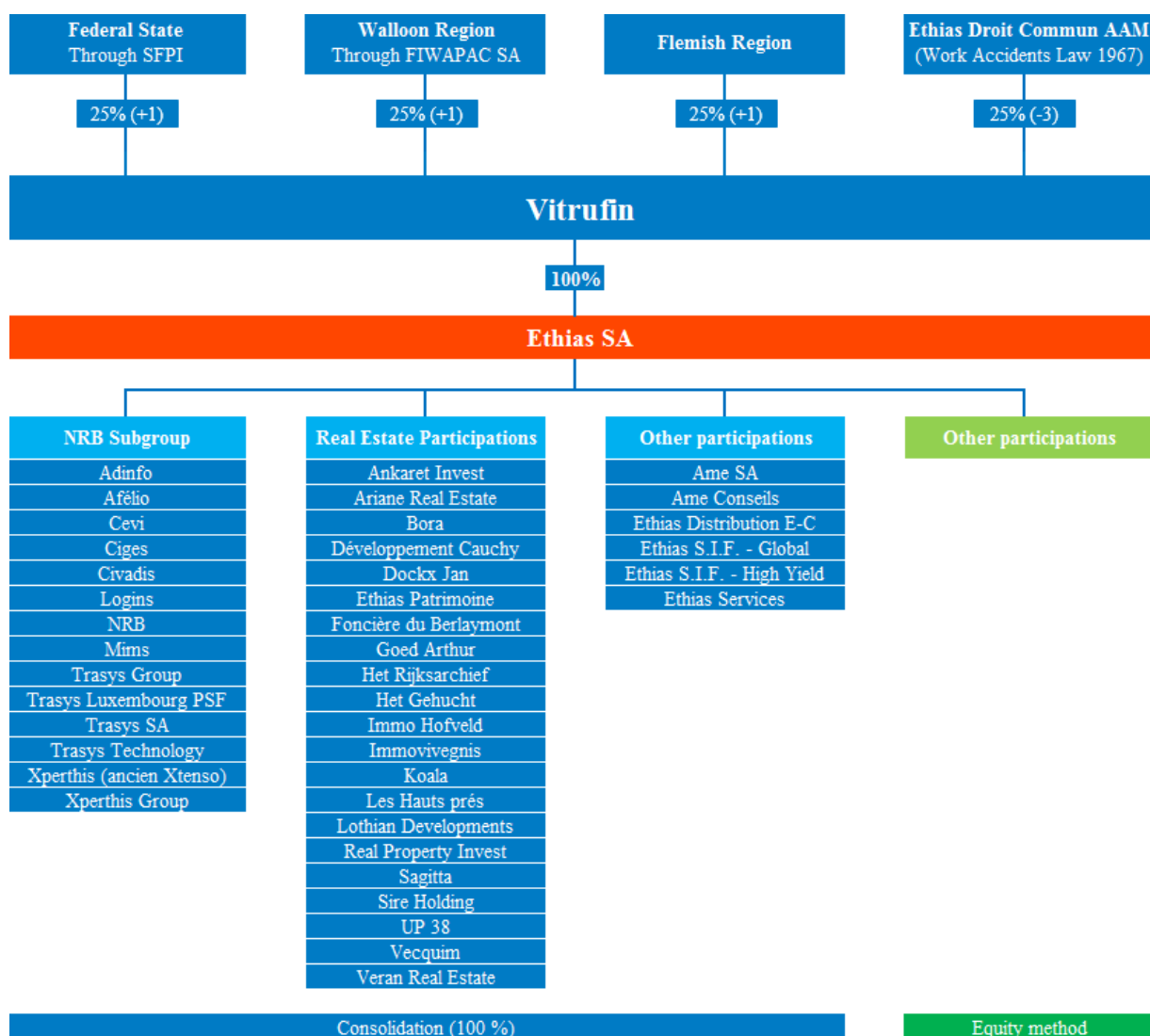
Ethias SA is the consolidating company of the Ethias Group.

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 3,255 people on 31 March 2016 compared to 3,257 on 31 December 2015.

Its legal structure is as follows:



### 6.2 Consolidation scope

## List of consolidated subsidiaries

	31 March 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%	
Ankaret Invest	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ariane Real Estate	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Bora	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Développement Cauchy	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Dockx Jan	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ethias Patrimoine	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Foncière du Berlaymont	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
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	100.00%	100.00%	100.00%	100.00%	
Immo Hofveld	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Immovivegnis	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Koala	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Les Hauts prés	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Lothian Developments IV	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Real Property Invest	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Sagitta	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Sire Holding	Belgium	Real Estate	EUR	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	37.61%	100.00%	37.61%	100.00%	
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

	31 March 2016				31 December 2015	
	Country	Sector	Currency	Percentage of ownership	Percentage of ownership	Change in scope
Assurcard	Belgium	Insurance	EUR	20.00%	20.00%	Constitution
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	31 March 2016	31 December 2015
<b>Assets</b>		
<b>Goodwill</b>	59,313	51,740
<b>Other intangible assets</b>	15,292	15,132
<b>Operational buildings and other tangible fixed assets</b>	42,661	41,603
<b>Investment in associates</b>	-	-
<b>Investment properties</b>	1,945	2,047
Financial assets available for sale	27	27
Financial assets at fair value through profit and loss	27,569	28,580
Loans, deposits and other financial investments recognized at amortized cost	3,902	3,899
<b>Financial investments</b>	31,497	32,506
<b>Reinsurers' share of insurance liabilities</b>	-	-
<b>Deferred tax assets</b>	860	989
<b>Receivables arising from insurance operations or accepted reinsurance</b>	-	-
<b>Receivables arising from ceded reinsurance operations</b>	-	-
<b>Other receivables</b>	79,886	86,041
<b>Other assets</b>	17,735	10,549
<b>Cash and cash equivalents</b>	11,992	21,738
<b>Assets available for sale including assets from discontinued operations</b>	-	-
<b>Total assets</b>	261,180	262,345
<b>Liabilities</b>		
Share capital	16,837	16,837
Reserves and retained earnings	84,372	76,877
Net profit (loss) of the period	1,380	9,922
Other items of comprehensive income	2	2
<b>Equity of the Group</b>	102,591	103,637
<b>Non-controlling interests</b>	15,126	16,845
<b>Total equity</b>	117,717	120,482
<b>Insurance and investment contract liabilities</b>	-	-
<b>Subordinated debts</b>	-	-
<b>Other financial debts</b>	33,685	36,530
<b>Employee benefits</b>	7,664	7,801
<b>Provisions</b>	1,064	1,003
<b>Derivative financial instruments</b>	-	-
<b>Tax payables</b>	7,327	11,926
<b>Deferred tax liabilities</b>	35	35
<b>Liabilities from operating activities</b>	-	-
<b>Other liabilities</b>	93,688	84,569
<b>Liabilities related to assets available for sale and discontinued operations</b>	-	-
<b>Total other liabilities</b>	143,463	141,863
<b>Total liabilities</b>	261,180	262,345

