English translation of the unaudited condensed consolidated interim financial statements of the Issuer, prepared in accordance with IFRS for the six month period ended 30 June 2015, together with the related auditors' review report thereon

INTERIM REPORT ON
30 June 2015
Ethias Group

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INTRODUCTION

The interim report on 30 June 2015 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 Liège.

KEY FIGURES

Essential data of the consolidated income statement

In thousands of EUR	30 June 2015	30 June 2014	Change
Non-Life			
Public Bodies and Companies	562,216	567,404	-0.91%
Private individuals	292,009	288,919	1.07%
Premium collection Non-Life	**854,225**	**856,322**	**-0.24%**
Life			
Public Bodies and Companies	557,539	509,253	9.48%
Private individuals	26,521	24,864	6.66%
Premium collection Life	**584,060**	**534,117**	**9.35%**
Total premium collection Life and Non-Life	**1,438,285**	**1,390,440**	**3.44%**
Consolidated revenues	**1,288,705**	**1,237,373**	**4.15%**
Net income on current transactions after tax	380,065	(112,373)	
Investment in associates through profit or loss	423	14	
Net profit (loss) after tax of the available-for-sale companies and of the discontinued operations	(11)	6	
Net consolidated profit (loss) attributable to:	**380,477**	**(112,353)**	
Owners of the parent	378,309	(116,389)	
Non-controlling interests	2,168	4,036	

Essential data of the consolidated statement of financial position

In thousands of EUR	30 June 2015	31 December 2014	Change
Total assets	19,897,607	22,006,632	-9.58%
Equity of the Group	**1,564,578**	**1,146,066**	**36.52%**
Non-controlling interests	37,883	51,869	-26.96%

Legal coefficients

	30 June 2015	31 December 2014	Change
Solvency ratio of the Group	**186.07%**	**145.89%**	**27.54%**
Solvency ratio of the company Ethias SA	**183.03%**	**179.11%**	**2.19%**
Coverage of the technical liabilities by the company Ethias SA	**111.65%**	**111.99%**	**-0.30%**

Other key figures

	30 June 2015	31 December 2014	Change
Number of employees	**2,900**	**2,928**	**-0.96%**

MANAGEMENT REPORT

1. The first half of 2015 in a number of dates and key facts

1.1. Allowance of an exit premium to the holders of a "FIRST A"

The decision by the European Commission of 12 June 2014 compels Ethias to continue its policy to accelerate the run-down of the portfolio "Life Individuals", and this to strengthen its solvency. This is the reason why Ethias offered at the end of February 2015 to its clients, holders of a FIRST A, an exit premium equal to 4 years' interest upon full surrender and an exit premium equal to 4 years' interest upon partial surrender of minimum EUR 100,000, in so far as the surrenders take place before the end of March 2015.

This transaction was a real success as surrenders amounting to EUR 1.9 billion were recognized, this is more than 50% of the reserves existing at the end of December 2014. The number of contracts decreased from more than 52,000 to less than 27,000. The transaction cost amounts to EUR 243 million and should be qualified by a less important requirement at the Best Estimate level. The net cost has a direct impact on the income of Ethias, but will allow to improve the solvency margin under the new Solvency II reference that will enter into force on 1 January 2016.

1.2. Financial recovery plan

Ethias SA has developed a financial recovery plan whose goal is to improve its solvency margin under the new SII framework which will come into force on 1 January 2016. The plan was approved by the Board of Directors on June 4 and comprises a set of specific measures such as overhead reduction or the issuance of a complementary loan.

1.3. Other facts and a number of dates for the first half of 2015

29 January: Acquisition by Ethias SA of 100% of the shares of the real estate company "Het Gehucht".

29 January: the companies Xperthis Group and Xperthis SA acquired 100 % of the shares of MIMS SA, a company which is also active in the design, the development and the commercialization of IT solutions for professionals in the health sector.

13 March: The "Global Equities" sub-fund of the institutional SICAV under Belgian law "Ethias Sustainable Investment Fund SA" is registered on the list of alternative collective investment undertakings with variable number of institutional shares.

29 April: At the 11th edition of the DECAVI awards ceremony on Wednesday, April 29, Ethias reached, no less than three times, the highest step on the podium! Every year, the jury rewards the best insurances on the Belgian market in different categories. This time, Ethias has won 3 trophies in the following highlight categories: "Civil Liability Car Insurance", "Innovation" and "Prevention". It is remarkable that Ethias is the first insurer to win gold in the latter (and brand-new) category for a prevention app that has been specifically designed for public bodies.

The annual Cuckoo Awards honour the best direct marketing campaigns. This year, Ethias has been awarded the "Effectiveness - Best Integrated Cuckoo Award" for its "Alter Ethias" campaign in general. A great recognition for the creativity, the strategy and - in particular - the effectiveness of this approach, which has been translated in different campaigns (car, fire, tenant, motorcycle insurances, mentorship ...), and for different media (radio, TV, billboards, mailings, e-mailings, digital ...).

Ethias has received two external certifications "ISAE 3000" for its ethical financial management (Asset Management) on the one hand, and its environmental performance (management of CO_2 emissions) on the other hand. These certifications are a recognition for Ethias in two key CSR areas, to which our stakeholders attach an increasing importance.

23 June: Acquisition of the real estate company "Lothian Development" by Ethias SA.

2. Result of the financial year

The first half of 2015 has recorded a profit of EUR 378 million. This result is mainly explained by the profits recorded in Non-Life insurance (EUR +133 million) as well as those relating to Life insurance (EUR 263 million). The latter are largely impacted by the reversal of life insurance provisions following the adequacy test for the technical provisions (EUR 495 million). This positive effect originates from changes in the macroeconomic environment and the success of the "Switch IV" operation, which had been underestimated at the end of 2014. The "Life" result also takes into account the cost of this operation (EUR -243 million).

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

3.1. Macroeconomic environment

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

3.2. Solvency II and ORSA

Solvency II, the European regulation for insurance companies, will enter into force on 1 January 2016. Solvency II is based on a three-pillar approach (capital requirements of insurance companies, management mode and governance, communication and transparency).

Solvency II implies:

- capital requirements depending on the risks taken by the company, which entail growing equity requirements for the majority of the sector.
- a more volatile solvency, depending on the macroeconomic conditions at that moment.

Ethias realized a test with regard to the prospective assessment of its own risks (known as "ORSA" report), in accordance with the technical features of the Solvency II regulation entering into force on 1 January 2016. As a result of this exercise, Ethias defined at the beginning of 2015 an action plan in order to comply with the solvency requirements.

3.3. Control of the general costs

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

4. Events occurring after the closing on 30/06/2015

Ethias launched an exchange offer on 29 June 2015 for its perpetual subordinated loan of EUR 250 million 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 on 14 July 2015, at the rate of 5%.

CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated balance sheet

In thousands of EUR	Notes	30 June 2015	31 December 2014
Assets			
Goodwill	10.1	**30,468**	**29,667**
Other intangible assets	10.2	**21,132**	**13,927**
Properties and other fixed assets	10.4	**133,513**	**132,443**
Investment in associates		**22,189**	**20,910**
Investment properties	10.4	**431,409**	**391,346**
Available-for-sale financial assets	10.3	13,978,456	14,510,277
Financial assets at fair value through profit and loss	10.3	920,002	1,422,756
Loans, deposits and other financial investments recognized at amortized cost	10.3	875,736	945,343
Derivative financial instruments	10.3	28,857	15,094
Investments belonging to unit-linked insurance contracts	10.3	348,202	416,352
Financial investments		**16,151,253**	**17,309,822**
Reinsurers' share of insurance liabilities		**140,656**	**113,890**
Deferred tax assets	10.7	**197,703**	**279,261**
Receivables arising from insurance operations or accepted reinsurance	10.5	**1,389,909**	**1,269,015**
Receivables arising from ceded reinsurance operations	10.5	**53,699**	**61,703**
Other receivables	10.5	**210,267**	**210,148**
Other assets		**222,747**	**281,024**
Cash and cash equivalents	10.6	**892,662**	**1,892,698**
Assets held for sale including discontinued operations		**-**	**778**
Total assets		**19,897,607**	**22,006,632**
Liabilities			
Share capital		1,000,000	1,000,000
Reserves and retained earnings		(30,726)	573,712
Net profit (loss) of the period		378,309	(604,437)
Other items of comprehensive income		216,995	176,791
Equity of the Group		**1,564,578**	**1,146,066**
Non-controlling interests		**37,883**	**51,869**
Total equity		**1,602,462**	**1,197,934**
Insurance contract liabilities		8,798,663	8,529,903
Investment contract liabilities with discretionary participation features		7,492,589	10,279,399
Investment contract liabilities without discretionary participation features		3,943	4,036
Liabilities belonging to unit-linked insurance contracts		348,202	416,353
Profit sharing liabilities		5,067	20,708
Insurance and investment contract liabilities	10.8	**16,648,464**	**19,250,398**
Subordinated debts	10.9	**321,500**	**321,500**
Other financial debts	10.9	**217,220**	**46,474**
Employee benefits	10.10	**533,622**	**603,348**
Provisions		**59,467**	**119,404**
Derivative financial instruments		**-**	**-**
Tax payables	10.11	**81,572**	**39,399**
Deferred tax liabilities	10.7	**5,687**	**4,032**
Liabilities from operating activities	10.11	**215,778**	**208,034**
Other payables	10.11	**210,730**	**214,236**
Liabilities related to assets held for sale including discontinued operations		**1,104**	**1,871**
Total other liabilities		**18,295,145**	**20,808,697**
Total liabilities		**19,897,607**	**22,006,632**

The statements and notes 1 to 13 form an integral part of the consolidated financial IFRS statements as at 30 June 2015.

