

ethias

Annual report 2017

Ethias SA

ethias

Ethias SA

Rue des Croisiers 24 - 4000 LIÈGE www.ethias.be info@ethias.be

Insurance company licensed under number 0196 for practising 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 (Decision by the CBFA of 9 January 2007, Belgian Statue Book of 16 January 2007).

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In 2017, we again achieved an excellent **operating result**, amounting to **EUR 284 million**, an increase by 12% compared to last year.

After taking into account non-recurring items, the net result amounts to EUR 105.7 million, up more than 31% compared to the previous financial year.

The **SII ratio** (not yet audited) stands at 205% before dividend, which is also a sharp increase compared to end-2016 (149% before dividend).

These excellent results demonstrate the **commitment of all employees** to the company's transformation programme. It will allow Ethias to be even stronger tomorrow and to best meet the client's expectations.

This performance also reflects the relevance and strength of a **unique business model**, with Ethias being the direct integrator of the entire insurance value chain for the benefit of the customer, from underwriting to claim settlement, without forgetting prevention and all the services complementary to the insurance product.

As such, Ethias is the only insurer on the Belgian market offering **10 insurance products that can be fully underwritten online** (entire process from quotation to payment).

In a rapidly changing environment (changes in technology, regulation, macro-economy, consumer habits ...), Ethias has embarked on a programme for revising and reinforcing its strategic fundamentals.

Hence, all employees were able to express their views on the company's **values**, through an exercise conducted internally at end-2017. The new values retained (Human - Commitment - Enthusiasm - Customer Satisfaction) reflect the identity and culture of Ethias. They will be implemented on a daily basis throughout the company and in all interactions with all of our stakeholders.

The **mission** of Ethias has also been reviewed: "Making insurance easier so as to bring you security, peace of mind and freedom of initiative, with innovative services and products. As partner of your daily life, we put our expertise and our energy at your service."

Let us also remember these main facts for the year 2017:

- The National Bank of Belgium (NBB) has confirmed that the **financial recovery programme** implemented by Ethias SA has borne fruit and can therefore be considered as **closed**.
- The rating agency Fitch has highlighted our financial strength and revised the rating of Ethias upwards by giving it the **BBB+ rating with stable outlook**.
- Ethias' shareholders wished to provide the company with a prospect of **stability in the shareholding** for a period of 2 years.
- **Simplification of the structure** of the Ethias group.
- The implementation of the "Switch VII" operation aimed at granting the holders of a FIRST Account ("first generation" contracts) an exit premium of 25% upon total surrender.
- Two **new Decavi trophies** for our family insurance (for the 7th time) and for our tenant fire insurance (for the 2nd time in a row).
- The launch of new products and services highlighting Ethias' **innovation** ability, to better meet the needs of its customers, with the Ethias Cyber Protection insurance, the Guaranteed Income insurance for contract and/or statutory civil servants, and the online services myethias Healthcare and AssurKine.

We also note the deployment of a large-scale **technological transformation programme**, enabling to support the omnichannel strategy and, more generally, the modernization of our IT architecture.

Finally, by creating the "Ethias Pension Fund OFF", Ethias completes its range of pension solutions and positions itself more than ever as the key pension insurer of the Belgian market.

We are particularly proud of the development in our activities, of our organization and of the results achieved in 2017, the fruit of a successful and unique model for almost a century, and of committed and enthusiastic employees, at your service.



Philippe Lallemand
Chairman of the Management Committee



Myriam Van Varenbergh
Chairman of the Board of Directors

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Presentation of Ethias SA

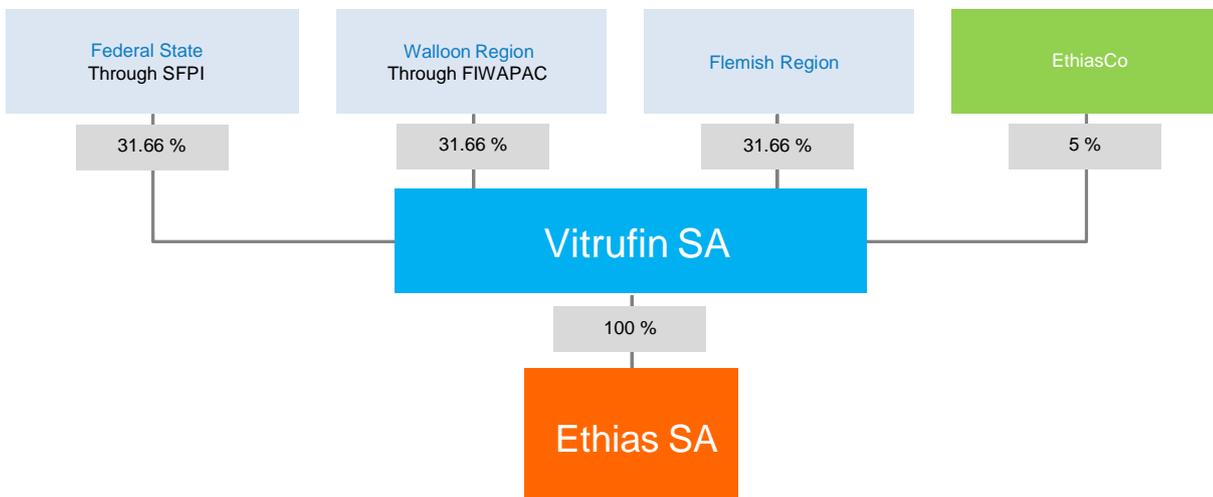
A group with a mutual insurance philosophy

A mutual insurance association is created by its members and operates for its members. Although our legal form has evolved over time, we remain imbued with this philosophy that we have translated in the slogan "**The Efficient Insurers**", i.e. to act efficiently for the well-being of our policyholders and our staff members.

In 1919, a group of municipal and provincial authorities founded the "**Société Mutuelle des Administrations Publiques**" (abbreviated as SMAP) for the insurance against fire, lightning and explosions.

This was the beginning of a rich history with various turns and many successes, leading up to a strong insurance group who today has over one million policyholders.

Our structure



At end-2017, it was decided to simplify the capital structure of Vitrufin by converting the preferred shares held by the three public shareholders into ordinary shares in return for a decrease in the percentage of ownership by EthiasCo (formerly Ethias Droit Commun AAM - mutual insurance association) from 25% -3 shares to 5%.

Vitrufin SA is a holding company in which the public authorities (Belgian State, Walloon Region and Flemish Region) have acquired interests, accounting together for 95% shares of its capital. Vitrufin owns 100% of the shares of Ethias SA.

Ethias SA is the operational entity of the group since it centralizes all Life and Non-Life insurance activities, including since December 31, 2017 the insurance against accidents at work - Public Sector (1967 Work Accidents Law), previously carried out by Ethias Droit Commun AAM (currently referred to as EthiasCo).

Ethias SA is also the sole or majority shareholder of the companies of the Group, such as Ethias Services (services company specialized in pension insurance in particular), Ethias Patrimoine (acquisition and management company for movable and real estate assets), Ethias Sustainable Investment Fund (institutional SICAV under Belgian law), Ethias Distribution Epargne-Crédit (business contributor) and NRB (IT company) and is present in other companies in which it has acquired interests.

Ethias Droit Commun AAM changed its legal form on December 27, 2017, following the transfer of its insurance business to Ethias SA, so as to become a cooperative company called **EthiasCo** whose main purpose is the management of participations. Among these, the most important ones are Vitrufin (holding 5% of shares alongside public investors), Socofe and VEH (both active in the energy sector).

Our values and our mission

Our **values** are the foundation of our identity, our culture and our personality. In a nutshell, they constitute the DNA of Ethias. At end-2017, we began re-thinking and updating the strategic foundations of Ethias (mission and values) in order to take into account the evolution of the company and its environment.

After a survey among all employees of the company, the updated values are as follows:

- **Human:** humanity is at the heart of all our relationships. We are a true partner for each of our interlocutors. For us, proximity and solidarity are no empty words.
- **Commitment:** for nearly 100 years, we are daily committed to our clients, to our colleagues and to society. We are reliable, trustworthy and purposeful. This commitment also relates to ethics, which remains at the root of all our actions, and to our social responsibility.
- **Client satisfaction:** this is the driving force of our activities and of all our actions. Driven by our mutualist origins, we emphasize on client contact possibilities and on exemplary service quality. Our accessibility, our efficiency, our flexibility clearly contribute to the satisfaction of our clients.
- **Enthusiasm:** because whatever happens, a heart beats within Ethias. Every day, we show energy, vitality, optimism and dynamism. This enthusiasm leads us to be creative and to undertake innovative projects in support of clients.

Our values are expressed in daily life (in customer service, during claim handling, when giving information by phone ...). They are also materialized when implementing our dynamic policy of corporate social responsibility (CSR), listening to the concerns of our policyholders, private individuals as well as public bodies.



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

Our updated mission is now:

Making insurance easier so as to bring you security, peace of mind and freedom of initiative, with innovative services and products.

As partner of your daily life, we put our expertise and our energy at your service.

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



Our policyholders and our products

Private Individuals

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

- In Non-Life, besides its flagship products, namely car insurance and home insurance, Ethias also offers assistance, health care coverage, coverage for civil liability and travel cancellation insurance.
- In Life, Ethias mainly sells life insurance policies with no life component and branch 23 contracts. Ethias has also entered into a distribution partnership with Integrale for branch 21 products.

Our customer approach revolves around a continuous development of new and even more efficient products, on the one hand, and accessible and customized solutions with the best price/quality ratio, on the other hand. Our goal is that our products are designed in such a way that they give the best possible answer to the needs of our policyholders, whether they are agents of the public service or private individuals.

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

Public Sector

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

Ethias covers all the potential risks which employees face in public services: civil liability, health care, accidents, including not only work accidents but also sporting injuries, motor vehicle and assistance ...

Ethias also covers damage to or destruction of equipment, buildings and installations.

With regard to pension insurance, Ethias is a player of major importance in the development of first and second pillar pension schemes in the public sector.

But being an insurer today is not simply covering a series of financial risks, it is also about adopting a comprehensive prevention risk policy. For several years now, Ethias has been conducting a proactive and dynamic prevention policy across all its products and services (risk prevention relating to work accidents or hazardous weather conditions), and through innovative initiatives (prevention blog on the website www.ethias.be/pro, various trainings for our clients through the training institute "Ethias Members' Academy", various publications ...).