### 6.3.2 Consolidated income statement

In thousands of EUR	31 March 2016
<b>Revenues from insurance activities <sup>(a)</sup></b>	-
Revenues from other activities	80,840
<b>Revenues</b>	<b>80,840</b>
Net revenues from investments	179
Net realized gains or losses on investments	(227)
Change in fair value of investments through profit and loss <sup>(b)</sup>	(824)
<b>Net financial income</b>	<b>(872)</b>
<b>NET REVENUES</b>	<b>79,968</b>
Insurance service expenses	-
Management costs <sup>(c)</sup>	-
<b>Technical expenses for insurance activities</b>	<b>-</b>
Expenses for other activities	77,271
<b>Operating expenses</b>	<b>77,271</b>
Change in depreciation and amortization on investments (net)	103
Other investment financial expenses	134
Finance costs	85
<b>Financial expenses</b>	<b>321</b>
<b>NET EXPENSES</b>	<b>77,592</b>
Goodwill impairment	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>	<b>2,376</b>
Income taxes	(889)
<b>NET PROFIT (LOSS) AFTER TAX</b>	<b>1,487</b>
<b>Net consolidated profit (loss) attributable to:</b>	<b>1,487</b>
Owners of the parent	1,380
Non-controlling interests	106

a) Net of reinsurance

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

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

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	31 March 2016	31 March 2015
<b>NET CONSOLIDATED PROFIT (LOSS)</b>	<b>1,487</b>	<b>(235)</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>	<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>-</b>
<b>TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR</b>	<b>-</b>	<b>-</b>
<b>NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>1,487</b>	<b>(235)</b>
Owners of the parent	1,380	(130)
Non-controlling interests	106	(105)

## 6.4 Sector information

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

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

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

The results of the segments for the years ended on 31 March 2016 and 2015 respectively are detailed below:

	Notes	PUBLIC SECTOR & COMPANIES	PUBLIC SECTOR & COMPANIES	INDIVIDUALS	INDIVIDUALS	OTHER	Statutory income statement B-GAAP	ADJUSTMENTS	Consolidated income statement IFRS
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON- TECH- NICAL	31 March 2016	Total Adjustments	31 March 2016
In thousands of EUR									
Gross premiums	12.1	474,190	319,606	153,534	14,729	-	962,059	(8,935)	953,124
Premiums ceded to reinsurers	12.3	(27,654)	(667)	(7,158)	-	-	(35,479)	(2,202)	(37,681)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(272,732)	-	(9,094)	-	-	(281,826)	2,202	(279,624)
Other income from insurance activities		136	3,773	399	1,422	-	5,729	(2)	5,727
<b>Revenues from insurance activities <sup>(a)</sup></b>	12.1	<b>173,940</b>	<b>322,712</b>	<b>137,680</b>	<b>16,151</b>	<b>-</b>	<b>650,483</b>	<b>(8,937)</b>	<b>641,547</b>
Revenues from other activities	12.4	-	-	-	-	91,393	91,393	(28,093)	63,301
<b>Revenues</b>		<b>173,940</b>	<b>322,712</b>	<b>137,680</b>	<b>16,151</b>	<b>91,393</b>	<b>741,877</b>	<b>(37,029)</b>	<b>704,847</b>
Net revenues from investments		16,890	63,931	6,787	18,445	1,016	107,069	17,255	124,324
Net realized gains or losses on investments		-	-	-	-	(157)	(157)	12,598	12,441
Change in fair value of investments through profit and loss <sup>(b)</sup>		-	-	-	-	(8,637)	(8,637)	(5,380)	(14,017)
<b>Net financial income</b>	12.5	<b>16,890</b>	<b>63,931</b>	<b>6,787</b>	<b>18,445</b>	<b>(7,778)</b>	<b>98,275</b>	<b>24,473</b>	<b>122,748</b>
<b>NET REVENUES</b>		<b>190,830</b>	<b>386,643</b>	<b>144,467</b>	<b>34,596</b>	<b>83,615</b>	<b>840,151</b>	<b>(12,556)</b>	<b>827,595</b>
Insurance service expenses		131,883	365,014	67,819	39,864	-	604,579	88,260	692,839
Net expenses or revenues ceded to reinsurers	12.3	(1,661)	(600)	(12)	-	-	(2,273)	31	(2,242)
Management costs <sup>(c)</sup>		38,596	12,401	30,481	3,108	-	84,587	(4,741)	79,846
<b>Technical expenses for insurance activities</b>	12.2	<b>168,819</b>	<b>376,815</b>	<b>98,287</b>	<b>42,972</b>	<b>-</b>	<b>686,893</b>	<b>83,550</b>	<b>770,443</b>
Expenses for other activities	12.4	-	-	-	-	90,305	90,305	(25,948)	64,356
<b>Operating expenses</b>		<b>168,819</b>	<b>376,815</b>	<b>98,287</b>	<b>42,972</b>	<b>90,305</b>	<b>777,198</b>	<b>57,602</b>	<b>834,800</b>
Change in depreciation and amortization on investments (net)	12.5	-	-	-	-	1,735	1,735	(1,648)	87
Other investment financial expenses	12.5	-	-	-	-	450	450	1,660	2,111
Finance costs	12.6	-	-	-	-	1,845	1,845	5,234	7,079
<b>Financial expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,031</b>	<b>4,031</b>	<b>5,246</b>	<b>9,277</b>
<b>NET EXPENSES</b>		<b>168,819</b>	<b>376,815</b>	<b>98,287</b>	<b>42,972</b>	<b>94,335</b>	<b>781,228</b>	<b>62,848</b>	<b>844,076</b>
Goodwill impairment		-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>22,011</b>	<b>9,828</b>	<b>46,180</b>	<b>(8,376)</b>	<b>(10,720)</b>	<b>58,923</b>	<b>(75,404)</b>	<b>(16,481)</b>
Income taxes	12.9	-	-	-	-	(3,821)	(3,821)	29,837	26,016
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>22,011</b>	<b>9,828</b>	<b>46,180</b>	<b>(8,376)</b>	<b>(14,541)</b>	<b>55,102</b>	<b>(45,567)</b>	<b>9,535</b>
Share of the associates in the result		-	-	-	-	-	-	-	-
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>22,011</b>	<b>9,828</b>	<b>46,180</b>	<b>(8,376)</b>	<b>(14,541)</b>	<b>55,102</b>	<b>(45,567)</b>	<b>9,535</b>
Owners of the parent							55,102	(46,290)	8,812
Non-controlling interests							-	723	723