2. Consolidated income statement

In thousands of EUR	Notes	30 June 2015	30 June 2014
Gross premiums	11.1	1,438,285	1,390,440
Premiums ceded to reinsurers		(37,758)	(40,058)
Change in the provision for unearned premiums and outstanding risks [(a)]		(196,673)	(203,646)
Other income from insurance activities		2,012	1,875
Revenues from insurance activities [(a)]	11.1	1,205,866	1,148,611
Revenues from other activities		82,839	88,762
Revenues		**1,288,705**	**1,237,373**
Net investment income		301,340	334,019
Net realized gains (losses) on investments		(1,120)	41,635
Change in fair value of investments through profit and loss [(b)]		13,442	38,410
Net financial income		**313,661**	**414,064**
NET INCOME		**1,602,366**	**1,651,437**
Benefits and claims		960,339	1,520,234
Net expenses or revenues ceded to reinsurers		(25,806)	(15,328)
Management costs [(c)]		168,239	156,916
Technical expenses for insurance activities	11.2	1,102,772	1,661,823
Expenses for other activities		80,692	83,666
Operating expenses		**1,183,464**	**1,745,489**
Change in amortization and depreciation of investments (net)	11.3	(2,149)	5,952
Other investment financial expenses	11.3	(44,620)	42,278
Finance costs		9,331	8,935
Financial expenses		**(37,438)**	**57,165**
NET EXPENSES		**1,146,026**	**1,802,654**
Goodwill impairment		-	-
NET PROFIT (LOSS) BEFORE TAX		**456,340**	**(151,217)**
Income taxes		(76,275)	38,844
NET PROFIT (LOSS) AFTER TAX		**380,065**	**(112,373)**
Investment in associates through profit or loss		423	14
Net profit (loss) from discontinued operations		(11)	6
Net consolidated profit (loss) attributable to:		**380,477**	**(112,353)**
Owners of the parent		378,309	(116,389)
Non-controlling interests		2,168	4,036

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, management costs, internal claim handling costs and other technical expenses.

3. Consolidated statement of comprehensive income

In thousands of EUR	30 June 2015	30 June 2014
NET CONSOLIDATED PROFIT (LOSS)	**380,477**	**(112,353)**
Actuarial gains on defined benefit pension liabilities	75,052	-
Tax on other items that will not be subsequently reclassified to profit or loss	(25,510)	-
Items that will not be subsequently reclassified to profit or loss	**49,542**	**-**
Change in fair value of available-for-sale financial assets	(21,508)	33,604
Change in fair value of derivative instruments designated as cash flow hedges	(2,341)	3,436
Tax on other items of comprehensive income that will be subsequently reclassified to profit or loss	14,511	(10,216)
Items that could be subsequently reclassified to profit or loss	**(9,338)**	**26,823**
TOTAL OF OTHER ITEMS OF COMPREHENSIVE INCOME	**40,204**	**26,823**
NET CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO:	**420,681**	**(85,530)**
Owners of the parent	418,513	(89,566)
Non-controlling interests	2,168	4,036

4. Consolidated cash flows statement

In thousands of EUR	Notes	30 June 2015	30 June 2014
Net profit (loss) before tax (Total 1)		**456,340**	**(151,217)**
Depreciations and impairments on intangible and tangible assets	10.2, 10.4	8,733	9,117
Change in depreciation of financial instruments and investment properties	10.3, 10.4	(2,149)	5,952
Change in fair value of investments through profit or loss	10.3	(13,442)	(38,410)
Provisions for risks and expenses, and other liabilities		(53,525)	40,032
Change in provisions of insurance and investments contracts		(2,254,729)	312,159
Deduction of amounts included in the income statement before tax for inclusion in the actual cash flows		(263,048)	(343,554)
Corrections of the amounts that do not impact cash flows (Total 2)		**(2,578,160)**	**(14,704)**
Dividends and instalments on earned dividends		19,018	21,618
Earned financial income	11.3	319,117	324,989
Use of provision for employee benefits		(9,789)	(13,052)
Change in current receivables and debts	10.5, 10.11	(112,672)	(55,545)
Change in liabilities from insurance and investments contracts		(75,603)	(22,003)
Tax paid		(3,143)	19,657
Other changes (Total 3)		**136,927**	**275,664**
Net cash flows from operating activities (Total 1+2+3)		**(1,984,892)**	**109,743**
Shares in subsidiaries, net of acquired cash in hand	6.3.1	(6,217)	(122)
Acquisition of financial assets and investment properties	10.3, 10.4	(997,125)	(1,436,047)
Acquisition of intangible and tangible fixed assets	10.2, 10.4	(16,582)	(10,677)
Disposals of shares in subsidiaries, net of transferred cash	6.3.2	-	-
Disposals of financial assets and investment properties	10.3, 10.4	1,849,539	1,916,219
Disposals of intangible and tangible fixed assets	10.2, 10.4	126	851
Net cash flows from investing activities		**829,742**	**470,224**
Subscription to capital increase		-	-
Capital refund		(10,706)	-
Dividends paid by the parent company		-	-
Dividends paid to third parties		(5,207)	(4,729)
Issues of financial liabilities	10.9	2,925	5,388
Refund of financial liabilities	10.9	(1,838)	(6,657)
Interests paid on financial liabilities		(663)	(292)
Net cash flows from financing activities		**(15,489)**	**(6,291)**
Total cash flows		**(1,170,639)**	**573,676**
Cash or cash equivalents at the beginning of the period	10.6	**1,868,800**	**1,549,449**
Cash or cash equivalents at the end of the period	10.6	**698,430**	**2,123,214**
Change in the cash accounts		(1,170,639)	573,676
Impacts of exchange rate differences of foreign currency and of other transactions		270	88
Change in cash		**(1,170,370)**	**573,766**

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

5. Consolidated statement of changes in equity

In thousands of EUR	30 June 2015						
	Share capital	Reserves and retained earnings	Available-for-sale financial assets	Others	Equity of the Group	Non-controlling interests	Total equity
Equity as of 1 January	**1,000,000**	**(30,726)**	**246,681**	**(69,890)**	**1,146,066**	**51,869**	**1,197,934**
Net consolidated profit (loss)	-	378,309	-	-	378,309	2,168	380,477
Total of other items of comprehensive income	-	-	(7,793)	47,996	40,204	-	40,204
Net consolidated comprehensive income	-	378,309	(7,793)	47,996	418,513	2,168	420,681
Dividends	-	-	-	-	-	(5,207)	(5,207)
Change in the consolidation scope	-	-	-	-	-	(10,946)	(10,946)
Equity as of 30 June	**1,000,000**	**347,583**	**238,888**	**(21,893)**	**1,564,578**	**37,883**	**1,602,462**

In thousands of EUR	30 June 2014						
	Share capital	Reserves and retained earnings	Available-for-sale financial assets	Others	Equity of the Group	Non-controlling interests	Total equity
Equity as of 1 January	**1,000,000**	**573,712**	**216,129**	**(45,686)**	**1,744,154**	**42,150**	**1,786,304**
Net consolidated profit (loss)	-	(116,389)	-	-	(116,389)	4,036	(112,353)
Total of other items of comprehensive income	-	-	24,555	2,268	26,823	-	26,823
Net consolidated comprehensive income	-	**(116,389)**	**24,555**	**2,268**	**(89,566)**	**4,036**	**(85,530)**
Dividends	-	-	-	-	-	(4,729)	(4,729)
Change in the consolidation scope	-	-	-	-	-	(78)	(78)
Equity as of 30 June	**1,000,000**	**457,323**	**240,684**	**(43,418)**	**1,654,589**	**41,378**	**1,695,967**

Amounts are disclosed net of taxes.

The column "Available-for-sale financial assets" 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).

The dividends distributed for an amount of EUR 5,207 thousand (4,729 on 30 June 2015) mainly consist of dividends distributed outside of the Group by the NRB subgroup.

6. General information

6.1 The Group

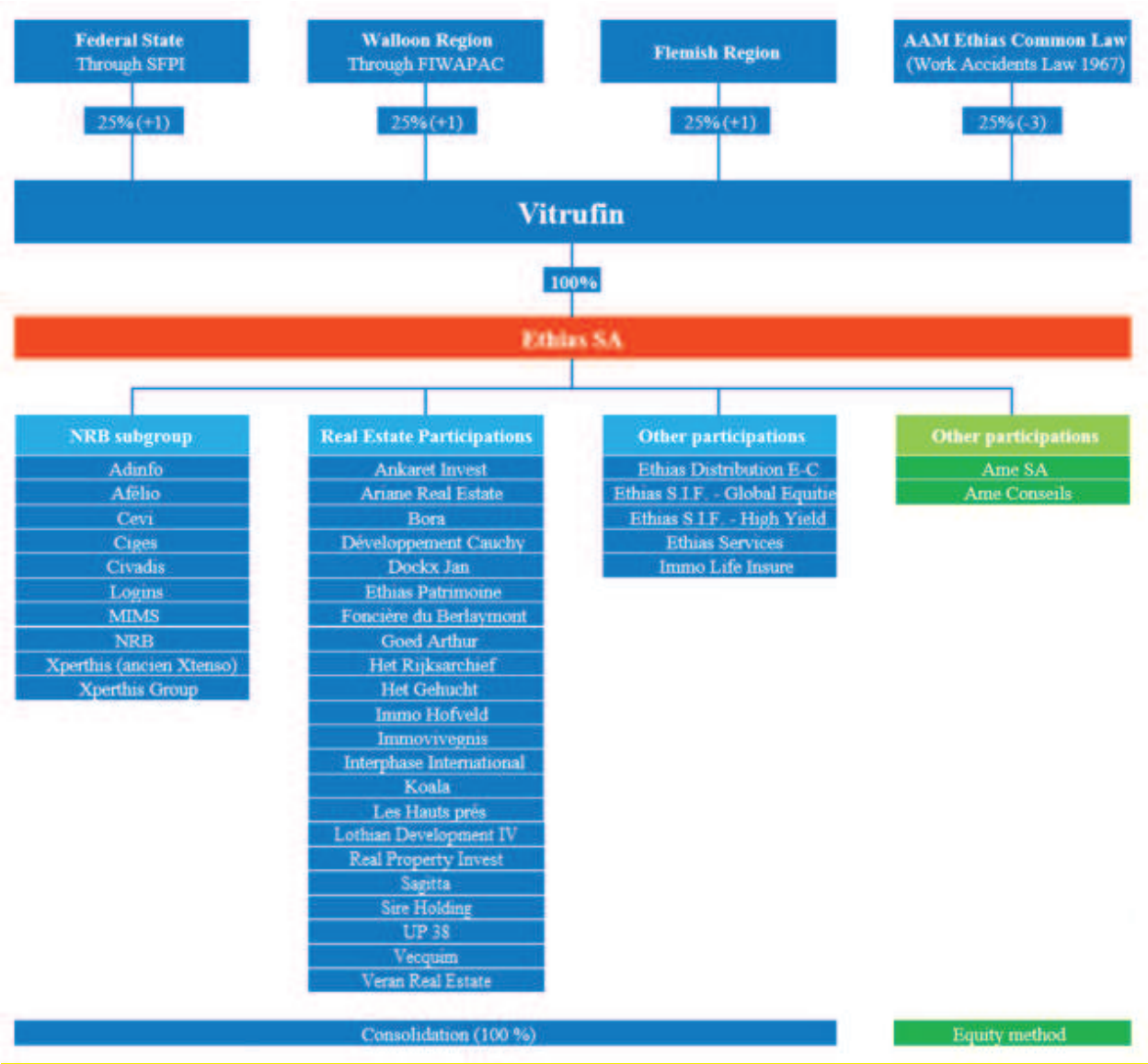
Ethias SA is the consolidating company of the Ethias Group.