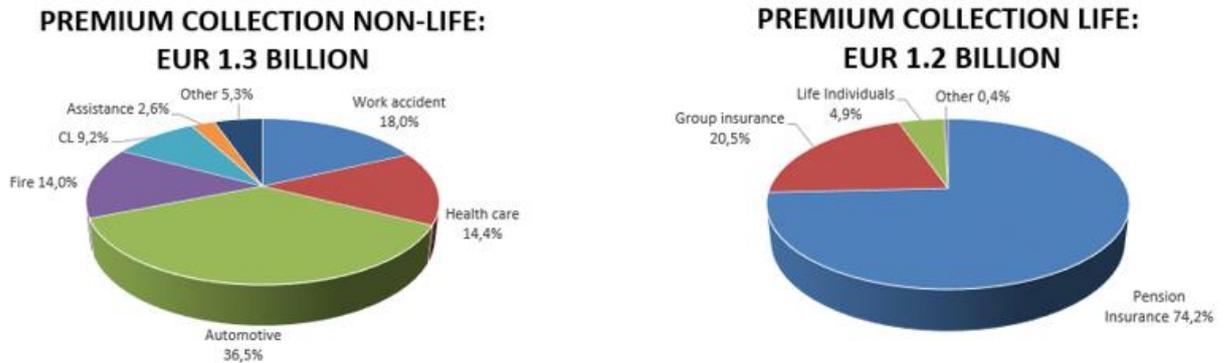
Companies

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

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

Partition of premium income 2017 for Ethias SA

The premium income stands at EUR 2.5 billion by end-2017 and is relatively balanced between Life and Non-Life activities. It is split per product as follows:



The majority of Ethias' activities are focused on the Belgian market. Ethias is the country's fourth-largest insurer, for all activities combined, with a 9% market share, and is the country's premier insurer of the public sector and its agents.

Our distribution network

Ethias is the only major direct insurer in Belgium, where brokers and bankinsurers have a predominant position.

For private individuals, Ethias distributes its products via three direct distribution channels:

- Insurance advisors, located throughout the country, in a network of 42 offices;



- Two "customer centers" available to policyholders where 70 agents managed in 2017 more than 800,000 incoming and outgoing calls, 125,000 emails, 7,000 text chats and 5,000 social media contacts;
- The website with over 12,000,000 web pages viewed in 2017:
 - a secure personal space (named "My Ethias"), allowing policyholders to consult their insurances and to declare certain claims;
 - 10 insurance products (**various products and formulas** in Owner and Tenant Home Insurance, Assistance Insurance, Cancellation and Luggage, Private Life Civil Liability Insurance, Digital Omnium) can be fully underwritten online (entire process ranging from quote to payment).

1 Habitation
2 Devis
3 Souscription
4 Paiement
5 Confirmation

% **PROMO**

2 mois gratuits* pour toute nouvelle souscription !

Complétez les données de l'habitation 1/2

Votre situation

▼

Vous êtes

▼

Montant du loyer mensuel (charges comprises)

Le bâtiment est

▼

Adresse du bâtiment

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

Business Plan 2018-2022

The strategic focus of the company is based on a vision of which the pillars are: customer satisfaction, growth, profitability, development of our employees and the satisfaction of our shareholders.

For Private Individuals, we continue the work to make insurance easier and accessible to all, with the objectives of profitable growth and of maintaining our position as a direct insurer in Belgium. The strategic actions focus on 5 axes: CRM (customer relationship management), omnichanneling, target markets (civil servants and Flanders), innovation and excellence in technical management.

For the Public Sector, in Non-Life, we intend to consolidate our position as a multi-product and services insurer amongst public bodies and to continue the development of the corporate and social profit segments. In Life, we have the ambition to be an all-round player in first and second pension pillar management.

In a transversal way, the company is engaged in an ambitious plan of technological and organizational transformation.

Trophies obtained in 2017

We were awarded two DECAVI trophies thanks to the quality of our products and the relevance of our marketing approach:

- Ethias won, for the 7th time, the trophy for **Best Family Insurance**. This trophy makes this insurance an unrivalled product. It offers, at a competitive price, very wide guarantees against material and bodily injury caused to other people as well as legal protection and protection against the third party faults.



DECAVI 2017 :
MEILLEURE ASSURANCE
FAMILIALE*

- For the second time in a row, **our Tenant Fire Insurance** is rewarded.

It offers, from EUR 12.50 per month, a cover specifically reserved for tenants, for any type of house rent below EUR 1,200 per month. Basic warranties are included, such as coverage against fire, storm, water damage, glass breakage, natural disaster, theft up to 100% of the content or 24-hour assistance in the event of an incident.



DECAVI 2017 :
MEILLEURE ASSURANCE
INCENDIE LOCATAIRE**

2017 in key dates

10 January

Following the success of the Switch/FIRST operation, the rating agency Fitch updated the position of Ethias. Its rating went from BBB (Positive Watch) to BBB (Positive Outlook). Fitch welcomes the improvement of the company's capital position and the reduction of its sensitivity to interest rates.

8 February

Ethias has conducted surveys amongst a representative sample of its insured in the Public and Social Profit Sectors. The results show that 98% of these insureds are satisfied with Ethias. The majority of the respondents consider Ethias to be an easy-to-access, solution-oriented insurer providing an efficient service. The insureds also highlight and appreciate the company's Belgian identity and anchorage. These studies were carried out by external and independent agencies.

15 February

Ethias has launched its new website for all its B2B customers: the public sector, the social profit sector and the private sector.

15 February

Ethias has developed "Cyber Protection", an insurance covering both Civil Liability (CL) and data protection following a cyberattack.

6 March

Ethias extends AssurPharma to claims management in the event of an occupational accident. Ethias is the first insurer to offer its insureds, in the context of occupational accidents, the possibility of electronic transmission for pharmaceutical costs.

8 March

Ethias embarks on social networks: a unique opportunity to position its brand and to connect with the insured on Facebook, YouTube, Twitter and LinkedIn.

9 March

Launching of reflections on Ethias 2.0 or how to make the organizational model evolve through a transformation plan whose objective is to reinforce the relevance of the business model and the anchoring in the market while solving the resources challenge.

10 March

Ethias has created the web series "Avec François, c'est pas chinois!" Its aim? Demystifying the world of insurance. Its content is educational and fun. The video capsules are based on the humorous style of "YouTubers" while keeping an eye on the information content.

20 March

The Board of Directors of Ethias S.A. has appointed Mr Philippe Lallemand as CEO.

29 March

The National Bank of Belgium (NBB) considers that the financial recovery programme implemented by Ethias SA has borne fruit and can therefore be considered as closed.

26 April

Ethias has won two Decavi Insurance Awards: one for its Family Insurance and the other one for its Tenant Insurance.

8 May

The Ethias shareholders have concluded an agreement to stabilize shareholding for a period of 2 years. This commitment enables the company to refocus on its insurance business by further strengthening its business model for the benefit of all stakeholders and at the service of its clients.

29 May

Ethias has initiated the necessary steps to sell its "FIRST" life insurance portfolio (first-generation contracts). Within this framework, Ethias offers its clients an exit premium of 25 % upon full surrender.

29 May

Ethias has launched the "Guaranteed Income" insurance in case of illness or private accident for contractual and/or statutory civil servants. The employer provides his employees with a supplementary financial compensation in the event of incapacity for work, and this beyond the legal provisions provided for in this regard.

30 May

Ethias Pension Fund OFP, the pension fund set up by Ethias SA and Ethias Droit Commun, has obtained the approval of the FSMA to begin its management activities for statutory and supplementary pension commitments.

26 June

In order to better meet the needs of its clients, Ethias has launched a new online service: myethias Healthcare. Through this tool, clients can now view and consult their health care coverage, as well as the ones of family members. They can also easily send expense accounts and other medical expenses, track the status of their reimbursements and take note of requests for additional information.

27 June

The rating agency Fitch has raised Ethias' rating to BBB+ (with stable outlook). It highlights the closure of the financial recovery programme, which has allowed to improve the Solvency II ratio (156.5% at 31 March 2017, coming from 115.7% at end-September 2016).

The European Commission closes the file on state aid commitments.

14 July

The "Switch VII" operation was closed successfully (see point 1.8).

1 August

The Board of Directors of Ethias SA has appointed Ms. Cécile Flandre as CFO.

15 September

Ethias renews its 3-year partnership with Blue-bike.

In case of problems, Blue-bike users will be helped by Ethias Assistance: 16,971 Blue-bike trips per month in 2017, i.e. an increase of 25%. As part of its corporate social responsibility, Ethias puts soft mobility at the heart of its concerns. Hence, the partnership tied in 2014 with Blue-bike was an obvious step. It has now been extended for another 3 years. During the "Mobility Week" in Belgium (September 16-22), Ethias and Blue-bike join forces to reduce the carbon footprint of Belgians.

15 September

The new organizational structure "Ethias 2.0" has been deployed in the company (see point 1.10).

25 September

Ethias has developed a new third-party payment system for physiotherapy care in the event of an accident at work ("AssurKine"). Thanks to this service, Ethias reimburses the physiotherapist directly. The affiliate no longer has to send the health-care provided certificate by mail in order to obtain the reimbursement of his/her care.

25 September

Ethias has opened a new Concept Store office in Genk.

4 December

Ethias has opened a new Concept Store office in Merksem (Antwerp).

12 December

The Mobility Division of the Walloon Public Service Department has awarded the 5-star label to Ethias for its participation in the "Tous Vélos Actifs" project. Ethias has been a pilot entity of the initiative since 2012.

27 December

Ethias Droit Commun changes its name and function and becomes a cooperative company. It is now called EthiasCo and its mission is to manage participating interests, its insurance portfolio having been transferred to Ethias SA with effect from 31 December 2017.