	Notes	PUBLIC SECTOR & COMPANIES	PUBLIC SECTOR & COMPANIES	INDIVIDUALS	INDIVIDUALS	OTHER	Statutory income statement B-Gaap	ADJUSTMENTS	Consolidated income statement IFRS
		NON-LIFE	LIFE	NON-LIFE	LIFE	NON- TECH- NICAL	31 March 2015	Total Adjustments	31 March 2015
In thousands of EUR									
Gross premiums	12.1	479,293	341,143	151,276	19,294	-	991,006	(2,653)	988,353
Premiums ceded to reinsurers	12.3	(26,579)	(1,946)	(6,806)	-	-	(35,331)	1,049	(34,282)
Change in the provision for unearned premiums and outstanding risks <sup>(a)</sup>		(281,520)	1,049	(9,407)	-	-	(289,878)	(997)	(290,875)
Other income from insurance activities		92	44	(71)	720	-	785	1	786
<b>Revenues from insurance activities <sup>(a)</sup></b>	12.1	<b>171,286</b>	<b>340,290</b>	<b>134,992</b>	<b>20,014</b>	<b>-</b>	<b>666,582</b>	<b>(2,601)</b>	<b>663,981</b>
Revenues from other activities	12.4	-	-	-	-	4,897	4,897	(3,920)	977
<b>Revenues</b>		<b>171,286</b>	<b>340,290</b>	<b>134,992</b>	<b>20,014</b>	<b>4,897</b>	<b>671,479</b>	<b>(6,521)</b>	<b>664,958</b>
Net revenues from investments		25,342	115,438	10,480	69,777	20,780	241,817	(108,883)	132,935
Net realized gains or losses on investments		-	-	-	-	4,851	4,851	34,006	38,857
Change in fair value of investments through profit and loss <sup>(b)</sup>		-	-	-	-	24,775	24,775	69,515	94,290
<b>Net financial income</b>	12.5	<b>25,342</b>	<b>115,438</b>	<b>10,480</b>	<b>69,777</b>	<b>50,406</b>	<b>271,443</b>	<b>(5,362)</b>	<b>266,081</b>
<b>NET REVENUES</b>		<b>196,628</b>	<b>455,728</b>	<b>145,472</b>	<b>89,791</b>	<b>55,303</b>	<b>942,922</b>	<b>(11,884)</b>	<b>931,039</b>
Insurance service expenses		143,382	425,375	86,075	310,517	-	965,349	(39,876)	925,473
Net expenses or revenues ceded to reinsurers	12.3	(9,242)	(565)	(247)	-	-	(10,054)	44	(10,010)
Management costs <sup>(c)</sup>		30,834	6,992	27,840	3,027	-	68,693	10,598	79,291
<b>Technical expenses for insurance activities</b>	12.2	<b>164,974</b>	<b>431,802</b>	<b>113,668</b>	<b>313,544</b>	<b>-</b>	<b>1,023,988</b>	<b>(29,233)</b>	<b>994,755</b>
Expenses for other activities	12.4	-	-	-	-	(914)	(914)	(3,087)	(4,001)
<b>Operating expenses</b>		<b>164,974</b>	<b>431,802</b>	<b>113,668</b>	<b>313,544</b>	<b>(914)</b>	<b>1,023,074</b>	<b>(32,320)</b>	<b>990,754</b>
Change in depreciation and amortization on investments (net)	12.5	-	-	-	-	-	-	(3,547)	(3,547)
Other investment financial expenses	12.5	-	-	-	-	-	-	(25,351)	(25,351)
Finance costs	12.6	-	-	-	-	-	-	4,288	4,288
<b>Financial expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,610)</b>	<b>(24,610)</b>
<b>NET EXPENSES</b>		<b>164,974</b>	<b>431,802</b>	<b>113,668</b>	<b>313,544</b>	<b>(914)</b>	<b>1,023,074</b>	<b>(56,930)</b>	<b>966,145</b>
Goodwill impairment		-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) BEFORE TAX</b>		<b>31,654</b>	<b>23,926</b>	<b>31,804</b>	<b>(223,753)</b>	<b>56,217</b>	<b>(80,152)</b>	<b>45,046</b>	<b>(35,106)</b>
Income taxes	12.9	-	-	-	-	(117)	(117)	20,542	20,425
Transfer/Charge to untaxed reserves		-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>31,654</b>	<b>23,926</b>	<b>31,804</b>	<b>(223,753)</b>	<b>56,100</b>	<b>(80,269)</b>	<b>65,588</b>	<b>(14,681)</b>
Share of the associates in the result		-	-	-	-	-	-	-	-
Net profit (loss) from discontinued operations		-	-	-	-	-	-	-	-
<b>Net consolidated profit (loss) attributable to:</b>		<b>31,654</b>	<b>23,926</b>	<b>31,804</b>	<b>(223,753)</b>	<b>56,100</b>	<b>(80,269)</b>	<b>65,588</b>	<b>(14,681)</b>
Owners of the parent							(80,269)	65,734	(14,535)
Non-controlling interests							-	(146)	(146)

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 154 million in the 1<sup>st</sup> quarter of 2016 and slightly grows compared to the income of EUR 151 million in the 1<sup>st</sup> quarter of 2015, mainly observed for the Car Insurance, Private CL and Assistance products.

The net technical-financial balance amounts to EUR 46 million and increases with EUR 14 million compared to the 1<sup>st</sup> quarter of 2015, resulting from a very good claims rate (low frequency and absence of severe weather events) over the 1<sup>st</sup> quarter of 2016.

The income in Life Private Individuals amounts to EUR 15 million in the 1<sup>st</sup> quarter 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> quarter of 2016, a "Switch V" operation was launched and resulted in surrenders amounting to EUR 60 million, for a cost of EUR 6 million.

The net technical-financial balance of the 1<sup>st</sup> quarter amounts to EUR -9 million in 2016 compared to EUR -224 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 474 million in the 1<sup>st</sup> quarter of 2016, viz. a level similar to the income in the 1<sup>st</sup> quarter of 2015 (EUR 479 million), despite the consequences of the difficult macro-economy for public and private entities, weighing mainly on the Work Accident branches.

The net technical-financial balance amounts to EUR 22 million and decreases with EUR 10 million compared the 1<sup>st</sup> quarter of 2015, which is explained by non-recurring income in the 1<sup>st</sup> quarter of 2015 in reinsurance and financial revenues.

The income in Life Public Bodies and Companies amounts to EUR 320 million in the 1<sup>st</sup> quarter 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 amounts to EUR 10 million in the 1<sup>st</sup> quarter of 2016 compared to EUR 24 million in the 1<sup>st</sup> quarter of 2015, resulting from non-recurring financial income.

The Life reserves in Public Bodies & Companies amount to nearly EUR 8 billion at end-2015 for Branch 21.



### 6.4.3. Adjustments

#### 6.4.3.1. IFRS adjustments

The recognition of IAS 19 decreases Life income by EUR 2.8 million, insurance payments by EUR 3.3 million and Life technical provisions by EUR 0.7 million; overheads related to the 4 processes and expenses for other activities increase by EUR 0.3 million. The total impact from IAS 19 thus amounts to EUR 1.5 million.

The recognition of Life technical provisions under IFRS 4 negatively impacts the result of EUR 95.4 million. Following the adequacy test for technical provisions, the latter had to be increased, impacting the income by EUR -88.8 million. The impact of shadow accounting amounts to EUR -6.6 million.

The application of IAS 39 increases the result of the financial instruments by EUR 17.7 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 -0.2 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 29.9 million.

The sum of the IFRS adjustments represents a revenue of EUR 46.3 million.

#### 6.4.3.2. Consolidation adjustments

Consolidation adjustments consist primarily of the elimination of dividends (EUR -1 million), the reversal of value adjustments (EUR +2 million) and the impact of the change in the ownership percentage of the SICAV "Ethias Sustainable Investment Fund" for EUR -112 million.