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 situated in 4000 Liège, rue des Croisiers 24.

The Group employs 2,900 people on 30 June 2015 compared to 2,928 on 31 December 2014.

Its legal structure is as follows:



6.2 Consolidation scope

List of the consolidated subsidiaries

	30 June 2015					31 December 2014		
	Country	Sector	Currency	Percentage of integration	Percentage of control	Percentage of integration	Percentage of control	Change in scope
Consolidating company:								
Ethias SA	Belgium	Insurance	EUR	100.00%	100.00%	100.00%	100.00%	
Fully consolidated companies:								
Immo Life Insure	Belgium	Insurance	EUR	100.00%	100.00%	100.00%	100.00%	In liquidation
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%	95.71%	95.71%	
Ethias Sustainable Invest. Fund - Global Equities	Belgium	Other	EUR	100.00%	100.00%	0.00%	0.00%	New sub-fund
Ethias Services	Belgium	Other	EUR	99.90%	100.00%	99.90%	100.00%	
Ankaret Invest	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Ariane Real Estate	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
Bora	Belgium	Real Estate	EUR	100.00%	100.00%	100.00%	100.00%	
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%	0.00%	0.00%	Acquired in 2015
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%	
Interphase International	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 development IV	Belgium	Real Estate	EUR	100.00%	100.00%	0.00%	0.00%	Acquired in 2015
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%	
Civadis	Belgium	IT	EUR	34.88%	100.00%	34.88%	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%	
Logins	Belgium	IT	EUR	34.88%	100.00%	34.88%	100.00%	
MIMS	Belgium	IT	EUR	37.61%	100.00%	0.00%	0.00%	Acquired in 2015
NRB	Belgium	IT	EUR	68.39%	68.39%	68.39%	68.39%	
Xperthis (former Xtenso)	Belgium	IT	EUR	37.61%	100.00%	37.61%	100.00%	
Xperthis Group	Belgium	IT	EUR	37.61%	55.00%	37.61%	55.00%	

Associates and equity method:							
AME SA	Belgium	Holding	EUR	50.00%	50.00%	50.00%	50.00%
AME Conseils	Luxembourg	Other	EUR	50.00%	50.00%	50.00%	50.00%

6.2.2 List of the non-consolidated subsidiaries

	30 June 2015				31 December 2014	
	Country	Sector	Currency	Percentage of ownership	Percentage of ownership	Change in scope
Assurcard	Belgium	Insurance	EUR	20.00%	20.00%	
Aviabel	Belgium	Insurance	EUR	24.70%	24.70%	
Whestia	Belgium	Insurance	EUR	25.10%	25.10%	
BC Meetjesland-Maldegem	Belgium	Other	EUR	27.58%	27.58%	
BC Regio Geraardsbergen	Belgium	Other	EUR	27.12%	27.12%	
Ecetia Finances	Belgium	Other	EUR	0.00%	40.00%	
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	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	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 and associates 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 Acquisitions and disposals of subsidiaries

6.3.1 Acquisitions

In thousands of EUR	30 June 2015	31 December 2014
Intangible assets	8	118
Investment properties	37,175	5,380
Financial investments	27	40
Reinsurers' share of insurance liabilities	-	-
Other assets and tangible fixed assets	2,697	1,936
Cash and cash equivalents	21,063	7,457
Insurance and investment contract liabilities	-	-
Financial debts	(33,337)	(26,557)
Provisions for risks and expenses	-	(520)
Other liabilities	(2,416)	(1,881)
Identifiable net assets and liabilities acquired	**25,217**	**(14,027)**
Goodwill	801	698
Change in cash related to acquisitions from previous financial years	587	127
Non-controlling interests	675	(481)
Consideration paid in cash	**27,280**	**(13,683)**
Acquired cash in hand	21,063	7,452
Net cash flows	**6,217**	**(21,135)**

Given its confirmed willingness to invest more in real estate assets, the Group has acquired a series of real estate subsidiaries. In the first six months of 2015, the Group pursued its real estate policy by acquiring the following new real estate subsidiaries: "Het Gehucht" and "Lothian Development".

The subsidiaries Xperthis Group and Xperthis have, in turn, acquired 100% of the shares in the company MIMS.

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

6.3.2 Disposals

In thousands of EUR	30 June 2015	31 December 2014
Intangible assets	-	-
Financial investments	-	-
Reinsurers' share of insurance liabilities	-	-
Other assets	-	-
Cash and cash equivalents	-	-
Insurance and investment contract liabilities	-	-
Financial debts	-	-
Provisions for risks and expenses	-	-
Other liabilities	-	-
Identifiable net assets and liabilities	**-**	**-**
Gain/(loss) on disposals, net of tax	(1,128)	626
Net cash received related to disposals without loss of control	1,128	4,412
Transferred cash	-	-
Net cash flows	**-**	**5,038**

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 half-year report ending 30 June 2015 as it prescribes the minimum content of an interim financial report as well as the accounting and valuating principles to apply to the full or summarized financial statements of an interim period. Emphasis is placed on the important events, activities, circumstances and transactions that have taken place since the 1st of January 2015, using the same accounting methods as in the yearly financial statements.

This report is prepared for the six months ending 30 June 2015 and compares it with the end of the previous financial year for the consolidated balance sheet, and with the comparable interim periods of the previous financial year for the other statements.

These interim financial statements, for the period of six months ending 30 June 2015, have been prepared in accordance with IAS 34 "Interim financial reporting". The income tax charge for the interim periods is calculated using the tax rate that would be applicable to expected total annual result.

The interim financial statements should be read in conjunction with the annual financial statements for the year ending 31 December 2014, 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 2015

The IFRIC 21 interpretation applies to taxes owed by an entity to a public authority in application of the legislation and accounted for using IAS 37 and, in particular, to the recognition date of a liability related to the payment of taxes other than the income tax. The impact is not material for the Group.

The yearly improvements to IFRS (2011-2013) (Official Journal of the European Union of 19 December 2014) enter into force for annual periods beginning on or after 1 January 2015. The following new standards and interpretations, applicable as from 1 January 2015, had no incidence on the consolidated accounts of the Group:

- The amendment to IFRS 1 clarifies the notion of “IFRS in effect”. It was clarified that when a new IFRS is not yet mandatory, but that its anticipated application is authorized, the entity can apply it in its first IFRS financial statements, but it is not obliged to do so. This standard does not apply to the Group.
- The amendment IFRS 3 clarifies certain accounting aspects in business combinations. Exclusion from the application scope for all types of partnerships, in the sense of IFRS 11, i.e. joint ventures and joint undertakings.
- IFRS 13 clarifies the scope of exceptions with regard to the portfolios defined in paragraph 52 of the standard.
- Clarification of the correlation between IFRS 3 and IAS 40 within the framework of the classification of a property as an investment property or as an owner-occupied property. These modifications specify that both standards are not mutually exclusive and that therefore their application cannot be required. This clarification has no impact 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 2016 onwards.

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 IFRS 4 standards "insurance contracts" and IFRS 9 "financial instruments".

7.2 Accounting principles and valuation rules

The accounting principles and the valuation rules applied at 31 December 2014 are still valid and therefore applicable for the six months ending 30 June 2015. For detailed explanation see the annual report at end 2014.

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 concern the domains included in the annual report at end 2014.

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

9. Management of financial and insurance risks

9.1 Concentration risk

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

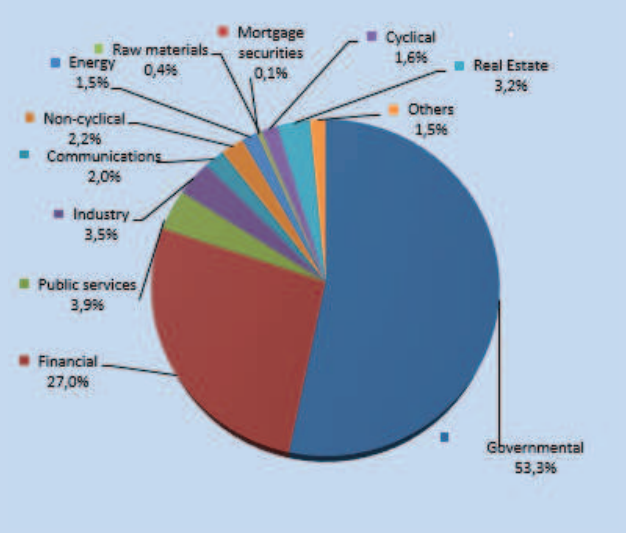
Sectoral distribution

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.