GOVERNANCE (ON 22 MARCH 2018)

The Executive Committee

Name	Function
Philippe Lallemand	Chairman of the Executive Committee - Chief Executive Officer
Benoît Verwilghen	Vice-Chairman of the Executive Committee - Vice-CEO - Chief Client Officer
Brigitte Buyle	Member of the Executive Committee - Chief Digital Transformation Officer
Cécile Flandre	Member of the Executive Committee – Chief Financial Officer (as from August 3, 2017)
Frank Jeusette	Member of the Executive Committee – Chief Risk Officer
Luc Kranzen	Member of the Executive Committee – Chief Services Officer

The Board of Directors

Name	Function
Erik De Lembre	Chair (until May 17, 2017)
Myriam Van Varenbergh	Chair (as from May 17, 2017)
Jacques Braggaar	Director
Marc Descheemaecker	Director (as from May 17, 2017)
Kathleen Desmedt	Director (as from October 11, 2017)
Claude Deseille	Director (until May 17, 2017)
Philippe Donnay	Director (independent) (as from May 17, 2017)
Willy Duron	Director (until May 17, 2017)
Jean-Pierre Grafé	Director (until May 17, 2017)
Olivier Henin	Director
Ingrid Loos	Director (independent) (as from October 11, 2017)
Marc Meurant	Director (as from October 11, 2017)
Philip Neyt	Director
Anne-Marie Seeuws	Director (independent) (as from October 11, 2017)
Karl Van Brom	Director
Bruno van Lierde	Director (independent) (as from May 17, 2017)
Philippe Lallemand	Director
Benoît Verwilghen	Director
Brigitte Buyle	Director (until October 11, 2017)
Cécile Flandre	Director (as from August 16, 2017)
Frank Jeusette	Director
Luc Kranzen	Director (until October 11, 2017)

The Audit and Risk Committee

Name	Function
Claude Desseille	Chair (until May 17, 2017)
Bruno van Lierde	Chair (as from May 17, 2017)
Erik De Lembre	Member (until April 25, 2017)
Marc Descheemaecker	Member (as from May 17, 2017)
Philippe Donnay	Member (as from May 17, 2017)
Willy Duron	Member (until May 17, 2017)
Jean-Pierre Grafé	Member (until May 17, 2017)
Ingrid Loos	Member (as from October 20, 2017)
Marc Meurant	Member (as from October 20, 2017)

The Appointments and Remuneration Committee

Name	Function
Erik De Lembre	Chair (until May 17, 2017)
Myriam Van Varenbergh	Chair (as from June 23, 2017)
Jacques Braggaar	Member
Olivier Henin	Member
Anne-Marie Seeuws	Member (as from October 20, 2017)
Philippe Donnay	Member (from June 23, 2017 until October 20, 2017)

The Statutory Auditor

PwC - Reviseurs d'Entreprises scrl
 Woluwe Garden, Woluwedal 18 – B-1932 Sint-Stevens-Woluwe
 Represented by K. Cappoen, Accredited Auditor
 A01969 - Appointed for the financial years 2017, 2018, 2019.

MANAGEMENT REPORT

Report of the Board of Directors of Ethias SA to the General Assembly of Ethias SA on May 16, 2018

This report meets the regulations of the Royal Decree of November 17, 1994 on the financial statements of insurance companies and the Belgian Corporate Code.

1 The year 2017 in a number of dates and key facts

1.1 Strengthening solvency

The major efforts made by the company as a whole have borne fruit and have considerably improved the Solvency II margin, which stood at 205 % before dividends at end-2017. After taking into account a dividend of 150 million euros that will be proposed to the General Assembly, and the forecast of an interim dividend of 118 million euros that should be decided by the Board of Directors during the second half of 2018, the SII ratio (not yet audited) amounts to 183 %, compared to 146% at end-2016.

The financial recovery programme was accepted by the NBB on March 29, 2017. The regulator has confirmed that, given the result of the "Switch VI" operation (offering an exit premium of 25% upon full surrender) and its impact on the solvency ratio, there is no more any indication that Ethias would no longer be able to meet the regulatory requirements in terms of required capital. On this basis, the Bank has considered that the implemented financial recovery programme has borne fruit and could be considered as closed. Furthermore, considering the changes made to the company's risk profile following the "Switch VI" operation, the Bank has asked Ethias SA to provide an updated version of the restoration plan by November 30, 2017. This was communicated to the NBB within the aforementioned deadline and was not the subject of any comments from the NBB.

1.2 Signing of an agreement with the shareholders in May 2017

The shareholders wished to provide a prospect of stability in the shareholding for a period of 2 years. This commitment enables the company to refocus on its insurance business by further strengthening its business model for the benefit of all its stakeholders and at the service of its clients.

This decision is part of a global agreement, comprising mainly the following elements:

- The objective of simplifying the legal structures;
- Strengthening corporate governance;
- The reaffirmed willingness to maintain the two company offices (Liège and Hasselt) and to preserve the quality of the social relations that characterize the company.

1.3 Governance

Following agreements between shareholders (the "Saint Philippe" agreements) on May 8, 2017 and introducing an age limit of 70 years within the Board of Directors, four directors resigned (Erik De Lembre, Jean-Pierre Grafé, Willy Duron and Claude Desseille) and four new directors were appointed by the ordinary general assembly of May 17, 2017 (Myriam Van Varenbergh, Marc Descheemaeker, Philippe Donnay et Bruno van Lierde).

The by-laws of Ethias SA were also amended at the general assembly of October 11, 2017 to form the Board of Directors with twelve non-executive directors (including four independent directors) and four executive directors. The other two members of the Executive Committee (Brigitte Buyle and Luc Kranzen) resigned as executive directors as of October 11, 2017, remaining however permanent guests of the Board of Directors, without the right to vote. Four new non-executive directors were also appointed on this occasion (Kathleen Desmedt, Ingrid Loos, Marc Meurant and Anne-Marie Seeuws). As a result, the composition of the Board of Directors respects a linguistic parity as well as Article 518bis of the Companies Code relating to the gender of the directors.

In addition, the by-laws now provide for an age limit to exercising the term of office of director, set at 70 years. Any director is deemed to have resigned as of right on the date of his/her 70th birthday and is replaced by a new director.

1.4 Distribution of a dividend

At Ethias SA's General Assembly of May 17, 2017, it was decided to distribute a dividend of 45 million euros to the parent company Vitrufin in order to enable it to hold the necessary liquidities for the payment of the residual coupons relating to its senior loan of 278 million euros. A dividend of 150 million euros will also be proposed to the General Assembly of May 16, 2018. This payment, supplemented by an interim dividend of 118 million euros to be decided by the Board of Directors and paid in the second half, will allow Vitrufin to have the necessary cash to reimburse its senior loan in January 2019.

1.5 Acquisition and merger by absorption of Whestia

In 2017, Ethias SA, which already held 25% of Whestia's capital, acquired all the shares. After agreement by the NBB, the transfer of the shares and payment of the transfer price took place on April 3, 2017. The absorption merger of Whestia by Ethias took place on June 23, 2017, with retroactive effect to January 1, 2017.

1.6 Fitch Rating

Following the success of the "Switch VI" operation, the rating agency Fitch placed on 10 January 2017 the rating for financial strength of Ethias SA at BBB, with positive outlook. Fitch has recognized the improvement in Ethias' capital position and the reduction in its sensitivity to interest rates.

On June 27, 2017, Fitch raised the rating for financial strength to BBB+ with stable outlook so as to reflect the closure of the financial recovery programme.

1.7 Closing of the commitments towards to the European Commission

The commitments of Ethias towards the European Commission in the frame of the state aid file following the recapitalization of the company by the public authorities at the end of 2008 expired on 31 December 2016.

The closure of the commitments was officially confirmed by the Commission to the Belgian State on June 30, 2017.

1.8 Switch VII operations

Ethias wishes to definitively dispose of its FIRST A portfolio and has begun a divestiture process for the portfolio. If this sale is carried out, it will have no effect on the terms and conditions of the insurance contracts concerned. However, in the event of a transfer to a non-Belgian insurer in the European Economic Area, these contracts will lose the protection of up to EUR 100,000 granted by the Belgian Guarantee Fund.

In order to anticipate the reactions of the policyholders who might have benefited from the Switch VI action (2016) if they had become aware of this sale, Ethias decided to reiterate the action, by proposing again, within the framework of a "Switch VII" action taking place from May 29 to July 14, 2017, an exit premium equivalent to 25% of the mathematical reserve upon full surrender.

This operation was also a major success, with surrenders amounting to EUR 432 million for a gross cost of EUR 108 million. These surrenders have contributed to a significant improvement in the SII margin (estimated impact of +18%).

In addition, at 31/12/2017, Ethias anticipated the cost of the sale of the remaining FIRST A portfolio and thus recorded an estimated expense of EUR 106 million.

1.9 Acquisition of the "Work Accidents Law 1967" portfolio of Ethias DC AAM

In June 2017, Ethias SA began the process of acquiring the insurance portfolio "work accidents public sector" of Ethias Droit Commun AAM (Mutual Insurance Association).

This acquisition, realized for a price of 1.5 million euros, has come into effect on December 31, 2017, following the NBB's agreement to the operation and the transformation of Ethias DC's legal form into a Cooperative Company with Limited Liability. The new cooperative company is called "EthiasCo" whose primary activity is the holding of participating interests, the main one being Vitrufin SA.

The acquisition results in the termination of the service and reinsurance agreements between Ethias SA and Ethias Droit Commun AAM.

1.10 Ethias 2.0

A new organizational architecture, called Ethias 2.0, was put into place in September 2017 with the main objectives being more consistency, more efficiency and more agility, to definitely put the customer at the centre of the organization. In this context, the responsibilities of the Executive Committee, chaired by Philippe Lallemand, CEO, have been redistributed: Benoît Verwilghen, Vice CEO, is in charge of managing the "Client Center", grouping all client-driven activities for the Public/Corporate Sector and Private Individuals (marketing, distribution channels, product development). Cécile Flandre was appointed as CFO, hence replacing Benoît Verwilghen, and Luc Kranzen is in charge of managing the "Services Center", grouping all service-oriented activities for the Public/Corporate Sector and Private Individuals (claims management). Brigitte Buyle becomes Chief Digital Transformation Officer with IT as main responsibility. Frank Jeusette remains CRO.

1.11 Establishment of a Pension Financing Body

On May 30, 2017, Ethias obtained the approval of the FSMA to begin its management of legal and supplementary pension commitments and created a pension fund, called "Ethias Pension Fund" (OFP). The creation of this multi-employer and mixed pension fund hence allows Ethias to diversify its range of pension solutions.

On the one hand, Ethias has considered that, in the current context of the financial markets, the pension fund solution is of interest for the management of supplementary pension schemes for its own employees. Thus, just under 257 million euros were transferred at the beginning of July 2017.

On the other hand, by giving its pension fund a multi-employer character, Ethias seizes the opportunity to respond to market demands since the fund is open to any company or public body, subject to compliance with a membership procedure.

1.12 The market conditions in 2017

In 2017, global economic activity accelerated. It was mainly China and the improvement in the economic situation in the euro zone that contributed to this more sustained overall growth. The United States, despite the Trump administration's inability to push through its promised major reforms, has also experienced a somewhat more sustained growth than in previous years. The economy's picture in 2017 is therefore quite good, but the financial markets have mainly focused on the monetary policies that have been conducted and the geopolitical tensions that have crossed the past year.

As promised at the end of 2016, the Fed raised its key rates three times in 2017. The ECB, for its part, announced a reduction in its asset purchase programme (QE). It also announced that its key rates would be maintained for some time after the end of the asset purchase programme.

In addition, 2017 has seen many political and geopolitical risks. In Europe, the Brexit negotiations are difficult and the two sides may not agree on exit conditions nor reach agreement before the official separation date set in March 2019. As regards the financial markets, in this context of good macroeconomic figures but with persistent geopolitical tensions and a cautious discourse of central banks, bond yields have experienced much volatility. In fact, the 10-year OLO rate went from 0.53% at the beginning of January to 0.82% at the end of July and then gradually declined following the ECB's announcements on the Quantitative Easing and the low inflation figures. It finally closed the year at 0.63%.