All consolidation adjustments represent an income of EUR 596 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	31 March 2016	31 December 2015
Intangible assets	-	542
Investment properties	-	37,551
Financial investments	-	27
Reinsurers' share of technical provisions	-	-
Other assets and tangible fixed assets	-	41,531
Cash and cash equivalents	-	21,445
Insurance and investment contract liabilities	-	-
Financial debts	-	(41,986)
Provisions for risks and expenses	-	(15)
Other liabilities	-	(36,925)
<b>Identifiable net assets and liabilities acquired</b>	<b>-</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	-	7,627
<b>Consideration paid in cash</b>	<b>70</b>	<b>49,065</b>
Acquired cash in hand	-	21,445
<b>Net cash flows</b>	<b>70</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.

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 quarter 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	31 March 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 quarterly report ending 31 March 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 three months ending 31 March 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 three months ending 31 March 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> quarter 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.

On 31 March, the liability adequacy test (or "LAT") was realized on the basis of a simplified method.

Since there were only minor changes to the liability portfolios, only the risk-free rating curves and the matching adjustment were updated. A rescaling has also been performed.

## 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.

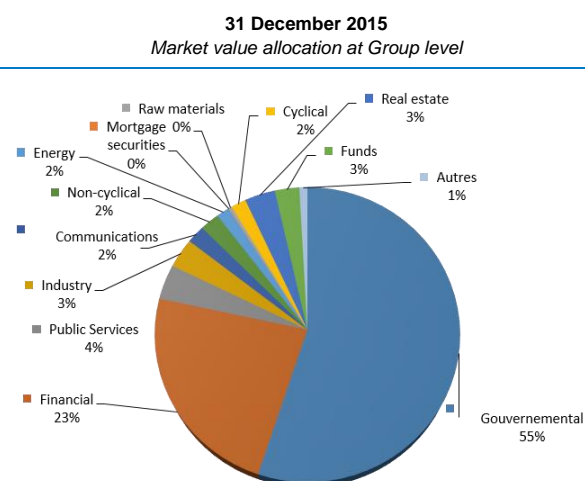
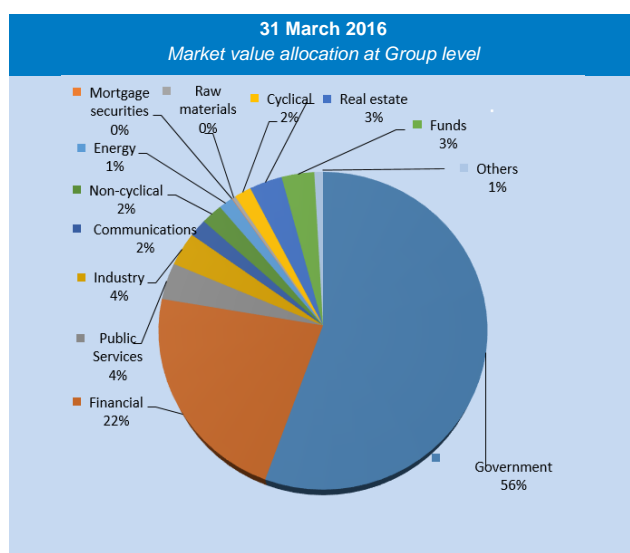
It should be noted that bond forwards are not included in the indicators presented in this document.

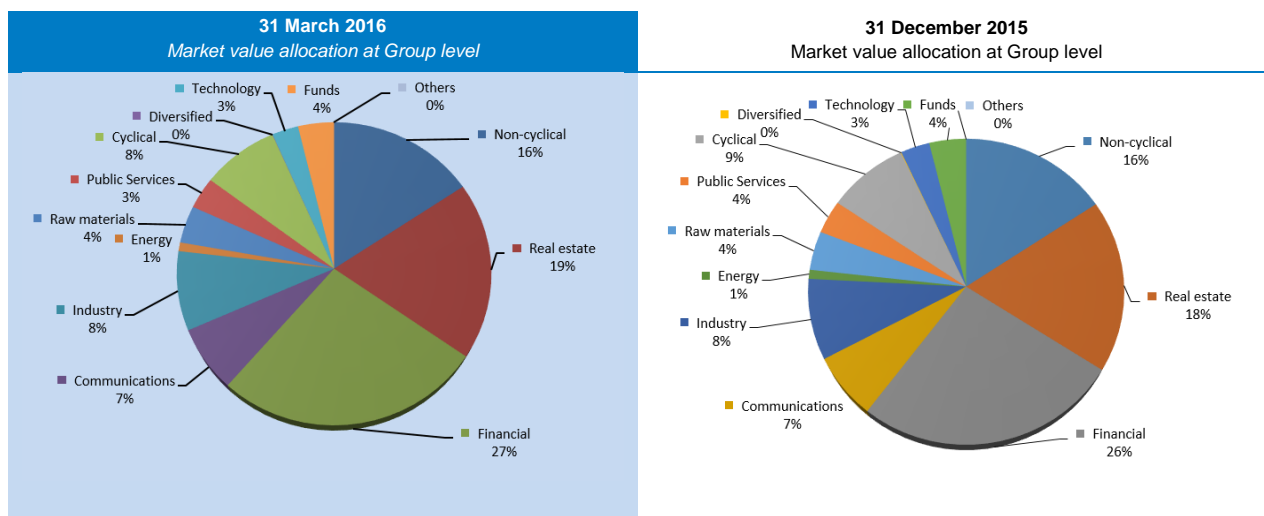
#### Sectoral distribution

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 quarter 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 first quarter of 2016, the part invested by the Ethias Group in sovereign or supranational risk amounts to 59% of the total amount of the fair value of all the bonds (i.e. EUR 8,382,663 thousand on a total of EUR 14,309,167 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	31 March 2016	31 December 2015
Germany	205,496	214,136
Austria	214,025	188,901
Belgium	4,939,297	4,824,003
Spain	530,252	511,947
Central and Eastern Europe	388,531	431,274
France	1,008,082	919,650
Ireland	237,219	189,666
Italy	568,021	553,542
The Netherlands	70,697	70,682
Scandinavia	-	151
Portugal	113,382	115,559
Supranational securities	98,950	92,219
Others	8,710	8,228
<b>Total</b>	<b>8,382,663</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 8,382,663 thousand per 31 March 2016 (against EUR 8,119,959 thousand per 31 December 2015), is higher than the amount mentioned under the sector "Governmental", i.e. EUR 7,945,869.30 thousand (against EUR 7,707,353.19 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>	31 March 2016						
	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent stocks	833,834	6,371,127	2,293,050	3,780,667	422,997	607,491	14,309,167
Loans and deposits	-	-	3,831	21	-	828,314	832,166
Receivables	-	-	-	-	-	1,703,182	1,703,182
Cash and cash equivalents	-	71	1,447,509	20,502	33	511	1,468,627
<b>Total</b>	<b>833,834</b>	<b>6,371,198</b>	<b>3,744,389</b>	<b>3,801,190</b>	<b>423,031</b>	<b>3,139,498</b>	<b>18,313,141</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>

## 10. Explanatory notes to the consolidated balance sheet

### 10.1 Goodwill

#### 10.1.1 Evolution of goodwill

In thousands of EUR	31 March 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 31 March/31 December</b>	<b>44,762</b>	<b>44,762</b>