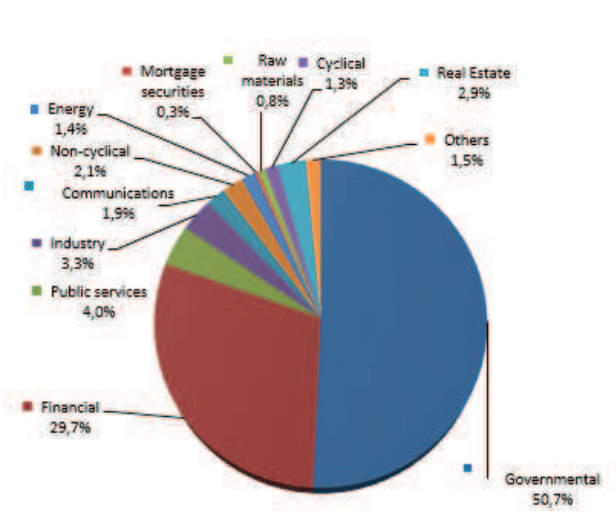
For the first six months of 2015 and the year 2014, the sectoral distribution of the shares and investment funds as of the bonds and equivalent securities invested by Ethias SA, appears as follows:

Bonds and equivalent securities:

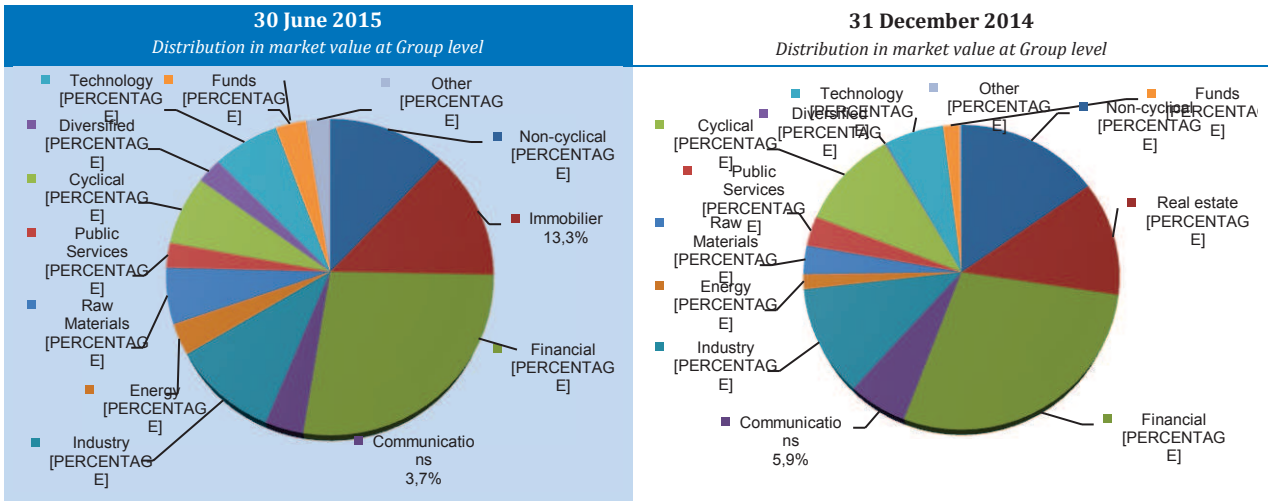
30 June 2015
Distribution in market value at Group level



31 December 2014
Distribution in market value at Group level



Shares, participations and investment funds:



Exposure to sovereign risk

In the first six months of 2015, the part invested by Ethias SA in sovereign or supranational risk amounts to 57% of the total amount of the fair value of all the bonds (i.e. EUR 8,037,587 thousand on a total of EUR 14,146,201 thousand). For 2014, this percentage amounted to 55 % (i.e. EUR 8,218,510 thousand on a total of EUR 14,988,796 thousand).

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

In thousands of euros, *in market value at Group level*	30 June 2015	31 December 2014
Germany	255,071	271,286
Austria	192,828	226,896
Belgium	4,757,253	4,764,794
Spain	538,088	566,442
Central and Eastern Europe	426,062	446,730
France	820,561	791,446
Ireland	172,830	205,203
Italy	559,104	573,959
The Netherlands	71,559	122,692
Scandinavia	491	6,518
Portugal	140,018	141,531
Supranational securities	92,469	92,427
Others	11,252	8,587
Total	**8,037,587**	**8,218,510**

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 8,037,587 thousand per 30 June 2015 (against EUR 8,218,510 thousand per 31 December 2014), is higher than the amount mentioned under the sector "Governmental", i.e. EUR 7,534,825 thousand (against EUR 7,599,322 thousand for the year 2014).

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.

	30 June 2015						
In thousands of EUR *In market value* *At Group's level*	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent securities	971,036	6,052,835	2,684,357	3,777,087	477,445	183,440	14,146,201
Loans and deposits	-	-	3,794	21	-	931,443	935,258
Receivables	-	-	-	-	-	1,653,876	1,653,876
Cash and cash equivalents	-	-	492,266	375,502	-	24,896	892,664
Total	**971,036**	**6,052,835**	**3,180,418**	**4,152,610**	**477,445**	**2,793,655**	**17,627,999**

	31 December 2014						
In thousands of EUR *In market value* *At Group's level*	AAA	AA	A	BBB	BB and below	No rating	Total
Bonds and equivalent securities	1,377,931	5,811,282	3,148,878	3,880,604	610,496	159,605	14,988,796
Loans and deposits	-	-	4,832	-	-	1,007,288	1,012,120
Receivables	-	-	202	-	-	1,540,664	1,540,866
Cash and cash equivalents	3,998	67,937	1,404,745	373,831	24,942	17,561	1,893,014
Total	**1,381,929**	**5,879,219**	**4,558,656**	**4,254,435**	**635,438**	**2,725,119**	**19,434,796**

10. Explanatory notes to the consolidated balance sheet

10.1 Goodwill

10.1.1 Evolution of goodwill

In thousands of EUR	30 June 2015	31 December 2014
Gross value on 1 January	**29,667**	**28,969**
Accumulated impairment losses on 1 January	-	-
Net book value on 1 January	**29,667**	**28,969**
Acquisitions	801	698
Other changes	-	-
Net book value on 30 June/31 December	**30,468**	**29,667**

The goodwill recognized for the first six months ending 30 June 2015 finds its origin in the recent acquisition of various subsidiaries within the Group. It relates to the extension of the activities of the subsidiary NRB through the acquisition of various IT subsidiaries (in 2010 Adinfo, in 2011 and 2012 Xtenso, Polymedis and Partézis that merged into Xperthis in 2013, Stesud in 2013 that has been acquired by Civadis in 2014, Ciges in 2014, and MIMS in 2015).

10.1.2 Impairment test on goodwill

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

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

10.2 Other intangible assets

In thousands of EUR	30 June 2015		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	**46,985**	**12,971**	**59,956**
Accumulated amortization on 1 January	(34,842)	(3,731)	(38,573)
Accumulated impairment losses on 1 January	-	(7,457)	(7,457)
Net book value on 1 January	**12,144**	**1,783**	**13,927**
Acquisitions	2,755	6,196	8,951
Disposals	(28)	-	(28)
Reclassifications	363	349	712
Change in the consolidation scope	8	-	8
Net amortization	(2,082)	(282)	(2,364)
Impairment losses	-	(4)	(4)
Other changes	-	(70)	(70)
Net book value on 30 June	**13,159**	**7,973**	**21,132**

In thousands of EUR	31 December 2014		
	Software and IT developments	Other intangible assets	Total
Gross value on 1 January	**40,964**	**12,198**	**53,162**
Accumulated amortization on 1 January	(29,548)	(2,985)	(32,533)
Accumulated impairment losses on 1 January	-	(7,417)	(7,417)
Net book value on 1 January	**11,416**	**1,796**	**13,212**
Acquisitions	5,751	1,084	6,835
Disposals	(496)	-	(496)
Reclassifications	295	(335)	(40)
Change in the consolidation scope	112	5	118
Net amortization	(4,934)	(727)	(5,661)
Impairment losses	-	(40)	(40)
Other changes	-	-	-
Net book value on 31 December	**12,144**	**1,783**	**13,927**

10.3 Financial investments

10.3.1 Overview of financial investments by category

In thousands of EUR	30 June 2015					
	Cost price	Impairment	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available-for-sale	121,502	(14,175)	66,903	-	174,230	174,230
Share interests	**121,502**	**(14,175)**	**66,903**	**-**	**174,230**	**174,230**
Available-for-sale	281,890	(2,990)	102,116	-	381,017	381,017
Designated at fair value through profit or loss	151,530	-	-	7,015	158,546	158,546
Held-for-trading	5,169	-	-	(598)	4,571	4,571
Shares	**438,589**	**(2,990)**	**102,116**	**6,417**	**544,133**	**544,133**
Available-for-sale	32,979	(1,216)	6,614	-	38,376	38,376
Designated at fair value through profit or loss	943	-	-	266	1,209	1,209
Investment funds	**33,922**	**(1,216)**	**6,614**	**266**	**39,585**	**39,585**
Available-for-sale	12,075,133	(3,779)	1,313,480	-	13,384,834	13,384,834
Designated at fair value through profit or loss	780,178	-	-	(24,500)	755,677	755,677
Unlisted on an active market	15,000	(10,000)	-	-	5,000	5,690
Bonds	**12,870,311**	**(13,779)**	**1,313,480**	**(24,500)**	**14,145,512**	**14,146,201**
Loans and deposits	880,706	(9,970)	-	-	870,736	935,258
Other investments	**880,706**	**(9,970)**	**-**	**-**	**870,736**	**935,258**
Held-for-trading	53,626	-	-	(36,095)	17,531	17,531
Held for cash flow hedging	-	-	11,326	-	11,326	11,326
Derivative financial assets	**53,626**	**-**	**11,326**	**(36,095)**	**28,857**	**28,857**
Investments belonging to unit-linked insurance contracts	**293,368**	**-**	**-**	**54,833**	**348,202**	**348,202**
Total	**14,692,024**	**(42,130)**	**1,500,438**	**921**	**16,151,253**	**16,216,464**