The German 10-year Bund also rebounded well in the first half, offering a return at its highest at 0.54% before ending the year at 0.43%.

For the peripheral countries, performances were disparate. Portugal benefited from its good economic performance and from the upgrade of its rating by S&P and Fitch. Italy, despite its political turbulences, saw its 10-year rate rise by 10 bps over the year to end at 2.02%. Spain, for its part, has suffered little from its dramatic management of the Catalan problem with a small increase of 19 bps for its rate, ending the year at 1.57%.

In corporate bond markets, the 5-year iTraxx index started the year at 72 bps and ended the year at 45 bps. The first half of the year was quite volatile. The second half of the year was less volatile with a continuing narrowing without major credit events. The year 2017 will have broken records in terms of new issues (primary market), companies continued to refinance their debt and took advantage of low financing rates.

Equity markets followed a bullish trend, mainly driven by an improving global economic environment, as well as good corporate earnings reports. In the United States, the S&P index was up 19.42% compared to last year. European equity markets have been a little more volatile. On the one hand, investors were reassured by the diminishing risk of a break-up of the European Union, while on the other, they were concerned at the possibility of a downward revision of the accommodating measures by the ECB at the beginning of the year's 2nd half. The Euro Stoxx 50 index closed the year at +6.49%.

At European sector level, technology stocks literally took off (+19.34% on the technology index), followed by "commodities" (+19.34%), "financial holdings" (+17.13%) and "industrial stocks" (+14.70%). The only sectors with a negative performance were telecoms (-3.63%), retail (-2.96%), media (-2.47%) and oil (-2.15%).

1.13 Investment policy

As in previous years, the majority of the investments in 2017 were made in government bonds and corporate bonds. As in 2016, low visibility on the expected evolution of interest rates led us to invest gradually throughout the year. Derivative programmes to hedge against a decline in interest rates have been adjusted in line with ALM objectives.

Real estate investments, in Belgium and in neighbouring countries, have also been continued in line with Ethias SA's intention to increase its exposure to this type of asset class through (direct and indirect) property investments.

The "Switch VII" operation had a significant impact on the level of liquidities, which fell sharply. An important cushion of liquidities had been created in anticipation of the operation but in view of its great success, sales of bonds as well as repo transactions were made.

As a responsible financial partner, Ethias SA also ensures to promote the compliance of its fundamental values through an ethical investment code. A blacklist of prohibited investments is annually updated. The last version of this investment code was approved by the Executive Committee on 12 December 2017. In its investment property, Ethias SA also prefers investments which strengthen its social role, such as investments in nursing and care homes.

2 Fair review of the business development, the performance and of the position of the company

2.1 Analysis of the results of the financial year

Total income of 2017 amounts to 2.484 billion euros, i.e. an increase by 1.2% compared to the previous year.

The year 2017 recorded an operating result of 285 million euros, up 12% over the previous year.

This result is mainly generated by the Non-Life business (operating result of 228 million euros). The Life business generates an operating result of around EUR 75 million, up more than 65% compared to 2016.

After taking into account non-recurring items (the cost of the Switch operations relating to the FIRST A surrenders and the estimated cost of the sale of the remaining FIRST A portfolio for a total of 215 million euros, non-recurring financial income for 69 million euros and the cost of other non-recurring items for 33 million euros), the net result amounts to 105.8 million euros. This net result grows by more than 31 % compared to the previous year.

2.1.1 Non-Life

Non-Life income amounts to 1,334 million euros at end-2017 and grows by 1.8% compared to 2016. It breaks down as follows between the segments "Private Individuals" and "Public Bodies & Companies":

- The income for Private Individuals is stable and amounts to 577 million euros at end-2017 (versus 574 million euros at end-2016).
- The income for Public Bodies & Companies amounts to 757 million euros at end-2017 and grows compared to end-2016 (736 million euros) thanks in particular to the development of the "corporate" activity.

The Non-Life operating result is stable and amounts to 228 million euros by end-2017. This result was recorded thanks to a better claims ratio (low claims frequency for Car, and Fire products) and the generalization of operational excellence to all of our processes, partly offset by the recognition of certain IT expenses as a result of technological ageing and the decommissioning of old systems as part of ongoing technological modernization and lower recurring financial income in 2017.

Non-Life net result amounts to 244 million euros after taking into account non-recurring financial income for 16 M€.

Ethias SA has an excellent net combined ratio of 90.8 %.

2.1.2 Life

Income at end-2017 is stable compared to 2016 and amounts to 1,150 million euros, including 57 million euros in Private Individuals and 1,093 million euros in Public Bodies & Companies.

Life business for Private Individuals was this year impacted by the "Switch VII" operation. The action was a major success with surrenders amounting to 432 million euros for a cost of 108 million euros. The reserves of this portfolio represent no more than 177 million euros at end-2017.

Life income in Private Individuals increased in 2017 (+ 16%) mainly due to the integration of Whestia's outstanding balance insurance portfolio following the merger by absorption of Whestia by Ethias SA (with effect from 1 January 2017).

Life income in Public Bodies & Companies exceeds 1 billion euros and mainly results from the commercialization of Life Insurance products of the 1st pillar (pension insurance) and 2nd pillar (group insurance), with an income of respectively 854 million euros (growing) and 236 million euros (decreasing).

Life reserves (excluding flashing-light provisions) amount to 9,573 million euros at end-2017 (versus 10,222 million euros at end-2016). This decrease is mainly explained by:

- a decrease in reserves in branch 21 from 9,814 million euros to 8,762 million euros following the FIRST A surrenders ("Switch VII" operation) and transfers to the OFP (Ethias Pension Fund) and branch 23. It should be noted that the Life reserves in Public Bodies & Companies amount to nearly 8 billion euros and that the average guaranteed interest rate for the 1st pillar is adjusted annually to take account of the changes in the 10-year OLO rate.
- an increase in branch 23 reserves of 403 million euros, reaching 811 million euros at end-2017, mainly following transfers of reserves from branch 21's 1st and 2nd pillars to branch 23

The Life flashing-light provision amounts to 1,037 million euros at end-2017. The NBB granted to Ethias SA the exemption from the obligation to provide additional provisions in 2017.

Life operating result grows and amounts to 75 million euros at end-2017 (versus 45 million euros at end-2016). This increase is mainly due to the decrease in interest rates in branch 21 (from 2.58% in 2016 to 2.18% in 2017). It should be noted that a provision for profit-sharing of 33 million euros was set up in the financial year 2017 (versus 21 million euros in 2016, mainly on 1st-pillar ring-fenced funds).

Life net result at end-2017 amounts to 23.7 million euros and is impacted by the following exceptional items:

- the impact of the cost for the "Switch VII" operation (-108 million euros);
- other non-recurring items (57 million euros), mainly non-recurring financial income.

2.1.3 Non-technical

In 2017, the non-technical result shows a negative before-tax contribution of -154.1 million euros compared to 147.8 million euros last year, affected by exceptional elements of 135.3 million euros, including the cost of the sale of the remaining FIRST A portfolio for 106 million euros.

2.2 Evolution in equity

After appropriation of the result, own funds show a decrease of 49 million euros, ending at 1,122.3 million euros, against 1,171.2 million euros last year, due to the remuneration of the capital, mostly compensated by the contribution of the annual result (105.8 million euros).

2.3 Solvency II margin level

The SII margin at end-December 2017 (not yet audited), based on the standard formula, amounts to 205 %. The Board of Directors of Ethias SA of March 22, decided to propose to the General Assembly of May 16 the payment of a dividend of 150 million euros. This payment, supplemented by the granting of an interim dividend of 118 million euros which should be decided by the Board of Directors and paid in the second half of 2018, will allow Vitrufin to have the necessary cash to reimburse its senior loan in January 2019 and will increase the margin to 183 %.

In 2017, the "Switch VII" operation launched in May (offering a 25% exit premium to holders of a FIRST A contract upon full surrender) led to a significant improvement in the SII margin level, the impact being estimated at 18%.

2.4 Assessment of Internal Control

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

In terms of control environment, Ethias:

- pays attention to the respect of the integrity and the ethical values it enshrines;
- Ethias aims at reaching its objectives through a clear definition of its organic structures and of the appropriate competences and responsibilities. Our Architecture 2.0 transformation plan meets this need;
- shows its commitment to attract, train and hold competent co-workers in accordance with the objectives of its multi-year plan;
- reinforces for each of its employees the duty to give account of his internal control responsibilities.

In terms of risk assessment:

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

In terms of controlling activities, Ethias:

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

In terms of information and communication, Ethias:

- Ethias communicates internally the information which is required for proper functioning of the other internal control components, more specifically by obtaining relevant and qualitative information.
- communicates with third parties on the points that may affect the functioning of other components of the internal control.

In terms of steering, Ethias:

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

As with any internal control system, the system implemented by Ethias can only provide an absolute guarantee when the risks are completely excluded. Therefore, the system only provides a reasonable assurance with respect to the realization of its objectives. The system constantly evolves and was the subject of the following actions in 2017:

- governance improvement;
- implementation of an Operational Excellence programme;
- overhaul of all internal policies;
- strengthening of independent monitoring functions.

2.5 Main risks (exposure and management policy) and use of the company's financial instruments

2.5.1 Governance with regard to risk management

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

First defence line - Daily risk monitoring

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

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

Furthermore, a network of "risk" correspondents within the operational lines and the support functions permits to benefit from the technical skills of the experts in the field.

Second defence line - Risk supervision

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

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

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

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

Finally, to reinforce Ethias' risk governance, its Executive Committee has decided to set up committees dedicated to risk management:

- the Risk Management Committee;
- the Strategic Investment Committee;
- the Insurance-Reinsurance Committee;
- The Committee for the Follow-up of Operational Risks;
- the Assets and Liabilities Committee (ALCO).

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

The **Risk Management Committee** is responsible for establishing the risk management strategies, monitoring the status of all risks and supervising the risk management tools, measures and actions.

The **Strategic Investment Committee** is responsible for setting out the guidelines for the investment strategy and monitoring the investment portfolios according to the risk appetite and the investment philosophy approved by the Executive Committee and the Board of Directors;

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

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

Third defence line - Independent assessment

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

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

2.5.2 Risk Appetite

Ethias' risk appetite, adapted to Solvency II, has been approved by the Board of Directors and it is based on 4 main axes: solvency, profitability, liquidity and operational excellence. Each of these axes is then developed so as to specify the objectives and the guidelines to be put in place.