There are no changes regarding goodwill in the first quarter 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 31 March 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	31 March 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	1,250	9,959	11,209
Disposals	(7)	-	(7)
Reclassifications	-	-	-
Change in the consolidation scope	-	-	-
Net amortization	(1,115)	(219)	(1,334)
Impairments	-	(1,099)	(1,099)
Other changes	-	-	-
<b>Net book value on 31 March</b>	<b>13,350</b>	<b>41,384</b>	<b>54,734</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	31 March 2016					
	Cost price	Impairments	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available for sale	132,908	(18,549)	72,430	-	186,789	186,789
<b>Share interests</b>	<b>132,908</b>	<b>(18,549)</b>	<b>72,430</b>	<b>-</b>	<b>186,789</b>	<b>186,789</b>
Available for sale	277,265	(3,139)	64,233	-	338,360	338,360
Designated at fair value through profit or loss	136,851	-	-	(8,250)	128,601	128,601
Held for trading	16,945	-	-	(1,824)	15,120	15,120
<b>Shares</b>	<b>431,061</b>	<b>(3,139)</b>	<b>64,233</b>	<b>(10,074)</b>	<b>482,081</b>	<b>482,081</b>
Available for sale	35,539	(1,216)	9,145	-	43,467	43,467
Designated at fair value through profit or loss	12,234	-	-	(671)	11,563	11,563
<b>Investment funds</b>	<b>47,773</b>	<b>(1,216)</b>	<b>9,145</b>	<b>(671)</b>	<b>55,031</b>	<b>55,031</b>
Available for sale	11,951,916	(23,655)	1,662,052	-	13,590,313	13,590,313
Designated at fair value through profit or loss	673,932	-	-	(11,086)	662,846	662,846
Unlisted on an active market	65,266	(10,000)	-	-	55,266	56,009
<b>Bonds</b>	<b>12,691,113</b>	<b>(33,655)</b>	<b>1,662,052</b>	<b>(11,086)</b>	<b>14,308,424</b>	<b>14,309,167</b>
Loans and deposits	805,238	(16,849)	-	-	788,389	832,166
<b>Other investments</b>	<b>805,238</b>	<b>(16,849)</b>	<b>-</b>	<b>-</b>	<b>788,389</b>	<b>832,166</b>
Held for trading	28,187	-	-	6,313	34,500	34,500
Held for cash flow hedging	-	-	104,375	-	104,375	104,375
<b>Derivative financial assets</b>	<b>28,187</b>	<b>-</b>	<b>104,375</b>	<b>6,313</b>	<b>138,875</b>	<b>138,875</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>316,143</b>	<b>-</b>	<b>-</b>	<b>44,375</b>	<b>360,517</b>	<b>360,517</b>
<b>Total</b>	<b>14,452,423</b>	<b>(73,407)</b>	<b>1,912,234</b>	<b>28,857</b>	<b>16,320,106</b>	<b>16,364,626</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 of 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	31 March 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	460,091	30,730	46,670	17,396	8,397	37,155	600,440
Reclassifications between categories	-	-	-	-	-	-	-
Disposals and reimbursements	(414,266)	(55,702)	(40,102)	(19,449)	(839)	(30,672)	(561,030)
Foreign currency translation differences on monetary assets	130	-	-	-	-	-	130
Adjustment at fair value	298,395	(25,569)	(1,074)	-	108,331	(5,479)	374,604
Amortizations	(8,557)	782	-	-	-	435	(7,339)
Impairments	745	-	-	3	-	-	748
Change in scope	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
<b>Net book value on 31 March</b>	<b>14,158,929</b>	<b>803,010</b>	<b>15,120</b>	<b>843,655</b>	<b>138,875</b>	<b>360,517</b>	<b>16,320,106</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	(2,270,937)	(778,808)	(87,651)	(163,895)	(24,646)	(206,307)	(3,532,245)
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 90,329 thousand for derivative hedging instruments (against EUR 379 thousand in December 2015) and EUR 18,002 thousand for derivative trading instruments on March 31, 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	31 March 2016	31 December 2015
<b>Balance on 1 January</b>	<b>(48,085)</b>	<b>(30,572)</b>
Provision for impairments	(6,491)	(26,807)
Reversals of impairments	7,237	3,284
Reversals due to disposals	782	6,269
Change in scope	-	-
Reclassifications	-	(260)
Other changes	-	-
<b>Balance on 31 March/31 December</b>	<b>(46,558)</b>	<b>(48,085)</b>

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

In thousands of EUR	31 March 2016	31 December 2015
<b>Balance on 1 January</b>	<b>(26,755)</b>	<b>(20,002)</b>
Provision for impairments	(127)	(6,880)
Reversals of impairments	130	-
Reversals due to disposals	34	127
Change in scope	-	-
Reclassifications	(130)	-
Other changes	-	-
<b>Balance on 31 March/31 December</b>	<b>(26,849)</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	31 March 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	-	-	186,789	186,789
<b>Share interests</b>	-	-	<b>186,789</b>	<b>186,789</b>
Available for sale	338,075	-	285	338,360
Designated at fair value through profit or loss	128,601	-	-	128,601
Held for trading	15,120	-	-	15,120
<b>Shares</b>	<b>481,796</b>	-	<b>285</b>	<b>482,081</b>
Available for sale	27,415	16,052	-	43,467
Designated at fair value through profit or loss	11,563	-	-	11,563
Held for trading	-	-	-	-
<b>Investment funds</b>	<b>38,979</b>	<b>16,052</b>	-	<b>55,031</b>
Available for sale	12,320,204	1,260,145	9,964	13,590,313
Designated at fair value through profit or loss	112,973	461,638	88,235	662,846
Held for trading	-	-	-	-
<b>Bonds</b>	<b>12,433,177</b>	<b>1,721,783</b>	<b>98,199</b>	<b>14,253,158</b>
Held for trading	-	34,500	-	34,500
Held for cash flow hedging	-	104,375	-	104,375
<b>Derivative financial assets</b>	-	<b>138,875</b>	-	<b>138,875</b>
<b>Investments belonging to unit-linked insurance contracts</b>	<b>232,564</b>	<b>127,953</b>	-	<b>360,517</b>
<b>Total financial assets</b>	<b>13,186,516</b>	<b>2,004,663</b>	<b>285,272</b>	<b>15,476,451</b>
<b>Financial liabilities</b>				
Investment contracts hedged by assets at fair value	236,505	127,953	-	364,458
Derivative financial liabilities	-	-	-	-
<b>Total financial liabilities</b>	<b>236,505</b>	<b>127,953</b>	-	<b>364,458</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. At 31 March 2016, this concerns a portfolio that is limited to two private issues and an investment linked to infrastructure projects for a total of EUR 98,199 thousand (compared to EUR 99,912 thousand in December 2015).

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.

At 31 March 2016, a portfolio limited to two private issues and an investment linked to infrastructure projects are valued on the basis of a theoretical price that was calculated by using a spread and an interest rate curve for a total of EUR 98,199 thousand (compared to EUR 99,912 thousand on 31 December 2015).

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	31 March 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	20,652	-	206,206	46,826
Designated at fair value through profit or loss	-	-	-	-
Held for trading	-	-	-	-
<b>Bonds</b>	<b>20,652</b>	<b>-</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>1,604</b>	-	-
<b>Total financial assets</b>	<b>20,652</b>	<b>1,604</b>	<b>206,206</b>	<b>46,826</b>
<b>Financial liabilities</b>				
Investment contracts hedged by assets at fair value	-	1,604	-	-
Held for trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
<b>Derivative financial liabilities</b>	-	-	-	-
<b>Total financial liabilities</b>	-	<b>1,604</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.