In thousands of EUR	31 December 2014					
	Cost price	Impairment	Reassessment through other items of comprehensive income	Reassessment through profit or loss	Net book value	Fair value
Available-for-sale	190,818	(15,915)	64,364	-	239,267	239,267
Share interests	**190,818**	**(15,915)**	**64,364**	**-**	**239,267**	**239,267**
Available-for-sale	342,256	(6,739)	89,144	-	424,661	424,661
Designated at fair value through profit or loss	236,892	-	-	3,055	239,947	239,947
Held-for-trading	17,168	-	-	(3,674)	13,494	13,494
Shares	**596,316**	**(6,739)**	**89,144**	**(619)**	**678,102**	**678,102**
Available-for-sale	29,662	(1,216)	4,681	-	33,127	33,127
Designated at fair value through profit or loss	943	-	-	150	1,093	1,093
Investment funds	**30,604**	**(1,216)**	**4,681**	**150**	**34,219**	**34,219**
Available-for-sale	12,172,695	(6.701)	1,647,229	-	13,813,223	13,813,223
Designated at fair value through profit or loss	1,186,691	-	-	(18,469)	1,168,222	1,168,222
Unlisted on an active market	16,500	(10,000)	-	-	6,500	7,352
Bonds and equivalent securities	**13,375,886**	**(16,701)**	**1,647,229**	**(18,469)**	**14,987,945**	**14,988,796**
Loans and deposits	948,845	(10,002)	-	-	938,843	1,012,120
Other investments	**948,845**	**(10,002)**	**-**	**-**	**938,843**	**1,012,120**
Held-for-trading	9,345	-	-	(7,918)	1,427	1,427
Held for cash flow hedging	-	-	13,667	-	13,667	13,667
Derivative financial assets	**9,345**	**-**	**13,667**	**(7,918)**	**15,094**	**15,094**
Investments belonging to unit-linked insurance contracts	**378,817**	**-**	**-**	**37,535**	**416,352**	**416,352**
Total	**15,530,632**	**(50,574)**	**1,819,085**	**10,679**	**17,309,822**	**17,383,951**

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	30 June 2015						
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held-for-trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	Total
Opening balance on 1 January	**14,510,277**	**1,409,262**	**13,494**	**945,343**	**15,094**	**416,352**	**17,309,822**
Acquisitions	822,427	75,041	25,766	5,822	44,281	13,708	**987,044**
Reclassifications between categories	-	-	-	9	-	-	**9**
Disposals and reimbursements	(1,076,524)	(570,927)	(34,436)	(75,408)	(23,613)	(100,690)	**(1,881,599)**
Foreign currency translation differences on monetary assets	(273)	-	-	-	-	-	**(273)**
Adjustment at fair value	(270,621)	(84)	(253)	-	(6,905)	18,500	**(259,362)**
Amortizations	(9,052)	2,140	-	-	-	331	**(6,580)**
Impairment	2,196	-	-	(30)	-	-	**2,166**
Change in scope	27	-	-	-	-	-	**27**
Other changes	-	-	-	-	-	-	**-**
Net book value on 30 June	**13,978,456**	**915,432**	**4,571**	**875,736**	**28,857**	**348,202**	**16,151,253**

In thousands of EUR	31 December 2014						
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Financial assets held-for-trading	Loans, deposits and other financial investments	Derivative financial instruments (assets)	Investments belonging to unit-linked insurance contracts	Total
Opening balance on 1 January	**13,489,786**	**1,691,404**	**6,929**	**1,103,481**	**4,754**	**476,546**	**16,772,899**
Acquisitions	2,631,557	207,237	175,382	17,196	770	80,473	**3,112,614**
Reclassifications between categories	(34,869)	34,869	-	-	-	-	**-**
Disposals and reimbursements	(2,418,355)	(544,207)	(164,507)	(161,992)	(1,195)	(175,142)	**(3,465,399)**
Foreign currency translation differences on monetary assets	121	-	-	-	-	-	**121**
Adjustment at fair value	864,259	13,824	(4,349)	-	10,765	31,341	**915,840**
Amortizations	(17,439)	6,135	-	-	-	3,134	**(8,170)**
Impairment	(4,782)	-	-	(13,342)	-	-	**(18,124)**
Change in scope	-	-	40	-	-	-	**40**
Other changes	-	-	-	-	-	-	**-**
Net book value on 31 December	**14,510,277**	**1,409,262**	**13,494**	**945,343**	**15,094**	**416,352**	**17,309,822**

Bonds not listed on an active market are recognized within loans, deposits and other financial investments.

10.3.3 Evolution of impairment on investments

10.3.3.1 Impairment on available-for-sale investments

In thousands of EUR	30 June 2015	31 December 2014
Balance on 1 January	**(30,572)**	**(31,345)**
Impairment provision	(622)	(6,951)
Impairment reversals	2,817	2,169
Reversals arising from disposals	6,216	6,813
Change in scope	-	-
Reclassifications	-	(1,258)
Other changes	-	-
Balance on 30 June/31 December	**(22,160)**	**(30,572)**

10.3.3.2 Impairment on loans, deposits and other financial investments

In thousands of EUR	30 June 2015	31 December 2014
Balance on 1 January	**(20,002)**	**(34,803)**
Impairment provision	(30)	(13,342)
Impairment reversals	-	-
Reversals arising from disposals	62	33,616
Change in scope	-	-
Reclassifications	-	(5,473)
Other changes	-	-
Balance on 30 June/31 December	**(19,970)**	**(20,002)**

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:

	30 June 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
Financial assets				
Available-for-sale	-	100	174,130	174,230
Share interests	**-**	**100**	**174,130**	**174,230**
Available-for-sale	380,705	-	312	381,017
Designated at fair value through profit or loss	149,416	-	9,129	158,546
Held-for-trading	4,571	-	-	4,571
Shares	**534,692**	**-**	**9,441**	**544,133**
Available-for-sale	21,911	16,466	-	38,376
Designated at fair value through profit or loss	1,209	-	-	1,209
Held-for-trading	-	-	-	-
Investment funds	**23,119**	**16,466**	**-**	**39,585**
Available-for-sale	12,080,690	1,298,378	5,766	13,384,834
Designated at fair value through profit or loss	202,600	468,561	84,517	755,677
Held-for-trading	-	-	-	-
Bonds	**12,283,290**	**1,766,938**	**90,283**	**14,140,512**
Held-for-trading	-	17,531	-	17,531
Held for cash flow hedging	-	11,326	-	11,326
Derivative financial assets	**-**	**28,857**	**-**	**28,857**
Investments belonging to unit-linked insurance contracts	**180,315**	**167,886**	**-**	**348,202**
Total financial assets	**13,021,416**	**1,980,247**	**273,853**	**15,275,517**
Financial liabilities				
Investment contracts hedged by assets at fair value	162,725	189,421	-	352,145
Derivative financial liabilities	-	-	-	-
Total financial liabilities	**162,725**	**189,421**	**-**	**352,145**

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
	31 December 2014			
Financial assets				
Available-for-sale	-	100	239,167	239,267
Share interests	**-**	**100**	**239,167**	**239,267**
Available-for-sale	424,240	-	421	424,661
Designated at fair value through profit or loss	231,641	-	8,306	239,947
Held-for-trading	13,494	-	-	13,494
Shares	**669,374**	**-**	**8,728**	**678,102**
Available-for-sale	18,378	14,749	-	33,127
Designated at fair value through profit or loss	1,093	-	-	1,093
Held-for-trading	-	-	-	-
Investment funds	**19,471**	**14,749**	**-**	**34,219**
Available-for-sale	12,405,475	1,407,748	-	13,813,223
Designated at fair value through profit or loss	24,324	819,931	323,966	1,168,222
Held-for-trading	-	-	-	-
Bonds	**12,429,799**	**2,227,679**	**323,966**	**14,981,445**
Held-for-trading	-	1,427	-	1,427
Held for cash flow hedging	-	13,667	-	13,667
Derivative financial assets	**-**	**15,094**	**-**	**15,094**
Investments belonging to unit-linked insurance contracts	**176,554**	**239,798**	**-**	**416,352**
Total financial assets	**13,295,198**	**2,497,420**	**571,861**	**16,364,479**
Financial liabilities				
Investment contracts hedged by assets at fair value	183,352	237,037	-	420,388
Derivative financial liabilities	-	-	-	-
Total financial liabilities	**183,352**	**237,037**	**-**	**420,388**

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 hierarchical 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 valuated 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. On 30 June 2015, this concerns a portfolio that is limited to two private issues for a total of EUR 9,990 thousand.

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 recognized 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.

By end-June 2015, two perpetual subordinated bonds are still listed in this category. Their fair value is based on the application of a model price that is obtained by discounting the cash flows projected on the basis of the forward-rate curve. The risk-free discount curve is adjusted to take account of the following elements: (i) credit risks of each issue, (ii) deep subordination, (iii) liquidity and (iv) impact of the non-exercise of the call. Two parameters are not directly observable on the market: an estimate of the market activity, on the one hand, and an assessment of the likelihood of a call, on the other hand. These are estimated upon expert advice. Prices resulting from the model are mainly sensitive to the spread risk and to the evolution of the listing (rating) of the relevant issues. The quantitative approach used for these instruments is in accordance with the IASB recommendations in its report "*IASB Expert Advisory Panel – Measuring and disclosing the fair value of financial instruments in markets that are no longer active*" and are subject to a quarterly report to the NBB.

The use of pricing models implies that the fair value applied exceeds the prices observed on the limited market of subordinated bonds. On 30 June 2015, this difference did not change significantly compared to 31 December 2014.

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

In thousands of EUR	30 June 2015		31 December 2014	
	From level 1 to level 2	From level 2 to level 1	From level 1 to level 2	From level 2 to level 1
Financial assets				
Available-for-sale	-	-	-	-
Share interests	**-**	**-**	**-**	**-**
Available-for-sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held-for-trading	-	-	-	-
Shares	**-**	**-**	**-**	**-**
Available-for-sale	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-
Held-for-trading	-	-	-	-
Investment funds	**-**	**-**	**-**	**-**
Available-for-sale	-	-	(114,260)	(39,661)
Designated at fair value through profit or loss	-	-	-	-
Held-for-trading	-	-	-	-
Bonds	**-**	**-**	**(114,260)**	**(39,661)**
Held-for-trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
Derivative financial assets	**-**	**-**	-	-
Investments belonging to unit-linked insurance contracts	**-**	**-**	**-**	**-**
Total financial assets	**-**	**-**	**(114,260)**	**(39,661)**
Financial liabilities				
Investment contracts hedged by assets at fair value	-	-	-	-
Held-for-trading	-	-	-	-
Held for cash flow hedging	-	-	-	-
Derivative financial liabilities	**-**	**-**	**-**	**-**
Total financial liabilities	**-**	**-**	**-**	**-**

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

For the first six months of 2015, there has been no transfer between the levels 1 and 2.

For the year 2014, the transfers between investments from level 1 to level 2 (thus for EUR 114,260 thousand) 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 39,661 thousand in 2014).