2.5.3 Insurance risks

Insurance risk management is integrated in the company's management as follows:

1. In the Public Sector, policyholders do respect the guidelines that determine the limits with regard to subscription. These limits concern both the general and specific conditions of the contracts, the price setting and the degree of risk. They also determine the level of power that is granted according to the hierarchic level and the procedures to be followed, an "acceptance bureau" deciding at the operational level in the last instance.
2. For Private Individuals, the policyholders are subject to risk acceptance procedures that follow the hierarchical lines and to certain limits that are implemented in the IT systems.
3. The actuarial department and the reinsurance department determine the company's reinsurance needs. The treaties are reviewed annually according to the company's underwriting capacities and the requests from production.
4. Tariffs are established by underwriting actuaries and are submitted to the actuarial control for an opinion. The actuarial control also formulates opinions, in an independent manner, to the executive committee, on the technical profitability of the products, on reinsurance, on the adequacy of the technical provisions, on ALM management and on profit sharing.
5. The Insurance-Reinsurance Committee follows the technical risks of the existing products, analyses the mitigation actions of the technical risks, analyses the modifications to existing products or the proposals for new ones and supervises the reinsurance program. It reports to the Executive Committee for validation.
6. Any new product or any modification to existing products has been previously analysed by the "products and markets management" department for Private Individuals and by the departments "Life" and "Non-Life" for Public Bodies & Companies. All the aspects of the product are then considered: marketing, legal, fiscal, profitability, ALM constraints, compliance, etc., in accordance with the procedure for creating a new product or modifying an existing one validated by the Executive Committee dated November 17, 2014 and December 21, 2015.

2.5.4 Financial risks

The management of financial risks is integrated in the corporate management/business management as follows :

1. The financial managers must abide by the investment policies and the investment code and they shall ensure that their positions do not exceed the financial limits and do respect the asset allocation.
2. The financial department weekly organizes a tactical investment committee that decides on which actions to carry out, on the one hand, within the context of the above-mentioned constraints and, on the other hand, according to the guidelines and the decisions emanating from the strategic investment committee.
3. The Strategic Investment Committee has the task of setting out the guidelines for investments and to monitor the portfolios according to the investment policy approved by the Board of Directors. It reports to the executive committee for validation.

4. The composition and values of the financial portfolios are monthly monitored through the Investment Dashboard. A quarterly report regarding financial risks provides a comprehensive view of the financial risks to which the company is exposed. It contains the risk exposure profile of the assets in portfolio and presents the results of the sensitivity analyses of the portfolios' value.

2.5.5 ALM risks

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

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

2.5.6 Operational risks

In order to map the operational risks, Ethias carries out different types of risk assessment, namely:

- operational risk assessment on activities;
- operational risk assessment on projects;
- operational risk assessment on new products;
- operational risk assessment on organisational changes;

Information security and business continuity are integrated into the operational risk management with a view to optimization.

The CRO has also implemented:

- a feedback process for operational incidents of any kind. This should eventually allow to identify incidents of structural origin;
- an information monitoring process allowing to follow-up the threats that the company might face;
- the administrative management of complaints and the analysis of statistics on complaints.

The Risk Management Committee monitors the operational risks (including compliance risks). It analyses and suggests guidelines for corresponding mitigation/management measures. It reports to the Executive Committee for validation.

2.6 Reinsurance

Reinsurance lies within the control process of the insurance risks. It also contributes to the improvement of the solvency ratio.

The main insurance risks of Ethias SA concern damage and civil liability insurances, liability of motor vehicles and catastrophe risks (natural or human) on people and/or goods.

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

The reinsurance programmes are divided into four major parts: non-life insurance, liability insurance, motor vehicle insurance and personal insurance (accidents at work and death/disability insurances). Each year, they are reassessed to meet the needs of production taking into account the reinsurance market and to hedge the capacities required in the frame of Solvency II.

Reinsurance premium rates on the market were still generally on a downward trend given the absence of major catastrophes worldwide and the substantial capacities available.

There has been little change in reinsurance programmes between 2016 and 2017. On the whole, our reinsurance cost is stable.

2.7 Information regarding environmental and staffing matters

Firmly anchored in the multiannual dynamics of its Corporate Social Responsibility (CSR), Ethias pays special attention to the environmental and social implications in all its activities. Environmentally speaking, this awareness of sustainable issues has also been the subject of several concrete achievements within the framework of the multi-year societal action plan.

The declaration relating to non-financial information provided for by the law of September 3, 2017 (law on the publication of non-financial information and information on diversity by certain major companies and certain groups) will be presented in a separate report. In accordance with the law, this report is included in the appendix of this annual report.

Amongst the actions developed within the framework of the multiannual plans, Ethias has established a firm policy in the following fields:

- reduction of its fossil energy consumption;
- reduction of carbon emissions generated by its business;
- management of waste, packaging and worn consumables;
- management of suppliers in accordance with ethical standards and with sustainability and proximity criteria.

To achieve these objectives, Ethias has deployed the following major projects that complement previous investments:

- socially responsible purchases: definition of selection criteria for suppliers (proximity, sustainability criteria, ethical standards, ILO, etc.);
- environmental management: quantification of the reduction in consumption (energy, water, paper, waste), particularly upon the conclusion of a collective labour agreement "CCT90". This led to a 5 % reduction in the consumption of white paper and cardboard cups over a three-month period (compared to the same period in 2015). Implementation of corrective and/or innovative measures in order to reduce our emissions (automatic switch-off of lighting and machines, including outdoor advertising signs after 22H00 ...);
- CSR certification: a measurable and objectifiable certification for Equipment & Infrastructure (ISAE 3000);
- sustainable Real Estate: technical renovation of the regional offices;
- mobility: adapting infrastructure to "green mobility" and incentive to "gentle mobility".

In detail, the actions undertaken in 2012-2013, and listed below, continue:

- conclusion of electricity supply contracts favouring the "green label with guarantee of origin". This guarantees the supply of energy produced by hydroelectric, wind, cogeneration or solar means;
- in partnership with the company CO2Logic: measurement of the carbon footprint resulting in proposals for actions to reduce the footprint;
- partnership with Bpost for the CO₂ compensation of postal mailings;
- setting-up of a "slow food" policy in the company restaurant (98,000 meals per year) and selection of local suppliers adhering to the "Ethias Food Charter" and presenting sustainability/bio labels;
- implementation of the "sustainable commercial agency" concept;
- modernization of production equipment and management of heating/air conditioning;
- introduction of "sustainable, societal and proximity" criteria in the selection of goods and suppliers;
- application for international ISAE 3000 certification for environmental performance management.

The work conditions, of which the quality is the result of a constant and constructive dialogue with the trade union organizations, are considered essential motivational factors.

Furthermore, in accordance with its values, Ethias has ensured that the general terms of all purchase orders include an article according to which suppliers commit themselves (as well as their potential subcontractors and manufacturers) to respect the basic principles of the International Labour Organization (ILO): prohibition of child labour, respect for freedom of association, elimination of all forms of forced labour, prohibition of discrimination in employment and occupation. The company also makes its subcontractors aware of this problem.

Ethias also has an ethical investment code that incorporates environmental, social (human rights and labour rights) and governance (ESG) concepts. The ethical investment code of Ethias is reviewed annually with the help of an external partner. The code includes a list of prohibited investments. The list of companies pinpoints those that are not aligned with the ten principles of the UN Global Compact that relate to human rights, labour law, the environment and the fight against corruption and/or that are involved in controversial weaponry. In addition, since 2017, we have excluded from our investments thermal coal, which is the fossil fuel that contributes the most to global warming.

Our company restaurant favours local and seasonal products with organic label.

Since 2014, Ethias has continued in this direction by integrating variants of "eco sustainable" labelled products and techniques into its works tenders. This reflection should allow to offer a genuine "responsible" alternative.

Being well aware that carbon emissions linked to commuter traffic have a particularly strong environmental impact, Ethias has developed a mobility plan based on several pillars.

The use of public transport and carpooling (tax benefit) have thus been the subject of an internal awareness policy. Ethias applies the "third-party payment" (a complimentary subscription to public transport for employees). Ethias, in partnership with the Walloon Region, has also supported and participated in "Tous vélos actifs", a cycling initiative to promote other commuting alternatives. For its action, Ethias obtained at end-2017, and for the second year in a row, the 5-star label of "Tous Vélos Actifs". In a period of 5 years, the number of daily cyclists at Ethias has increased fivefold (14.12% of the workforce, well above the national average).

Projects for adapting the real estate infrastructure accordingly are being developed.

As a socially responsible company, Ethias has also supported alternative mobility programs set by public authorities, such as the "Covoit-stop" initiative. Since 2014, Ethias provides its employees for their personal trips (during lunch time, after work) with a fleet of 10 business bikes (including an electric one). Since 2013, around 20 employees have benefited from an electric bicycle for their commute to work (pilot project subsidized at 50% by the Walloon Region's mobility department). A free electric charging station for bicycles was installed in its car parking.

Since 2008, the company applies an environmental measure to its company vehicles: a carbon emission limit rate has been set for each category of company cars. The control of carbon emissions is a priority action plan for Ethias. In addition to its CSR Report, Ethias now publishes its own "carbon report". This report includes the company's carbon footprint (calculated by CO2Logic). Within a period of five years, Ethias has succeeded in halving its carbon footprint. As an insurer, Ethias is well aware of the impact of adverse weather conditions on the claims frequency of its policyholders. Hence, Ethias also launched in 2012 a prevention service with text message warnings for public authorities in case of severe weather conditions.

The concern of Ethias to percolate sustainable behaviour throughout society is reflected in the company's willingness to offer innovative tariffs for the insurance of electric or hybrid cars or vehicles of which the driver aims at reducing its annual mileage.

From a social point of view, our policy is to support the transformation process that is needed to meet the challenges of the next decade and to strengthen our organization. The many actions undertaken to strengthen Ethias have and will have an impact on the workforce. On the other hand, the context will require us, over the next few years, to optimize the allocation of resources in order to limit structural recruiting. In this context, the human resources department, with the support of the Executive Committee, initiated a profound reflection for reinventing Ethias' organizational architecture and for meeting our challenges:

- delivering a superior customer experience in a digital world;
- developing the company's financial flexibility and competitive advantage;
- developing a modern and engaging working environment for the teams.

Thus, different HR levers have been or will be deployed such as a new salary policy and talent management. In this context of change, our investment in training will be intensified. To this end, we have set up a specific program for supporting change without losing sight of technical training. In the face of these developments, it remains important to maintain a very high level of technical (insurance), commercial and management expertise.

The work conditions, of which the quality is the result of a constant and constructive dialogue with the trade union organizations, are considered essential motivational factors.

3 Appropriation of the result

The profit for the period available for appropriation amounts to 105.7 million euros, which, added to the profit carried over from the previous year, leads to a profit for appropriation of 215.6 million euros.