Transfers between investments from level 1 to level 2 (thus for EUR 20,652 thousand in March 2016 against EUR 206,206 thousand in 2015) 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 (thus for EUR 46,826 thousand in 2015).

There is an amount of EUR 1,604 thousand in March 2016 that represents securities passing from a counterparty price to a "BGN" price.

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

In thousands of EUR	31 March 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	3,081	-	3,081
Reclassifications between categories	-	-	-
Reclassification to level 3	-	-	-
Exit from level 3	-	-	-
Disposals and reimbursements	(1,492)	-	(1,492)
Adjustment at fair value through equity	777	-	777
Adjustment at fair value through profit or loss	-	(3,779)	(3,779)
Impairments through profit or loss	(29)	-	(29)
Other changes	-	-	-
<b>Closing balance on 31 March</b>	<b>197,037</b>	<b>88,235</b>	<b>285,272</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)	(41,231)	(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	31 March 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	1,794	62	3,990	5,846
Disposals and withdrawals	(2,766)	(10)	(473)	(3,248)
Properties available for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	867	(6)	6	867
Other changes	-	-	-	-
<b>Gross value on 31 December</b>	<b>502,004</b>	<b>182,466</b>	<b>184,443</b>	<b>868,914</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	(3,871)	(1,108)	(2,469)	(7,449)
Impairments of the financial year	-	-	-	-
Reversals of the financial year	-	-	-	-
Disposals and withdrawals	-	-	-	-
Reversals following disposals	611	5	187	802
Impairment and reversal on investment properties available for sale	-	-	-	-
Change in the consolidation scope	-	-	-	-
Reclassifications from one heading to another	(867)	-	-	(867)
Other changes	-	-	-	-
<b>Depreciations and accumulated impairments on 31 March</b>	<b>(73,596)</b>	<b>(81,223)</b>	<b>(148,986)</b>	<b>(303,805)</b>
<b>Net book value on 31 March</b>	<b>428.408</b>	<b>101.243</b>	<b>35.457</b>	<b>565.109</b>
<b>Fair value on 31 March</b>	<b>466.756</b>	<b>122.180</b>	<b>35.457</b>	<b>624.393</b>

In thousands of EUR	31 December 2015			Total
	Investment properties	Operational buildings	Other tangible fixed assets	
<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	31 March 2016		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,496,726	(16,160)	1,480,567
Receivables arising from ceded reinsurance operations	68,681	-	68,681
Receivables arising from other operations	69,498	(444)	69,054
Tax receivables	3,440	-	3,440
Other receivables	81,624	(184)	81,440
<b>Total</b>	<b>1,719,969</b>	<b>(16,788)</b>	<b>1,703,182</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>1,625,664</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 quarter of the year. The adjustment of the accepted reinsurance deposits also explains the increase.

The tax receivables decrease following the receipt of expected payments.

The decrease in other receivables is mainly explained by the evolution of the receivable on accepted reinsurance of Ethias DC AAM.

### 10.5.2 Evolution of impairments on receivables

In thousands of EUR	31 March 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	(3,785)	(11,699)
Expenditures of the financial year	280	6,319
Reversals of the financial year	2,560	8,275
Change in the consolidation scope	-	(178)
Other changes	-	-
<b>Impairments on receivables on 31 March/31 December</b>	<b>(16,788)</b>	<b>(15,843)</b>

We think the impairment principle on receivables is prudent as only 8% of the impairments are actually recorded as a write-off of receivables.

### 10.5.3 Outstanding receivables

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

In thousands of EUR	31 March 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	1,496,726	(16,160)	1,480,567	-	1,251,298	212,170	8,729	8,369
Receivables arising from ceded reinsurance operations	68,681	-	68,681	-	68,681	-	-	-
Other receivables	154,562	(628)	153,934	19	143,876	8,781	368	891
<b>Total</b>	<b>1,719,969</b>	<b>(16,788)</b>	<b>1,703,182</b>	<b>19</b>	<b>1,463,855</b>	<b>220,951</b>	<b>9,097</b>	<b>9,260</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	31 March 2016	31 December 2015
Cash at bank and in hand	1,436,514	949,801
Cash equivalents	32,112	136,962
<b>Total of the cash and cash equivalents</b>	<b>1,468,627</b>	<b>1,086,763</b>
Debts arising from repurchase operations (repo)	(8,918)	(9,271)
Bank overdraft and other debts included in the cash flow statement	(121,601)	(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>1,338,108</b>	<b>1,067,203</b>

Cash equivalents consist essentially of short-term deposits and treasury bonds.

Since 2014, hedge accounting has been introduced. At 31 March 2016, the amount received in collateral for the swaptions totals EUR 29,124 thousand (compared to EUR 3,890 thousand on 31 December 2015) and EUR 92,476 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	31 March 2016		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	3,714	-	3,714
Available-for-sale investments in other items of comprehensive income	-	576,104	(576,104)
Financial assets designated at fair value through profit or loss	-	53,954	(53,954)
Insurance and investment liabilities in other items of comprehensive income	535,613	-	535,613
Insurance and investment liabilities through profit or loss	234,171	9,564	224,607
Employee benefits in other items of comprehensive income	12,594	-	12,594
Employee benefits through profit or loss	43,844	-	43,844
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	64	12,615	(12,551)
Carried forward tax losses	28	-	28
<b>Deferred tax assets and liabilities</b>	<b>830,030</b>	<b>652,238</b>	<b>177,792</b>
Compensation through taxable entity	(652,180)	(652,180)	-
<b>Deferred tax assets and liabilities</b>	<b>177,850</b>	<b>59</b>	<b>177,792</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	31 March 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	31,041	1,524	29,517	(42,509)	36,022	(78,531)
Change in other items of comprehensive income	(23,287)	(1,524)	(21,763)	(66,657)	(39,995)	(26,661)
Change in scope	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
<b>Net book value on 31 March/31 December</b>	<b>177,850</b>	<b>59</b>	<b>177,792</b>	<b>170,096</b>	<b>59</b>	<b>170,038</b>

### 10.7.3 Deferred taxes

In thousands of EUR	31 March 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	75,133	75,133
Intended use between 2 and 3 years	45,530	37,777
Intended use after 3 years	-	-
Debt with maturity after 3 years	-	-
<b>Subtotal</b>	<b>177,792</b>	<b>170,038</b>
Deferred taxes for which no deferred tax asset was allocated		
Limited recoverability	-	-
Unlimited recoverability	244,691	264,612
<b>Subtotal</b>	<b>244,691</b>	<b>264,612</b>
<b>Total of the allocated and non-allocated deferred taxes</b>	<b>422,483</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	31 March 2016	31 December 2015
Mathematical provisions	776,415	766,078
Provisions for unearned premiums	581,464	273,781
Provisions for claims	2,276,342	2,310,020
Shadow accounting	-	-
Other provisions	219,080	216,668
<b>Total insurance contract liabilities (gross)</b>	<b>3,853,301</b>	<b>3,566,546</b>
Reinsurers' share in liabilities related to Non-Life insurance contracts	153,999	132,505
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>3,699,303</b>	<b>3,434,041</b>