10.3.7 Evolution of investments estimated at fair value in level 3

In thousands of EUR	30 June 2015		
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Total
Opening balance on 1 January	**239,588**	**332,273**	**571,861**
Acquisitions	9,064	28	9,092
Reclassifications between categories	-	-	-
Reclassification to level 3	-	-	-
Exit from level 3	-	(208,315)	(280,315)
Disposals and reimbursements	(72,664)	(34,457)	(107,121)
Adjustment at fair value through equity	4,241	-	4,241
Adjustment at fair value through profit or loss	-	4,118	4,118
Impairment through profit or loss	(21)	-	(21)
Other changes	-	-	-
Closing balance on 30 June	**180,208**	**93,646**	**273,853**

In thousands of EUR	31 December 2014		
	Available-for-sale investments	Financial assets designated at fair value through profit or loss	Total
Opening balance on 1 January	**216,122**	**395,442**	**611,565**
Acquisitions	67,573	20,000	87,573
Reclassifications between categories	(35,000)	35,000	-
Reclassification to level 3	-	-	-
Exit from level 3	-	-	-
Disposals and reimbursements	3,986	(133,493)	(129,507)
Adjustment at fair value through equity	(10,475)	-	(10,475)
Adjustment at fair value through profit or loss	-	15,323	15,323
Impairment through profit or loss	(2,619)	-	(2,619)
Other changes	-	-	-
Closing balance on 31 December	**239,588**	**332,273**	**571,861**

Regarding the transfer from level 3 of EUR 208,315 thousand on 30 June 2015, EUR 178,844 thousand were transferred to level 1 and EUR 29,471 thousand to level 2 (impact also visible in Note 10.3.4).

10.4 Tangible fixed assets and investment properties

In thousands of EUR	30 June 2015			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	**437,758**	**178,657**	**156,235**	**772,650**
Acquisitions	10,080	1,733	5,897	17,711
Disposals and withdrawals	(337)	-	(1,542)	(1,880)
Properties available for sale	-	-	-	-
Change in the consolidation scope	51,850	815	764	53,429
Reclassifications from one heading to another	(871)	939	(769)	(701)
Other changes	-	-	-	-
Gross value on 30 June	**498,481**	**182,143**	**160,585**	**841,209**
Depreciations and accumulated impairments on 1 January	**(46,413)**	**(74,942)**	**(127,506)**	**(248,862)**
Depreciations	(6,370)	(2,216)	(4,150)	(12,735)
Impairment	-	-	-	-
Reversals	75	-	-	75
Disposals and withdrawals	-	-	253	253
Reversals following disposals	102	-	681	783
Impairment and reversal on investment properties available for sale	-	-	-	-
Change in the consolidation scope	(14,675)	(417)	(700)	(15,792)
Reclassifications from one heading to another	208	(250)	31	(11)
Other changes	-	-	-	-
Depreciations and accumulated impairments on 30 June	**(67,072)**	**(77,825)**	**(131,391)**	**(276,288)**
Net book value on 30 June	**431,409**	**104,318**	**29,194**	**564,921**
Fair value on 30 June	**463,675**	**123,098**	**29,548**	**616,321**

In thousands of EUR	31 December 2014			
	Investment properties	Operational buildings	Other tangible fixed assets	Total
Gross value to be depreciated on 1 January	**395,413**	**202,189**	**119,060**	**716,662**
Acquisitions	43,103	1,235	10,526	54,863
Disposals and withdrawals	(710)	(645)	(4,167)	(5,521)
Included borrowing costs	-	-	-	-
Change in the consolidation scope	5,449	590	582	6,621
Reclassifications from one heading to another	(5,497)	(24,712)	30,233	25
Other changes	-	-	-	-
Gross value on 31 December	**437,758**	**178,657**	**156,235**	**772,650**
Depreciations and accumulated impairments on 1 January	**(37,983)**	**(89,329)**	**(98,530)**	**(225,842)**
Depreciations	(10,171)	(4,523)	(8,290)	(22,984)
Impairment	(1,260)	-	-	(1,260)
Reversals	7	-	-	7
Disposals and withdrawals	-	6	288	294
Reversals following disposals	223	198	1,282	1,703
Impairment and reversal on investment properties available-for-sale	-	-	-	-
Change in the consolidation scope	(69)	(242)	(484)	(795)
Reclassifications from one heading to another	2,841	18,948	(21,774)	15
Other changes	-	-	-	-
Depreciations and accumulated impairments on 31 December	**(46,413)**	**(74,942)**	**(127,506)**	**(248,862)**
Net book value on 31 December	**391,346**	**103,714**	**28,728**	**523,788**
Fair value on 31 December	**417,027**	**121,370**	**28,728**	**567,125**

Depreciations with regard to investment property are recognized in *Change in amortization and depreciation 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 compounded or discounted cash flow methods. They are situated in level 2 of the fair value hierarchy. The majority of the transactions carried out is indeed localized on liquid markets and the valuation methods used are essentially based on observable market data. The experts base their assessments on observable data such as transfer prices or yields that were recently determined with regard to comparable goods on the market.

10.5 Receivables

10.5.1 Breakdown of receivables by nature

In thousands of EUR	30 June 2015		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,404,348	(14,439)	1,389,909
Receivables arising from ceded reinsurance operations	57,723	(4,023)	53,699
Receivables arising from other operations	38,833	(377)	38,457
Tax receivables	2,812	-	2,812
Other receivables	169,183	(184)	168,999
Total	**1,672,899**	**(19.023)**	**1,653,876**

In thousands of EUR	31 December 2014		
	Gross value	Impairment	Net book value
Receivables arising from direct insurance operations and accepted reinsurance	1,283,102	(14,087)	1,269,015
Receivables arising from ceded reinsurance operations	65,726	(4,023)	61,703
Receivables arising from other operations	40,330	(382)	39,949
Tax receivables	3,948	-	3,948
Other receivables	166,321	(69)	166,252
Total	**1,559,426**	**(18,561)**	**1,540,866**

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 six months of the year.

10.5.2 Evolution of impairments on receivables

In thousands of EUR	30 June 2015	31 December 2014
Impairments on receivables on 1 January	**(18,561)**	**(17,267)**
Provisions	(7,591)	(10,076)
Expenditures	1,872	595
Reversals	5,393	8,444
Change in the consolidation scope	(136)	(257)
Other changes	-	-
Impairments on receivables on 30 June/31 December	**(19,023)**	**(18,561)**

Excluding exceptional events, the impairment principle on receivables is prudent as only 7% 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 overrunning of the maturity of the past due, but not yet depreciated, financial assets.

	30 June 2015							
					Net book value of unimpaired assets based on the following periods:			
In thousands of EUR	Book value before impairments	Impairment	Net book value	Net book value of impaired assets	Not past due	Past due less than 6 months	Past due less than 12 months	Past due more than 12 months
Receivables arising from insurance operations or accepted reinsurance	1,404,348	(14,439)	1,389,909	-	1,231,823	143,847	7,595	6,644
Receivables arising from ceded reinsurance operations	57,723	(4,023)	53,699	-	53,699	-	-	-
Other receivables	210,828	(561)	210,267	716	195,303	11,857	1,014	1,377
Total	**1,672,899**	**(19,023)**	**1,653,876**	**716**	**1,480,826**	**155,704**	**8,609**	**8,021**

	31 December 2014							
					Net book value of unimpaired assets based on the following periods:			
In thousands of EUR	Book value before impairments	Impairment	Net book value	Net book value of impaired assets	Not past due	Past due less than 6 months	Past due less than 12 months	Past due more than 12 months
Receivables arising from insurance operations or accepted reinsurance	1,283,102	(14,087)	1,269,015	-	1,159,617	90,887	9,422	9,088
Receivables arising from ceded reinsurance operations	65,726	(4,023)	61,703	-	61,703	-	-	-
Other receivables	210,599	(450)	210,148	-	183,358	25,429	1,242	120
Total	**1,559,426**	**(18,561)**	**1,540,866**	**-**	**1,404,677**	**116,316**	**10,664**	**9,208**

Impaired receivables are reduced up to their book value amount.

10.6 Cash and cash equivalents

In thousands of EUR	30 June 2015	31 December 2014
Cash at bank and in hand	814,592	950,210
Cash equivalents	78,071	942,488
Total of the cash and cash equivalents	**892,662**	**1,892,698**
Debts arising from repurchase operations (repo)	(171,133)	(11,250)
Bank overdraft and other debts included in the cash flow statement	(23,099)	(13,425)
Cash and cash equivalents regarding subsidiaries available-for-sale	-	776
Total of the repurchase operations, cash and cash equivalents in the cash flow table	**698,430**	**1,868,800**

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

Since 2014, a shadow accounting was implemented, i.e. for an amount of EUR 13,400 thousand at the end of the year. On 30 June 2015, the amount stands at EUR 11,081 thousand.