The following appropriation will be proposed to the general assembly:

- reversal of available reserves: EUR -3.8 million;
- allocation to the statutory reserve; EUR 5.3 million;
- remuneration of the capital (dividend): EUR 150 million;
- profit to be carried forward: EUR 64 million.

4 Events occurring after the financial year was closed

On April 16, 2018, Ethias concluded a sale agreement relating to its remaining FIRST A portfolio with a non-Belgian insurer from the European Economic Area, implying that the aforementioned contracts lose the benefit of the protection of up to 100,000 euros granted by the Belgian Guarantee Fund. This sale is subject to the approval of the Belgian regulator. The closing should take place before the end of 2018. Ethias will manage the transferred contracts for a maximum period of 2 years. The impact of this transaction has been provisioned in the 2017 financial statements for 106 million euros.

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

5.1 Regulatory developments - SII

The standard methods, assumptions and parameters used in the calculation of the solvency capital required (SCR) under the standard formula will be reviewed at the end of 2018. The purpose of this review is to adapt the Solvency II regime to the market developments and to incorporate the practical experience gained during the first years of its application. The European Insurance and Occupational Pensions Authority (EIOPA) launched a consultation with stakeholders in the sector in late 2016 in order to identify the adjustments to be made in the calibration of the SCR in standard formula.

The regulatory uncertainty associated with this revision could have a material impact on the Solvency II ratios of companies.

5.2 Regulatory developments - GDPR

To protect individuals from cybercrime, a new European regulation on the protection of personal data (GDPR - General Data Protection Regulation) will come into force in May 2018.

The obligations arising from the GDPR induce a profound change in the way personal data are managed and protected. This regulation will apply to any European company that collects and processes data from its customers, suppliers and employees.

To comply with this law, it is essential to ensure transparent communication about the types of data stored, their use and the purpose. Moreover, personal data kept by the company must be perfectly protected, which implies in particular:

- increased data transmission security between Ethias and its customers (websites, etc.), its external networks (doctors, experts, etc.), its suppliers (AssurCard, etc.);
- data backup in a secure location;
- identification of the persons within Ethias who have the right to access the data.

Ethias is actively working to comply with this regulation in order to be ready within the deadline, through the implementation of a transversal action plan including the establishment of an ad hoc governance, raising awareness amongst all employees of data protection issues, determining the obligations of our subcontractors and partners with regard to the GDPR, implementing data confidentiality principles, analyzing risks and securing our data processing.

5.3 Technological developments

Ethias has embarked on a major technological transformation programme to support its ambitions.

This includes the acquisition of new IT tools to meet the future needs of our customers and to improve overall performance. These tools will particularly support the deployment of the omnichannel strategy (e-commerce, social media, etc.). This programme also includes the modernization of the IT architecture supporting the Non-Life business through the Guidewire application, the development of robots enabling the automation of certain tasks and the deployment of supplementary CRM tools.

To prepare for the integration and use of Guidewire within Ethias, an implementation programme called "Century" has started in December 2015. The aim of Century is to make every effort so that Guidewire will be fully operational in 2019. The programme also focuses on accompanying measures and training needed to facilitate this transformation.

The investments made in the IT projects "Century", "Digital", "CRM" and "modernization of the architecture" over the last 3 years, until the end of 2017, amount to 69.5 million euros.

6 Research & Development

In terms of innovation, 2017 was a particularly productive year:

- In February 2017, Ethias launched "**Cyber Protection**", an insurance covering both civil liability (CL) and data protection following a cyberattack.
- In March 2017, Ethias created the **web series** "Avec François, c'est pas chinois!" on YouTube to demystify and simplify the insurance world in a didactic and fun way.
- In May 2017, Ethias launched the "**Guaranteed Income**" insurance in case of illness or private accident for contractual and/or statutory civil servants. The employer provides his employees with a supplementary financial compensation in the event of incapacity for work, and this beyond the legal provisions provided for in this regard.



- In June 2017, Ethias developed a new online service: **Myethias Healthcare**. Through this tool, clients can now view and consult their Healthcare coverage, as well as the ones of family members. They can also easily send expense accounts and other medical expenses, track the status of their reimbursements and take note of requests for additional information. This new service is available free of charge to beneficiaries of a group Healthcare insurance, taken out by their employer, and to clients who have taken out hospital insurance on an individual basis.



- In September 2017, Ethias introduced a new third-party payment system for physiotherapy care in the event of an accident at work ("**AssurKine**"). Thanks to this service, Ethias reimburses the physiotherapist directly and the affiliate no longer has to send a certificate of care by mail to obtain the reimbursement.



7 Justification for the independence and competence of the members of the Audit and Risk Committee of Ethias SA

The Audit and Risk Committee is composed of five non-executive directors, amongst whom three independent directors. To strengthen the efficiency of this committee, the chairman and the vice-chairman of the Executive Committee, the CRO, the internal auditor and, where appropriate, the accredited statutory auditor also attend these meetings, but without being member.

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

M. van Lierde is a graduate in law and economics (UC Louvain), and has completed the Stanford Executive Programme. He has extensive experience in financial services, having advised, as Senior Partner and Managing Director of the Boston Consulting Group, the general management of banks and insurance companies on strategy, mergers and acquisitions, organization, major change and performance improvement programmes. He is chairman of the Board of Buy Way, Sopartec, Tempora, the International Chamber of Commerce (Belgium) and SOS Children's Villages (Belgium). He is a member of the Board of Directors of Look&Fin and Europe Hospitals (Cliniques de l'Europe). He is Professor of Strategy at the Solvay Brussels School of Economics and Management. M. van Lierde meets the independence criteria defined in Article 526 ter of the Belgian Company Code.

M. Descheemaecker has a degree in applied economics and a post-graduate degree in European Economic Studies. He was Managing Director of the SNCB, Executive Vice-President of the ISS group and Managing Director of ISS Belgium. He is currently Chairman of Brussels Airport Company and De Lijn, independent director of HRD Antwerp (Diamant High Council) and director of Vitrufin, the EIB, the EIF, GIMV and the SNCB, where he is also Chairman of the Audit Committee.

Mr. Donnay holds a licentiate and a master's degree in economics.

After having been a macro-economist at Banque Degroof Luxembourg, Chief Economist at the FEB and Chief of Staff - General and Strategic Policy Units of the Deputy Prime Minister and Minister of Employment and Equal Opportunities and the Deputy Prime Minister and Minister for the Interior and Equal Opportunities, he is currently Planning Commissioner. He is also an independent director of Reacfin, director of Vitrufin and of the National Accounts Institute, Vice-Chairman of AWEX, member of the High Council of Employment, the High Council of Finance, the Study Committee on Ageing, the Belgian Institute of Public Finance and Chairman of the Scientific Committee "Economic Budget".

He meets the independence criteria defined in Article 526 ter of the Belgian Company Code.

Ms. Loos holds a degree in applied economics (University of Antwerp), a master in economics (KUL) and a master in change management (University of Amsterdam).

She has made a career in the financial sector by holding senior positions in credit granting to companies, financial engineering, risk management and internal audit and she was also Secretary-General of the Fortis group. Ms. Loos is also an independent member of the audit committee of the Flemish local authorities and, as Director of PwC Belgium - Advisory, was responsible for governance advisory activities.

She meets the independence criteria defined in Article 526 ter of the Belgian Company Code.

Mr. Meurant is a civil engineer in applied mathematics and has a degree in actuarial sciences.

He has acquired a solid experience in the insurance world, having been a member of the Executive Committee and then CEO of Winterthur-Europe Assurances for Belgium and Luxembourg. He was then CEO of CPH Life where he led the implementation of the SII regulation. He was also a director of BBL Life and BBL Insurance, Touring Assurances, Atelia, Verheyen, Winterhur Czech Republic and a member of the Executive Committee of Assuralia.

Mr. Meurant is also currently risk manager and executive director of MMH, Chairman of Smartplan, Amifor as well as director of CPH Life and BIA Group.

8 Justification for the independence and competence of the members of the Appointments and Remuneration Committee of Ethias SA

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

Ms. Van Varenbergh has a law degree (and has also followed additional licentiates in tax law and corporate law). She works as a lawyer specializing in corporate law. For several years, Ms. Van Varenbergh has been a member of the Board of Directors of various companies, including Fluida NV and Vandebussche NV, as well as the Flemish Regulator for the Media and the Luca School of Arts.

She is also a member of the Superior Council of Justice, of the Notary Nomination Commission and of the Flemish Council for Electoral Disputes. She was chair of the non-profit association "Amazone" and of the Council for Equal Opportunities between Men and Women. She is currently still active within several associations, in particular as treasurer of the European Women Lawyers Association. She is also a member of the Board of Directors of Vitrufin SA.

Mr. Braggaar holds a degree in criminology. He held the position of Head of HR-Budget in various ministerial offices. He was Deputy Secretary General, member of the French-speaking and National Management Committee of UNMS, where he was in charge of human resources management of the Directorate-General, and director of several non-profit associations linked to mutual organizations. He was also a director and member of Sowaer's Nomination and Remuneration Committee. He is currently Secretary General of the Socialist Party. He is still a director of Solidaris. Mr. Braggaar has a thorough knowledge of Ethias, having been a director of Ethias Droit Commun (now EthiasCo). He is also a director-member of the executive committee of Vitrufin. "

Mr. Henin is licensed in law and holds a DEA in economic law. He was director of cabinet in various ministers, director of the European Investment Bank, a representative of the Minister of Finance at the Council of Regency of the NBB and a government commissioner on the Board of Directors of the Deposit and Financial Instrument Protection Fund. He is currently CFO of the SNCB and Chairman of Fedimmo, Vice-Chairman of the SFPI and Director of Brussels Airport, Sabena Aerospace Engineering, Thi Factory, Eurogare and Lineas. Mr. Henin is also Chairman of EthiasCo.

Ms. Seeuws has a degree in applied economics.

She has acquired solid experience in the insurance world, having been a director-member of the executive committee of Baloise Insurance, a director of Euromex Insurance, a director-member and then chair of the Executive Committee of Nateus Life Insurance, Nateus Insurance, Audi Insurance and a director of Nateus Netherlands and Korfina Insurance (representing Nateus). She meets the independence criteria defined in Article 526 ter of the Belgian Company Code.

9 Conflicts of interests

If a director has directly or indirectly a conflicting interest of financial nature in a decision or transaction under the control of the Board of Directors, he or she must communicate it to the other directors prior to the deliberations of the Board of directors. His/Her declaration and the reasons justifying the opposing interest that exists on his/her behalf must be included in the minutes of the Board of directors who takes the decision.