#### 10.8.1.2 Liabilities related to Life insurance contracts

In thousands of EUR	31 March 2016	31 December 2015
Mathematical provisions	4,507,472	4,419,951
Provisions for claims	1,529	1,565
Shadow accounting	774,315	618,834
Other provisions	860	-
<b>Insurance contract liabilities</b>	<b>5,284,175</b>	<b>5,040,350</b>
<b>Liabilities related to unit-linked insurance contracts</b>	<b>25,006</b>	<b>24,154</b>
<b>Total insurance contract liabilities (gross)</b>	<b>5,309,181</b>	<b>5,064,504</b>
Reinsurers' share in liabilities related to Life insurance contracts	3,824	1,432
<b>Total insurance contract liabilities (after deduction of the reinsurers' share)</b>	<b>5,305,356</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	31 March 2016	31 December 2015
Mathematical provisions	6,710,453	6,713,747
Provisions for claims	-	-
Shadow accounting	844,324	637,800
Other provisions	5,181	-
<b>Investment contract liabilities with discretionary participation features</b>	<b>7,559,958</b>	<b>7,351,547</b>
<b>Liabilities related to unit-linked investment contracts with discretionary participation features</b>	<b>233,382</b>	<b>232,442</b>
Mathematical provisions	3,941	3,904
<b>Investment contract liabilities without discretionary participation features</b>	<b>3,941</b>	<b>3,904</b>
<b>Liabilities related to unit-linked investment contracts without discretionary participation features</b>	<b>102,129</b>	<b>102,482</b>
<b>Total investment contract liabilities (gross)</b>	<b>7,899,410</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>7,899,410</b>	<b>7,690,377</b>

### 10.8.1.4 Profit sharing liabilities

In thousands of EUR	31 March 2016	31 December 2015
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	3,955	18,040
Profit sharing related to investment contracts	-	19,756
<b>Liabilities for profit sharing of policyholders</b>	<b>3,955</b>	<b>37,796</b>

## 10.9 Financial debts

### 10.9.1 Breakdown by nature

In thousands of EUR	31 March 2016		31 December 2015	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	454,880	378,699	454,372	419,918
<b>Subordinated debts</b>	<b>454,880</b>	<b>378,699</b>	<b>454,372</b>	<b>419,918</b>
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdrafts	1	1	1,325	1,325
Debts arising from repurchase operations (repo)	8,918	8,918	9,271	9,271
Collateral received as guarantee	121,600	121,600	8,965	8,965
Others	33,693	33,693	36,536	36,536
<b>Other financial debts</b>	<b>164,211</b>	<b>164,211</b>	<b>56,096</b>	<b>56,096</b>
<b>Total of the financial debts</b>	<b>619,092</b>	<b>542,910</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	31 March 2016	31 December 2015
Post-employment benefits	494,857	477,758
Long-term employee benefits	1,428	1,453
Termination benefits	21,879	22,918
<b>Total</b>	<b>518,164</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, access to the employee restaurant, 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. This category of advantages also includes provisions constituted by the employer for the charge of the benefits paid to the pre-pensioners until the age of 65. These benefits should only be provisioned if the company committed itself explicitly to grant them.

## 10.11 Trade and other payables

### 10.11.1 Breakdown by nature

In thousands of EUR	31 March 2016	31 December 2015
Liabilities arising from direct insurance operations and accepted reinsurance	105,268	129,778
Liabilities arising from ceded reinsurance operations	121,387	85,685
<b>Liabilities from operating activities</b>	<b>226,656</b>	<b>215,463</b>
Tax on current result	8,220	6,925
Other contributions and taxes	67,536	42,243
<b>Tax payables</b>	<b>75,756</b>	<b>49,168</b>
Social security payables	59,984	63,606
Payables to associates	-	-
Payables from finance leases	4,465	3,331
Trade payables	43,400	54,890
Other payables	149,840	111,635
<b>Other payables</b>	<b>257,689</b>	<b>233,460</b>
<b>Accruals for liabilities</b>	<b>32,410</b>	<b>25,308</b>
<b>Total other payables</b>	<b>592,511</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	31 March 2016			
	Insurance contracts		Investment contracts with discretionary participation features	Total
	Life	Non-Life	Life	
Gross premiums	93,193	627,724	232,207	953,124
Premiums ceded to reinsurers	(2,869)	(34,812)	-	(37,681)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(279,624)	-	(279,624)
Other income from insurance activities	3,789	534	1,403	5,727
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>94,114</b>	<b>313,823</b>	<b>233,610</b>	<b>641,547</b>

In thousands of EUR	31 March 2015			Total
	Insurance contracts Life	Non-Life	Investment contracts with discretionary participation features Life	
Gross premiums	120,207	630,570	237,576	988,353
Premiums ceded to reinsurers	(897)	(33,385)	-	(34,282)
Change in provision for unearned premiums and outstanding risks (net of reinsurance)	-	(290,875)	-	(290,875)
Other income from insurance activities	11	21	753	786
<b>Revenues of insurance activities (net of reinsurance)</b>	<b>119,321</b>	<b>306,331</b>	<b>238,329</b>	<b>663,981</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	31 March 2016			Total
	Insurance contracts Life	Non-Life	Investment contracts with discretionary participation features Life	
Expenses for insurance payments	165,399	197,088	330,352	692,839
Net expenses or revenues ceded to reinsurers	(600)	(1,643)	-	(2,242)
Management costs	6,083	65,001	8,762	79,846
<b>Technical expenses of insurance activity</b>	<b>170,882</b>	<b>260,447</b>	<b>339,114</b>	<b>770,443</b>

In thousands of EUR	31 March 2015			Total
	Insurance contracts Life	Non-Life	Investment contracts with discretionary participation features Life	
Expenses for insurance payments	380,156	230,443	314,875	925,473
Net expenses or revenues ceded to reinsurers	(565)	(9,444)	-	(10,010)
Management costs	10,029	60,320	8,941	79,291
<b>Technical expenses of insurance activity</b>	<b>389,620</b>	<b>281,319</b>	<b>323,816</b>	<b>994,755</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	31 March 2016					Total
	Revenues of investments	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortizations and depreciations on investments	Other investment financial expenses	
<b>Investment properties</b>	<b>6,259</b>	<b>239</b>	<b>-</b>	<b>(3,871)</b>	<b>1,900</b>	<b>4,528</b>
Available for sale	214	30	-	2,192	-	2,436
<b>Share interests</b>	<b>214</b>	<b>30</b>	<b>-</b>	<b>2,192</b>	<b>-</b>	<b>2,436</b>
Available for sale	1,175	1,814	-	(124)	-	2,865
At fair value through profit or loss	208	(202)	(8,487)	-	-	(8,481)
Held for trading	23	1,238	(1,074)	-	-	187
<b>Shares and investment funds</b>	<b>1,406</b>	<b>2,850</b>	<b>(9,562)</b>	<b>(124)</b>	<b>-</b>	<b>(5,429)</b>
Available for sale	95,343	4,822	128	1,680	-	101,973
At fair value through profit or loss	7,047	(165)	(22,561)	-	-	(15,679)
Held for trading	-	-	-	-	-	-
Unlisted at amortized cost price	426	-	-	-	-	426
<b>Bonds</b>	<b>102,816</b>	<b>4,657</b>	<b>(22,432)</b>	<b>1,680</b>	<b>-</b>	<b>86,721</b>
<b>Loans, deposits and other financial investments</b>	<b>5,631</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>5,667</b>
Held for trading	-	4,665	18,002	-	-	22,666
Held for cash flow hedging	-	-	-	-	-	-
<b>Derivative financial instruments</b>	<b>-</b>	<b>4,665</b>	<b>18,002</b>	<b>-</b>	<b>-</b>	<b>22,666</b>
<b>Investments belonging to unit-linked insurance contracts (pure)</b>	<b>(87)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(87)</b>
<b>Cash and cash equivalents</b>	<b>122</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>97</b>
<b>Others</b>	<b>7,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,011)</b>	<b>3,952</b>
<b>Net financial result without finance costs</b>	<b>124,324</b>	<b>12,441</b>	<b>(14,017)</b>	<b>(87)</b>	<b>(2,111)</b>	<b>120,550</b>