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

10.7 Deferred tax assets and liabilities

10.7.1 Breakdown of deferred tax assets and liabilities

In thousands of EUR	30 June 2015		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	7,071	-	7,071
Available-for-sale investments in other items of comprehensive income	-	453,557	(453,557)
Financial assets designated at fair value through profit or loss	-	15,433	(15,434)
Insurance and investment liabilities in other items of comprehensive income	412,085	-	412,085
Insurance and investment liabilities through profit or loss	189,863	-	189,863
Employee benefits in other items of comprehensive income	19,641	2,008	17,633
Employee benefits through profit or loss	47,209	358	46,851
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	-	12,648	(12,648)
Carried forward tax losses	151	-	151
Deferred tax assets and liabilities	**676,020**	**484,004**	**192,015**
Compensation through taxable entity	(478,317)	(478,317)	-
Deferred tax assets and liabilities	**197,703**	**5,687**	**192,015**

In thousands of EUR	31 December 2014		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Available-for-sale investments through profit or loss	8,689	-	8,689
Available-for-sale investments in other items of comprehensive income	-	566,546	(566,546)
Financial assets designated at fair value through profit or loss	-	18,105	(18,105)
Insurance and investment liabilities in other items of comprehensive income	511,675	-	511,675
Insurance and investment liabilities through profit or loss	263,092	-	263,092
Employee benefits in other items of comprehensive income	45,151	2,008	43,143
Employee benefits through profit or loss	45,999	358	45,641
Other sources of other items of comprehensive income	-	-	-
Other sources through profit or loss	-	12,651	(12,651)
Carried forward tax losses	292	-	292
Deferred tax assets and liabilities	**874,897**	**599,668**	**275,230**
Compensation through taxable entity	(595,636)	(595,636)	-
Deferred tax assets and liabilities	**279,261**	**4,032**	**275,230**

10.7.2 Evolution of deferred tax assets and liabilities

In thousands of EUR	30 June 2015			31 December 2014		
	Deferred tax assets	Deferred tax liabilities	Net deferred taxes	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Net book value on 1 January	**279,261**	**4,032**	**275,230**	**126,017**	**4,206**	**121,811**
Changes through profit or loss	(70,265)	1,929	(72,193)	172,813	254	172,560
Change in other items of comprehensive income	(11,294)	(273)	(11,021)	(19,569)	(428)	(19,141)
Change in scope	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Net book value on 30 June/ 31 December	**197,703**	**5,687**	**192,015**	**279,261**	**4,032**	**275,230**

10.7.3 Deferred taxes

In thousands of EUR	30 June 2015	31 December 2014
Deferred taxes for which a deferred tax asset was allocated		
Intended use within the year	24,692	42,950
Intended use between 1 and 2 years	68,568	52,920
Intended use between 2 and 3 years	78,454	65,619
Intended use after 3 years	20,301	113,741
Debt with maturity after 3 years	-	-
Subtotal	**192,015**	**275,230**
Deferred taxes for which no deferred tax asset was allocated		
Limited recoverability	-	-
Unlimited recoverability	223,511	300,392
Subtotal	**223,511**	**300,392**
Total of the allocated and non-allocated deferred taxes	**415,526**	**575,622**

10.8 Insurance and investment contract liabilities

10.8.1 Summary table of insurance and investment contract liabilities

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

10.8.1.1 Liabilities related to Non-Life insurance contracts

In thousands of EUR	30 June 2015	31 December 2014
Mathematical provisions	762,690	731,620
Provisions for unearned premiums	480,145	266,484
Provisions for claims	2,316,171	2,311,145
Shadow accounting	-	-
Other provisions	218,754	211,269
Total insurance contract liabilities (gross)	**3,777,761**	**3,520,518**
Reinsurers' share in liabilities related to Non-Life insurance contracts	138,383	112,390
Total insurance contract liabilities (after deduction of the reinsurers' share)	**3,639,378**	**3,408,128**

10.8.1.2 Liabilities related to Life insurance contracts

In thousands of EUR	30 June 2015	31 December 2014
Mathematical provisions	4,413,540	4,399,697
Provisions for claims	2,317	2,251
Shadow accounting	589,317	607,437
Other provisions	15,728	-
Insurance contract liabilities	**5,020,902**	**5,009,385**
Liabilities related to unit-linked insurance contracts	**23,694**	**29,524**
Total insurance contract liabilities (gross)	**5,044,596**	**5,038,909**
Reinsurers' share in liabilities related to Life insurance contracts	2,273	1,500
Total insurance contract liabilities (after deduction of the reinsurers' share)	**5,042,323**	**5,037,409**

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

10.8.1.3 Investment contract liabilities

In thousands of EUR	30 June 2015	31 December 2014
Mathematical provisions	6,826,438	9,351,879
Provisions for claims	-	-
Shadow accounting	645,608	927,519
Other provisions	20,543	-
Investment contract liabilities with discretionary participation features	**7,492,589**	**10,279,399**
Liabilities related to unit-linked investment contracts with discretionary participation features	**185,639**	**172,450**
Mathematical provisions	3,943	4,036
Investment contract liabilities without discretionary participation features	**3,943**	**4,036**
Liabilities related to unit-linked investment contracts without discretionary participation features	**138,868**	**214,379**
Total investment contract liabilities (gross)	**7,821,040**	**10,670,263**
Reinsurers' share in investment contract liabilities with discretionary participation features	-	-
Total insurance contract liabilities (after deduction of the reinsurers' share)	**7,821,040**	**10,670,263**

10.8.1.4 Profit sharing liabilities

In thousands of EUR	30 June 2015	31 December 2014
Profit sharing related to Non-Life insurance contracts	-	-
Profit sharing related to Life insurance contracts	5,067	9,110
Profit sharing related to investment contracts	-	11,598
Liabilities for profit sharing of policyholders	**5,067**	**20,708**

10.9 Financial debts

10.9.1 Breakdown by nature

In thousands of EUR	30 June 2015		31 December 2014	
	Balance value	Fair value	Balance value	Fair value
Convertible subordinated bond loans	-	-	-	-
Non-convertible subordinated bond loans	321,500	294,200	321,500	310,203
Subordinated debts	**321,500**	**294,200**	**321,500**	**310,203**
Convertible bond loans	-	-	-	-
Non-convertible bond loans	-	-	-	-
Bank overdraft	158	158	25	25
Debts arising from repurchase operations (repo)	171,133	171,133	11,250	11,250
Collateral received as guarantee	22,941	22,941	13,400	13,400
Others	22,988	22,988	21,800	21,800
Other financial debts	**217,220**	**217,220**	**46,474**	**46,474**
Total of the financial debts	**538,720**	**511,420**	**367,974**	**356,677**

In 2005 and in 2007 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 if the redemption is exercised later. 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 in July 2023.

In the absence of an active listing on financial markets, the market value of the aforementioned bond loans is determined on the basis of a valuation model that takes into account the rating of the issuer and the probability of the exercise of the different redemptions.

At end-June, the valuation of the loan of EUR 250 million is determined by its listing on the financial markets. In respect of the loan of EUR 75 million, the latter is naturally hedged with BNP Paribas Fortis by a bond with the same characteristics. Hence, this loan is valued at par.

The evolution of the fair value of non-convertible subordinated bond loans over the year 2014 is due to the decrease in interest rates, the stress decrease on the credit markets and the positive situation of the Ethias Group following the rating upgrade to BBB+ by Fitch in June 2014. This rating was confirmed by the end of 2014 after the decision regarding the fiscal dispute. These three elements have a positive impact on the valorization of these elements. In 2015, the market value of the loan decreased following some negative articles in the press.

The assessments at real value of the issued loans are based on observable elements such as levels of the interest rate markets and of credit markets. They are recognized in level 2.

Are not recognized in level 2, for an amount of EUR 201,533 thousand, the loan without fixed term provided that the theoretical term required for the valorization is fixed on advice of an expert based on non-observable information.

The evolution of debts arising from repurchase operations (Repo) observed in 2015 is explained by the need for liquidities necessary for the realization of the "Switch IV" operation. The repo maturities are spread from 22 April 2015 to 30 June 2015 for rates ranging from -0.13% to 0.02%. Some repos were renewed at the end of June with a maturity in September.

The collateral received as guarantee amounts to EUR 11,081 thousand in June 2015 (against EUR 13,400 thousand for the year 2014), resulting from the implementation of hedging operations of the OLO forward type in 2014. The remaining collateral relates to the repos and the swaptions program concluded in March and June.

10.10 Employee benefits

10.10.1 Overview of employee benefits by nature

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

In thousands of EUR	30 June 2015	31 December 2014
Post-employment benefits	505,949	573,216
Long-term employee benefits	1,639	1,583
Termination benefits	26,034	28,549
Total	**533,622**	**603,348**

The decrease in post-employment benefits compared to 31 December 2014 is mainly due to the increase in discount rates and changes in assumptions regarding the wage progression.

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 plans 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 plans 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	30 June 2015	31 December 2014
Liabilities arising from direct insurance operations and accepted reinsurance	123,544	133,275
Liabilities arising from ceded reinsurance operations	92,235	74,759
Liabilities from operating activities	**215,778**	**208,034**
Tax on current result	5,843	5,984
Other contributions and taxes	75,729	33,415
Tax payables	**81,572**	**39,399**
Social security payables	48,893	60,994
Payables to associates	-	-
Payables from finance leases	2,887	2,143
Trade payables	46,754	38,760
Other payables	83,794	99,704
Other payables	**182,329**	**201,602**
Accruals for liabilities	**28,401**	**12,634**
Total other payables	**508,080**	**461,669**

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.

The increase in other taxes and contributions is mainly due to payments of advances in December that reduce these debts at year end.

11. Explanatory notes to the consolidated income statement

11.1 Revenues from insurance activities

In thousands of EUR	30 June 2015			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	170,160	854,225	413,900	1,438,285
Premiums ceded to reinsurers	(2,371)	(35,387)	-	(37,758)
Change in provision for unearned premiums and current risks (net of reinsurance)	-	(196,673)	-	(196,673)
Other income from insurance activities	11	974	1,027	2,012
Revenues of insurance activities (net of reinsurance)	**167,800**	**623,139**	**414,927**	**1,205,866**

In thousands of EUR	30 June 2014			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Gross premiums	154,238	856,322	379,879	1,390,440
Premiums ceded to reinsurers	(2,719)	(37,339)	-	(40,058)
Change in provision for unearned premiums and current risks (net of reinsurance)	-	(203,646)	-	(203,646)
Other income from insurance activities	742	1,108	25	1,875
Revenues of insurance activities (net of reinsurance)	**152,261**	**616,446**	**379,904**	**1,148,611**

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

11.2 Technical expenses for insurance activities

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

In thousands of EUR	30 June 2014			
	Insurance contracts		Investment contracts with discretionary participation features Life	Total
	Life	Non-Life		
Expenses for insurance payments	277,995	486,723	755,516	1,520,234
Net expenses or revenues ceded to reinsurers	(2,583)	(12,745)	-	(15,328)
Management costs	19,137	112,698	25,081	156,916
Technical expenses for insurance activities	**294,550**	**586,677**	**780,596**	**1,661,823**

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.

The decision by the European Commission of 12 June 2014 compels Ethias to continue its policy to accelerate the run-down of the portfolio "Life Individuals", and this to strengthen its solvency.

"Switch IV" operation:

Ethias launched in February 2015 to holders of the "First A" product an incentive to close their contract, in all or in part, before 31 March 2015 ("Switch IV"). The premium offered to policyholders represented 4 years of guaranteed interests. As a result of this offer, policyholders withdrew EUR 1.8 billion inventory reserves during the first six months of 2015. Therefore, the P&L of the first semester was negatively impacted by EUR 243 million (interest cost of 4 years) included in the line "Expenses for insurance payments".