(1) At its meeting on **March 20, 2017**, the Board of Directors **assessed the achievement of the 2016 objectives of the Executive Committee.**

The members of the Executive Committee abstained from taking part in the deliberation and the vote of the Board of Directors, being found that they had, within the meaning of Article 523 of the Belgian Company Code, an opposite interest of a financial nature in the decision that the Board of Directors was likely to take, viz. the awarding of a variable remuneration based on the achievement of their 2016 objectives.

Extract from the minutes of this meeting:

"... It (the Board of Directors) then examines the variable remuneration that it is proposed to be granted to them (the members of the Executive Committee). In this regard, it is specified that the amount of the variable remuneration of B. Buyle was prorated in view of her period of employment within the company in 2016.

It also decided to validate these proposals, the amount of the variables being considered low, an administrator pointing out, however, that it is not a matter of making a commitment to automatically grant a variable remuneration in the future.

...

In order to meet the requirements of Article 523 of the Company Code, the Board of Directors notes that the decision it has taken to grant a variable remuneration as proposed to the members of the Executive Committee has a financial impact for them and for the company. It justifies this decision by the achievement of the objectives that were assigned to them for the year 2016. "

(2) At its meeting on March 20, 2017, the Board of Directors also appointed the future CEO.

Mr. Verwilghen and Mr. Lallemand abstained from taking part in the deliberation and the vote of the Board of directors, being found that they had, within the meaning of Article 523 of the Belgian Company Code, an opposing interest of financial nature in the decision that the Board of Directors was likely to take, viz. the appointment of the future CEO, with both of them being candidates for the exercise of this function. This decision could have an impact on the remuneration of the person designated.

Extract from the minutes of this meeting:

"... It (the Board of Directors) appoints by a majority vote Mr. Philippe Lallemand as Chairman of the Executive Committee of Ethias SA as of this date, subject to approval by the NBB.

...

Finally, in order to meet the requirements of Article 523 of the Companies Code, the Board of Directors notes that the decision it has taken to appoint Ph. Lallemand as Chairman of the Executive Committee has a financial impact on him and for the company, corresponding to the change in his remuneration as a result of this appointment."

(3) At its meeting on May 16, 2017, the Board of Directors set the 2017 objectives for the members of the Executive Committee.

The members of the Executive Committee abstained from taking part in the deliberation and the vote of the Board of Directors, being found they had, within the meaning of Article 523 of the Belgian Company Code, an opposing interest of financial nature in the decision that the Board of Directors was likely to take, viz. the setting of the 2017 objectives of the members of the Executive Committee, which intervene in the payment of their 2017 variable remuneration.

Extract from the minutes of this meeting:

"... The Board of Directors agrees on the 2017 objectives for the members of the Executive Committee as presented.

In order to meet the requirements of Article 523 of the Company Code, the Board of Directors notes that the nature of the decision it has taken is the setting of the 2017 objectives for the members of the Executive Committee. The latter thus potentially had an opposite interest of financial nature, the achievement of the 2017 objectives conditioning the payment, in 2018, of their 2017 variable remuneration. The Board of Directors justifies the decision taken by the interest of the company."

(4) At its meeting on May 16, 2017, the Board of Directors also set the remuneration of the CEO.

Mr. Lallemand abstained from taking part in the deliberation and the vote of the Board of Directors, being found that he had, within the meaning of Article 523 of the Belgian Company Code, an opposing interest of financial nature in the decision that the Board of Directors was likely to take, viz. the setting of the CEO's remuneration.

Extract from the minutes of this meeting:

"... These explanations being provided and after discussion, the Board of Directors decides to support the proposal of the Appointments and Remuneration Committee regarding the amount of the CEO's gross annual remuneration.

In order to meet the requirements of Article 523 of the Companies Code, the Board of Directors notes that the nature of the decision it has taken is the setting of the CEO's remuneration. Mr. Lallemand thus had an opposite interest of financial nature. The Board of Directors justifies the decision taken by the interest of the company. "

(5) At its meeting on June 23, 2017, the Board of Directors examined the acquisition of the "Work Accidents Law 1967" insurance portfolio of Ethias Droit Commun.

Mr. Henin and Mr. Van Borm abstained from taking part in the deliberation and the vote of the Board of Directors, being found they had, within the meaning of Article 523 of the Belgian Company Code, an opposing interest of financial nature in the decision that the Board of Directors was likely to take with regard to the acquisition of the "Work Accidents Law 1967" insurance portfolio from Ethias Droit Commun by Ethias SA insofar as they sit on the boards of these two companies and are remunerated on both sides.

Extract from the minutes of this meeting:

"... So it (the Board of Directors) agrees on the takeover of the "Work Accidents Law 1967" portfolio from Ethias DC ... It also mandates the Executive Committee to sign the takeover agreement for this portfolio, under the conditions described above. "

As for the members of the Executive Committee, they point out that no decision has been taken or any transaction decided that would fall within the scope of Article 524ter of the Belgian Company Code.

10 External offices exercised by the leaders of Ethias SA (on 31/01/2018)

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

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

Directors of Ethias SA			
Name	Company	Registered office	Office exercised
Braggaar Jacques	Mutualité Solidaris Mons-Wallonie picarde	rue du Fort 48 7800 Ath	Director
Descheemaeker Marc	European Investment Bank	Boulevard Konrad Adenauer 98-100 L-2950 Luxembourg	Director
	Brussels Airport Company	Boulevard A. Reyers 80 1030 Brussels	Chairman of the Board of Directors
	De Lijn	Motstraat 20 2800 Mechelen	Chairman of the Board of Directors
	European Investment Fund	Avenue J.F. Kennedy 37b L-2968 Luxembourg	Director
	GIMV (Investment company - Listed company)	Karel Oomsstraat 37 2018 Antwerp	Director
	High Council for Diamond	Hoveniersstraat 22 2018 Antwerp	Independent director
	NMBS/SNCB	Rue de France 46 1060 Brussels	Director
Donnay Philippe	Walloon Agency for Export and Foreign Investment (AWEX)	Place Saintelette 2 1080 Brussels	Vice-Chairman of the Board of Directors
	Federal Planning Bureau	Avenue des Arts 47-49 1000 Brussels	Planning Commissioner
	National Accounts Institute	rue du Progrès 50 1210 Bruxelles	Director
	Reacfin	Place de l'Université 25 1348 Louvain-la-Neuve	Independent director
Henin Olivier	Brussels Airport Company	Boulevard A. Reyers 80 1030 Brussels	Director
	Eurogare	Place De Bronckaert 26 4000 Liège	Director
	Fedimmo	Chaussée de Wavre 1945 1160 Brussels	Chairman of the Board of Directors
	Lineas	Boulevard du roi Albert II 37 1030 Brussels	Director
	Sabena Aerospace Engineering	Avenue E. Mounier 2 1200 Brussels	Director
	NMBS/SNCB	Rue de France 56 1060 Brussels	Chief financial officer

	Federal Shareholding and Investment Company (Financial Holding)	Avenue Louise 54/1 1050 Brussels	Vice-Chairman of the Board of Directors
	Thi Factory	Place Marcel Broodthaers 4 1060 Brussels	Director
Meurant Marc	AMIFOR (Insurance company)	Galerie du Centre 1000 Brussels	Chairman of the Board of Directors
	BIA Group	Rue du Cerf 200 1332 Genval	Director
	CPH Life (Insurance company)	Rue Perdue 7 7500 Tournai	Director
	M.M.H. (Insurance company)	Boulevard A. de Fontaine 15 6000 Charleroi	Executive Director
	Smart Plan	Rue de Linthout 120 1040 Brussels	Chairman of the Board of Directors
Neyt Philip	Curalia (Insurance company)	rue Archimède 61 1000 Brussels	Director
	Ghelamco Invest (Listed company)	Zwaanhofweg 10 8900 Ieper	Director
	Leo Stevens and Co (Investment company)	Schildersstraat 33 2000 Antwerpen	Director
	Vladubel	avenue du Port 2 1080 Brussels	Director
Van Lierde Bruno	Buy Way (Credit institution)	Rue de l'Evêque 26 1000 Brussels	Chairman of the Board of Directors
	Look and Fin	Allée de la Recherche 12 1070 Brussels	Director
	Sopartec	Place de l'université 1 1348 Louvain-la-Neuve	Chairman of the Board of Directors
	Tempora	Rue des Anciens Etangs 44-46 1190 Brussels	Chairman of the Board of Directors
Van Varenbergh Myriam	Fluidda	Groeningenlei 132 2550 Kontich	Director
	Vandenbussche	Groendreef 21 9880 Aalter	Director

Effective leaders of Ethias SA			
Name	Company	Registered office	Office exercised
Flandre Cécile	Elia Asset	Boulevard de l'Empereur 20 1000 Brussels	Director
	Elia System Operator (Listed company)	Boulevard de l'Empereur 20 1000 Brussels	Director
Lallemand Philippe	Safran Aero Boosters	route de Liers 121 4041 Herstal	Director
	Wespavia (Financial holding)	avenue Maurice Destenay 13 4000 Liège	Director
Verwilghen Benoît	Fin Co	Duboisstraat 48 2060 Antwerpen	Director

11 Remuneration of the directors

Name of the director (non-executive and executive)	Function in Ethias SA	Remuneration Ethias SA (attendance fees)	Remuneration Ethias SA (fixed compensation)	Number of meetings Ethias SA (Board - Audit & Risk Committee - Appointments & Remuneration Committee)
Myriam Van Varenbergh (entered on May 17, 2017)	Chair	12,000	17,187.50	15
Erik De Lembre (left on May 17, 2017)	Non-executive director	16,000	12,187.50	17
Jacques Braggaar	Non-executive director	26,413.80	9,500	25
Claude Desseille (left on May 17, 2017)	Non-executive director	9,000	8,437.50	10
Willy Duron (left on May 17, 2017)	Non-executive director	10,000	4,687.50	11
Jean-Pierre Grafé (left on May 17, 2017)	Non-executive director	12,000	4,687.50	13
Olivier Henin	Non-executive director	25,560.80	9,500	24
Philip Neyt	Non-executive director	18,000	7,500	18
Marc Descheemaeker (entered on May 17, 2017)	Non-executive director	16,000	7,812.50	18
Kathleen Desmedt (entered on October 11, 2017)	Non-executive director	5,000	1,662.50	5
Ingrid Loos (entered on October 11, 2017)	Non-executive director	8,000	2,633.32	8
Marc Meurant (entered on October 11, 2017)	Non-executive director	8,000	2,633.32	8
Anne-Marie Seeuws (entered on October 11, 2017)	Non-executive director	5,000	2,050.81	5
Philippe Donnay	Non-executive director	17,000	8,672.50	22
Bruno van Lierde (entered on May 17, 2017)	Non-executive director	15,000	14,062.50	17
Karl Van Brom	Non-executive director	15,000 (*)	7,500 (*)	16
Philippe Lallemand	CEO	(**) -	(**) -	16
Benoît Verwilghen	Vice-CEO/CCO	(**) -	(**) -	17
Brigitte Buyle (left on October 11, 2017)	CDTO	(**) -	(**) -	13
Cécile Flandre	CFO	(**) -	(**) -	3
Frank Jeusette	CRO	(**) -	(**) -	15
Luc Kranzen (left on October 11, 2017)	CSO	(**) -	(**) -	14