In thousands of EUR	31 March 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>2,664</b>	<b>-</b>	<b>-</b>	<b>(1,547)</b>	<b>-</b>	<b>1,116</b>
Available for sale	874	(1,107)	-	617	-	384
<b>Share interests</b>	<b>874</b>	<b>(1,107)</b>	<b>-</b>	<b>617</b>	<b>-</b>	<b>384</b>
Available for sale	1,234	26,434	(434)	3,749	-	30,984
At fair value through profit or loss	396	4,851	24,775	-	-	30,022
Held for trading	-	775	-	-	-	775
<b>Shares and investment funds</b>	<b>1,631</b>	<b>32,061</b>	<b>24,341</b>	<b>3,749</b>	<b>-</b>	<b>61,782</b>
Available for sale	107,247	5,222	-	692	-	113,161
At fair value through profit or loss	8,569	2,473	(465)	-	-	10,576
Held for trading	-	-	-	-	-	-
Unlisted at amortized cost price	179	-	-	-	-	179
<b>Bonds</b>	<b>115,995</b>	<b>7,694</b>	<b>(465)</b>	<b>692</b>	<b>-</b>	<b>123,916</b>
<b>Loans, deposits and other financial investments</b>	<b>6,868</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>6,905</b>
Held for trading	248	-	43,232	-	-	43,480
Held for cash flow hedging	-	-	-	-	-	-
<b>Derivative financial instruments</b>	<b>248</b>	<b>-</b>	<b>43,232</b>	<b>-</b>	<b>-</b>	<b>43,480</b>

Investments belonging to unit-linked insurance contracts (pure)	(6,113)	209	27,141	-		21,237
Cash and cash equivalents	1,411	-	40	-	-	1,451
Others	9,356	-	-	-	25,351	34,706
Net financial result without finance costs	132,935	38,857	94,290	3,547	25,351	294,979

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

Note that in March 2016, part of Branch 23 was moved to Branch 21 (at the level of FVPL bonds) for a total amount of EUR 4,884 thousand euros.

## 11.4 Employee benefit expenses

In thousands of EUR	31 March 2016	31 March 2015
Wages	55,634	35,818
Social security expenses	15,281	11,587
Post-employment benefits	(121)	231
Defined benefit schemes	6,884	7,945
Other long-term benefits	41	168
Other benefits	(7,056)	(6,407)
Others	7,564	448
<b>Total of the employee benefit expenses</b>	<b>78,227</b>	<b>49,791</b>

The amount of the expenses included in the income statement on the defined contribution pension schemes amounts to EUR 6,884 thousand in the 1<sup>st</sup> quarter of 2016 (against EUR 7,945 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	31 March 2016	31 December 2015
Receivables	1,039,382	1,005,693
Other assets	-	-
<b>Total assets with related parties</b>	<b>1,039,382</b>	<b>1,005,693</b>
Insurance and investment contract liabilities	1,046,355	966,258
Financial debts	-	-
Trade and other payables	-	-
<b>Total liabilities with related parties</b>	<b>1,046,355</b>	<b>966,258</b>

### 12.1.2 Transactions related to revenues and expenses

In thousands of EUR	31 March 2016	31 March 2015
Revenues	102,467	110,416
Operating expenses	(111,777)	(121,737)
Financial revenues	6,780	8,633
<b>Total of the revenues and expenses with related parties</b>	<b>(2,530)</b>	<b>(2,688)</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	31 March 2016	31 March 2015
Short-term benefits	618	613
Post-employment benefits	211	196
Termination benefits	-	-
Other long-term benefits	-	-
<b>Remunerations and other benefits for managers and directors</b>	<b>829</b>	<b>809</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	31 March 2016	31 December 2015
Guarantee commitments	914,556	803,018
Finance commitment	-	-
Other received commitments	-	-
<b>Total</b>	<b>914,556</b>	<b>803,018</b>

Guarantee commitments mainly include guarantees linked to mortgage loans granted to the Group.

On 31 March 2016, this portfolio amounts to EUR 856,536 thousand (against EUR 744,381 thousand on 31 December 2015).

The guarantees received from the reinsurers amount to EUR 54,523 thousand on 31 March 2016 (against EUR 53,802 thousand on 31 December 2015).

## 12.2.2 Given commitments

In thousands of EUR	31 March 2016	31 December 2015
Guarantee commitments with regard to financing	62,550	83,400
Other guarantee commitments	60,953	49,764
Commitments on securities	15,429	14,619
Other given commitments	158,888	127,539
<b>Total</b>	<b>297,820</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 31 March 2016 (against EUR 83,400 thousand on 31 December 2015).

The other guarantee commitments mainly include:

- Personal guarantees given for an amount of EUR 52,200 thousand on 31 March 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 operations ("repos") with a maturity of 3 months for an amount of EUR 8,918 thousand (against EUR 9,271 thousand in 2015), which relate exclusively to Belgian State obligations, and on the other hand, French securities paid in collateral for an amount of EUR 6,511 thousand on 31 March 2016 (against EUR 5,348 thousand on 31 December 2015).

The other guarantees given include:

- purchase commitments for properties, i.e. EUR 59,028 thousand on 31 March 2016 (against EUR 60,313 thousand on 31 December 2015). These commitments relate to the investment properties "Air Properties" for EUR 36,646 thousand (against EUR 36,595 in 2015) and "Real Property Invest" for EUR 1,556 thousand (against EUR 3,112 thousand in 2015) as well as social buildings for EUR 20,825 thousand in March 2016 (against EUR 20,605 thousand in 2015);
- lending commitments for EUR 17,752 thousand on 31 March 2016 (against EUR 26,949 thousand on 31 December 2015). This total is composed of EUR 15,752 thousand for lending commitments for infrastructures (against EUR 14,411 thousand), no financial lending commitments (against EUR 10,539 thousand in 2015), and EUR 2,000 thousand for real estate loans.
- commitments towards non-consolidated financial participations for EUR 52,108 thousand on 31 March 2016 (against EUR 28,217 thousand on 31 December 2015).
- commitments towards bond funds for EUR 30,000 thousand on 31 March 2016 (against EUR 12,060 thousand on 31 December 2015).

## 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

None.