The result on 30 June 2015 is largely impacted by the evolution in the macroeconomic context and by the decrease in liabilities following the "Switch IV" operation. Indeed, the actual lapse rate of this operation was well above the estimated lapse rate at the end of 2014.

11.3 Net financial result without finance costs

In thousands of EUR	30 June 2015					
	Net investment income	Net realized gains or losses on investments	Change in fair value of investments through profit or loss	Change in amortization and depreciation of investments	Other investment financial expenses	Total
Investment properties	**12,135**	**760**	**-**	**(6,294)**	**-**	**6,601**
Available-for-sale	6,157	(2,245)	-	1,740	-	5,651
Share interests	**6,157**	**(2,245)**	**-**	**1,740**	**-**	**5,651**
Available-for-sale	7,725	29,881	(189)	3,749	-	41,166
At fair value through profit or loss	4,250	16,560	5,750	-	-	26,560
Held-for-trading	86	1,475	(253)	-	-	1,308
Shares and investment funds	**12,061**	**47,916**	**5,308**	**3,749**	**-**	**69,034**
Available-for-sale	219,915	11,826	-	2,922	-	234,663
At fair value through profit or loss	21,416	2,219	(5,834)	-	-	17,801
Held-for-trading	-	-	-	-	-	-

Unlisted at amortized cost price	354	-	-	-	-	354
Bonds	**241,685**	**14,045**	**(5,834)**	**2,922**	**-**	**252,819**
Loans, deposits and other financial investments	**13,866**	**-**	**-**	**32**	**-**	**13,898**
Held-for-trading	81	(62,608)	(4,564)	-	-	(67,090)
Held for cash flow hedging	-	-	-	-	-	-
Derivative financial instruments	**81**	**(62,608)**	**(4,564)**	**-**	**-**	**(67,090)**
Investments belonging to unit-linked insurance contracts	**(6,811)**	**1,012**	**18,500**	**-**	**-**	**12,702**
Cash and cash equivalents	**2,430**	**-**	**31**	-	-	**2,462**
Others	**19,735**	**-**	**-**	**-**	**44,620**	**64,355**
Net financial result without finance costs	**301,340**	**(1,120)**	**13,442**	**2,149**	**44,620**	**360,430**

	30 June 2014					
In thousands of EUR	**Net investment income**	**Net realized gains or losses on investments**	**Change in fair value of investments through profit or loss**	**Change in amortization and depreciation of investments**	**Other investment financial expenses**	**Total**
Investment properties	**7,618**	**3,778**	**-**	**(4,489)**	-	**6,906**
Available-for-sale	3,482	402	-	(1,491)	4,035	6,429
Share interests	**3,482**	**402**	**-**	**(1,491)**	**4,035**	**6,429**
Available-for-sale	12,245	22,019	85	(258)	-	34,091
At fair value through profit or loss	5,379	4,243	7,128	-	-	16,750
Held-for-trading	511	3,277	(1,851)	-	-	1,937
Shares and investment funds	**18,136**	**29,539**	**5,362**	**(258)**	**-**	**52,779**
Available-for-sale	222,770	2,225		1,569	8,995	235,559
At fair value through profit or loss	27,328	5,691	35,106	-	-	68,126
Held-for-trading	-	-	-	-	-	-
Unlisted at amortized cost price	358	(134)		-	-	224
Bonds	**250,457**	**7,782**	**35,106**	**1,569**	**8,995**	**303,909**
Loans, deposits and other financial investments	**15,280**	**-**	**-**	**(1,283)**	**(4,000)**	**9,997**
Held-for-trading	108	133	(2,006)	-	-	(1,765)
Held for cash flow hedging	-	-	-	-	-	-
Derivative financial instruments	**108**	**133**	**(2,006)**	**-**	**-**	**(1,765)**
Investments belonging to unit-linked insurance contracts	**10,202**	**-**	**-**	**-**	**-**	**10,202**
Cash and cash equivalents	**2,119**	**-**	**(51)**	**-**	**-**	**2,068**
Others	**26,617**	**-**	**-**	**-**	**(51,308)**	**(24,691)**
Net financial result without finance costs	**334,019**	**41,635**	**38,410**	**(5,952)**	**(42,278)**	**365,834**

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

11.4 Employee benefit expenses

In thousands of EUR	30 June 2015	30 June 2014
Wages	97,802	104,243
Social security expenses	28,500	31,492
Post-employment benefits	(540)	(164)
Defined benefit schemes	15,635	16,996
Other long-term benefits	161	63
Other benefits	(12,492)	(12,363)
Others	5,817	2,868
Total of the employee benefit expenses	**134,882**	**143,133**

The amount of the expenses included in the income statement on the defined contribution pension schemes amounts to EUR 15,635 thousand in the first six months of 2015 (against EUR 16,996 thousand in 2014). 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 Common Law is considered to belong to this category;
- Joint ventures in which the entity participates;
- Non-consolidated subsidiaries; and
- Associates.

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

12.1.1 Transactions related to the balance sheet

In thousands of EUR	30 June 2015	30 June 2014
Receivables	1,049,000	1,009,670
Other assets	-	-
Total assets with related parties	**1,049,000**	**1,009,670**
Insurance and investment contract liabilities	1,035,043	965,087
Financial debts	-	-
Trade and other payables	-	-
Total liabilities with related parties	**1,035,043**	**965.087**

12.1.2 Transactions related to revenues and expenses

In thousands of EUR	30 June 2015	30 June 2014
Revenues	117,243	129,244
Operating expenses	(122,863)	(120,577)
Financial revenues	18,094	20,193
Total of the revenues and expenses with related parties	**12,474**	**28,860**

12.1.3 Other transactions with related parties

In 2015, the Group did not receive or give any commitment towards related parties.

12.1.4 Remunerations for key management personnel

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

The total amount of their remunerations include the following elements:

In thousands of EUR	30 June 2015	30 June 2014
Short-term benefits	1250	1325
Post-employment benefits	392	420
Termination benefits	-	-
Other long-term benefits	-	-
Remunerations and other benefits to members of management and directors	**1,642**	**1,745**

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

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

12.2 Commitments

12.2.1 Received commitments

In thousands of EUR	30 June 2015	31 December 2014
Guarantee commitments	854,525	914,357
Finance commitment	-	-
Other received commitments	-	-
Total	**854,525**	**914,357**

Guarantee commitments mainly include guarantees linked to mortgage loans granted to the Group. They are mainly composed of mortgage loans called in by Ethias SA after the disposal of Ethias Bank in 2011. On 30 June 2015, this portfolio amounts to EUR 799,322 thousand (against EUR 858,680 thousand on 31 December 2014). One counts:

- mortgage loans (Stater management) for EUR 704,121 thousand on 30 June 2015 (against EUR 750,563 thousand on 31 December 2014).
- mortgage loans for EUR 91,733 thousand on 30 June 2015 (against EUR 104,650 thousand on 31 December 2014).
- public body loans for EUR 2,467 thousand on 30 June 2015 as on 31 December 2014.
- real estate loans for EUR 1,000 thousand on 30 June 2015 as on 31 December 2014.

The guarantees received from the reinsurers amount to EUR 50,672 thousand on 30 June 2015 (against EUR 51,146 thousand on 31 December 2014).

12.2.2 Given commitments

In thousands of EUR	30 June 2015	31 December 2014
Guarantee commitments with regard to financing	83,400	104,250
Other guarantee commitments	47,442	56,735
Commitments on securities	178,515	18,473
Other given commitments	129,879	116,732
Total	**439,235**	**296,190**

The guarantee commitments with regard to financing mainly concern the credit facility for an amount of EUR 83,400 thousand granted by Ethias SA to Vitrufin on 30 June 2015 (against EUR 104,250 thousand on 31 December 2014).

The other guarantee commitments mainly include:

- Personal guarantees given for an amount of EUR 41,545 thousand on 30 June 2015 (against EUR 50,829 thousand on 31 December 2014). 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 mainly include repurchase operations (repo), with a maximum maturity of 3 months. The collateral securities within the framework of these operations are mainly Belgian government bonds. The strong increase of the amount in the first six months of 2015 is justified by the need for cash to face the success of the "Switch IV" operation.

The other guarantees given include:

- purchase commitments for properties, i.e. EUR 58,100 thousand on 30 June 2015 (against EUR 60,768 thousand on 31 December 2014). These commitments relate to investment properties "Air Properties" (for EUR 36,595 thousand on 30 June 2015 as on 31 December 2014), "Real Property Invest" (for EUR 8,559 thousand in June 2015 against 13,227 thousand on 31 December 2014), "Jala / Sire" (for EUR 2 million in June 2015) as well as social buildings (for EUR 10,946 thousand on 30 June 2015 as on 31 December 2014);
- lending commitments for EUR 31,871 thousand on 30 June 2015 (against EUR 30,157 thousand on 31 December 2014). This total is composed of EUR 20,528 thousand for lending commitments for infrastructures (against EUR 22,598 thousand on 31 December 2014), EUR 9,093 thousand for financial lending commitments (against EUR 7,559 thousand on 31 December 2014), and EUR 2,250 thousand for real estate loans.
- commitments towards non-consolidated financial participations for EUR 25,832 thousand on 30 June 2015 (against EUR 25,807 thousand on 31 December 2014).

12.3 Contingent liabilities

None.

12.4 Events after the reporting period

Ethias launched an exchange offer on 29 June 2015 for its perpetual subordinated loan of EUR 250 million 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 on 14 July 2015, at the rate of 5%.

13. Statutory auditor's report on review of consolidated condensed financial information for the six month period ended June 30, 2015

Free translation from the French original

Introduction

We have reviewed the accompanying consolidated balance sheet of Ethias SA and its subsidiaries as of June 30, 2015 and the related consolidated income statement, statement of consolidated comprehensive income, consolidated cash flows statement and consolidated statement of changes in equity for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of review

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

Basis for qualified conclusion

The explanatory notes of the accompanying consolidated condensed financial information does not include segmental information.

Qualified conclusion

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

Sint-Stevens-Woluwe, 18 September 2015

The statutory auditor

PwC Reviseurs d'Entreprises sccrl / Bedrijfsrevisoren bcvba

Represented by

Kurt Cappoen

Réviseur d'Entreprises