(*) paid to the City of Antwerp

(**) pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge

Name of the director	Function	Remuneration company within the scope of consolidation NRB (***) (Attendance fees)	Remuneration company within the scope of consolidation NRB (***) (Fixed compensation)	Number of NRB meetings (Board of Directors, Appointments and Remuneration Committee, Audit Committee)
Philippe Lallemand	Chairman	5,000	12,500	10
Benoît Verwilghen (left on April 27, 2017)	Non-executive director	1,000	2,812.5	2
Brigitte Buyle	Non-executive director	4,000	5,000	8
Frank Jeusette (left on April 27, 2017)	Non-executive director	1,000	2,812.5	2
Luc Kranzen (left on July 27, 2017)	Non-executive director	500	2,500	1

(***) paid to Ethias SA

Name of the director	Function	Remuneration company within the scope of consolidation NRB - (Attendance fees)	Remuneration company within the scope of consolidation NRB - (Fixed compensation)	Number of NRB meetings (Board of Directors, Appointments and Remuneration Committee, Audit Committee)
Erik De Lembre (left on December 19, 2017)	Non-executive director	4,500	6,250	9
Société Claude Desseille	Non-executive director	3,000	5,312.50	6

Name of the member of the executive committee	Function	Gross remuneration (*)	Gross variable remuneration (*)
Philippe Lallemand ⁽¹⁾	CEO	362,927.12	6,901.14
Benoît Verwilghen ^{(2) (4)}	Vice-CEO/CCO	378,974.12	9,319.72
Brigitte Buyle	CDTO	305,235.95	1,581.61
Cécile Flandre ^{(3) (4)}	CFO	137,830.70	0.00
Frank Jeusette	CRO	269,549.13	6,641.39
Luc Kranzen	CSO	269,549.13	6,727.97

(*) Does not include other benefits.

(1) CEO from March 20, 2017 (from January 1, 2017 to March 19, 2017: member of the executive committee in charge of Public Sector & Companies)

(2) CEO ad interim until 19/03/2017

(3) Entry into function on the August 3, 2017

(4) Independent status

12 Statutory auditor's report on the financial statements for the year ended 31 December 2017

13 Details of balance sheet and income statement items

13.1 Balance sheet

13.1.1 Assets

Heading B. Intangible assets

- I. Formation expenses: relating to the issue expenses of subordinated bonds.
- II. Intangible assets: These are mainly goodwill related to the acquisition of portfolio and participating interest as well as the amounts invested as "rights" in the "tax shelter" and software and IT developments.

Heading C. Investments

- I. Land and buildings
 - 1. Real estate for corporate purposes: company buildings
 - 2. Other: includes buildings intended for rental as well as advance payments on business properties under construction.

Heading E. Receivables

- I. Receivables arising from direct insurance operations
 - 1. Policyholders: essentially relating to the amounts due from our policyholders.
 - 3. Other: includes the amounts due from various insurance companies, the projected recoveries and the benefits paid in 2017 but with effect in 2018.
- II. Receivables arising from reinsurance operations: regrouped receivables due from reinsurers.
- III. Other receivables: includes guarantees paid, revenues to be recovered from ring-fenced funds, annuities to be recovered on Stater mortgages, prepaid expenses and various contributions and taxes to be recovered.

Heading F. Other asset items

- I. Tangible assets: include facilities, machinery, electronic equipment, tools, furniture, rolling stock, fitting-out of buildings and stock.
- II. Cash at bank and in hand: cash in hand and assets in different banks with a term of less than one month.

Heading G. Accruals

- I. Interest and rent received but not yet due: income from portfolio securities and bank deposits received in the financial year 2017 but will be collected in 2018.

13.1.2 Liabilities

Heading E. Provisions for other risks and expenses

- III. Other provisions: these are mainly provisions for the cost of selling the FIRST A portfolio and for the end-of-career plan.

Heading G. Debts

- I. Debt arising from direct insurance operations: includes premiums paid prior to maturity, amounts due to various applicants and benefits to be paid.
- IV. Debts toward credit institutions: mainly includes repo and collateral.
- V. Other debts
 - 2. Other: essentially includes the suppliers, invoices to be received, unallocated payments, dividend to be paid and costs on ring-fenced funds.

Heading H. Accruals.

Mainly includes interests not yet due on bond loans.

13.2 Income statement

13.2.1 Technical account

Heading 2: Investment revenues - Life technical account.

Heading 2bis: Investment revenues - Non-Life technical account.

b) income from other investments

bb) income from other investments: investment revenues that are assets covering technical provisions and technical debts are recognized under these items.

Heading 3: Other technical income, net of reinsurance - Non-Life technical account.

This is income related to RDR management (Direct Settlement Compensation) and quota share reinsurance products (95 %).

Heading 5: Change in other technical provisions, net of reinsurance - Non-Life technical account.

This is the change in the indexation provision in Law 1971 and the part (95 %) of the change in the indexation fund in Law 1967.

Heading 6: Change in other technical provisions, net of reinsurance - Life technical account.

This includes the change in the provision for Life insurance.

Heading 8: Other technical expenses, net of reinsurance - Non-Life technical account.

Mainly includes the amount of the capital transferred to the Accidents at Work Fund (FAT) in Law 1971.

Heading 11: Other technical expenses, net of reinsurance - Life technical account.

These are mainly the tax on profit sharing and the tax on certain mathematical provisions Life and the contribution to the Deposit Protection Fund.

13.2.2 Non-technical account

Heading 7: Other income.

This item mainly includes reversals of impairment and brokerage revenues.

Heading 8: Other expenses.

These are losses on the realization of receivables, impairments on receivables and a provision for other risks and charges, including the allocation to the end-of-career plan and the one for the sale of the FIRST A portfolio.

14 Balance, income statement and notes

Figures (in euros) established on December 31, 2017 by the Board of Directors of March 22, 2018 and controlled by the Statutory Auditor on April 25, 2018.

14.1 Balance sheet

Assets	2017	2016
B. Intangible assets	128,958,877	78,644,360
I. Formation expenses	2,033,732	2,785,767
II. Intangible assets	126,925,145	75,858,593
1. Goodwill	57,278,282	-
2. Other intangible assets	17,454,984	40,046,386
3. Advance payments	52,191,879	35,812,207
C. Investments	14,904,239,973	15,632,322,048
I. Land and properties	268,940,988	266,072,014
1. Real estate for corporate purposes	73,725,345	72,731,674
2. Others	195,215,643	193,340,340
II. Investments in associates and share interests	416,317,426	424,029,678
- Associates	341,497,326	314,046,007
1. Participating interests	305,500,326	314,046,007
2. Certificates, bonds and receivables	35,997,000	-
- Other companies linked by a participating interest	74,820,100	109,983,671
3. Participating interests	42,508,691	67,216,995
4. Certificates, bonds and receivables	32,311,409	42,766,676
III. Other financial investments	14,212,851,751	13,816,826,813
1. Shares, share interests and other variable income securities	448,834,627	385,629,570
2. Bonds and other fixed-income securities	13,004,608,487	12,590,978,078
4. Mortgage loans and mortgage credits	402,325,211	455,465,621
5. Other loans	351,775,865	367,045,512
6. Deposits with credit institutions	5,138,276	3,564,083
7. Others	169,285	14,143,949
IV. Deposits with ceding companies	6,129,808	1,125,393,543
D. Investments related to operations linked to a "Life" business investment fund whose investment risk is not borne by the company	810,549,540	408,388,776
Dbis. Reinsurers' share of technical provisions	131,970,962	121,543,427
I. Provision for unearned premiums and outstanding risks	682,217	666,468
II. Provision for Life insurance	783,510	1,474,182
III. Provision for claims to be paid	130,505,235	119,402,777
IV. Provision for profit sharing and refunds	-	-
E. Receivables	386,668,878	388,162,691
I. Receivables arising from direct insurance operations	205,414,576	218,847,236
1. Policyholders	90,342,124	113,393,002
2. Insurance intermediaries	30,807,407	27,859,784
3. Others	84,265,045	77,594,450
II. Receivables arising from reinsurance operations	91,152,649	64,359,308
III. Other receivables	90,101,653	104,956,147
F. Other asset items	564,730,873	686,369,711
I. Tangible assets	23,286,940	21,409,634
II. Available values	541,443,933	664,960,077
G. Accruals	223,319,581	227,709,768
I. Interest and rent earned but not yet due	223,319,581	227,709,768
Total assets	17,150,438,684	17,543,140,781

Liabilities	2017	2016
A. Equity	1,122,296,393	1,171,206,261
I. Subscribed capital or equivalent funds, net of uncalled capital	1,000,000,000	1,000,000,000
1. Issued capital	1,000,000,000	1,000,000,000
III. Revaluation surpluses	26,248,883	32,486,908
IV. Reserves	31,953,389	28,907,940
1. Statutory reserve	26,350,000	21,050,000
3. Untaxed reserves	5,603,389	4,687,948
4. Available reserves	-	3,169,992
V. Result carried forward	64,094,121	109,811,413
1. Profit carried forward	64,094,121	109,811,413
B. Subordinated debts	462,472,403	460,188,941
Bbis Funds for future appropriations	7,728,650	6,753,686
C. Technical provisions	13,629,267,279	14,488,079,062
I. Provisions for unearned premiums and outstanding risks	293,272,275	291,243,282
II. Provision for Life insurance	9,765,963,190	10,818,537,330
III. Provision for claims to be paid	3,292,464,549	3,108,208,832
IV. Provision for profit sharing and refunds	34,534,465	24,069,615
V. Equalization and catastrophe provision	31,440,312	32,524,136
VI. C. Other technical provisions	211,592,488	213,495,867
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	810,549,539	408,388,776
E. Provisions for other risks and costs	213,706,645	126,746,055
I. Provisions for pensions and similar liabilities	3,476,887	11,405,518
II. Provisions for taxes	2,880,925	2,413,927
III. Other provisions	207,348,833	112,926,610
F. Deposits received from reinsurers	103,001,026	101,486,535
G. Debts	778,842,824	757,623,991
I. Liabilities arising from direct insurance operations	124,422,760	123,155,590
II. Reinsurance payables	4,428,313	1,913,530
IV. Debts owed to credit institutions	342,931,554	336,368,630
V. Other debts	307,060,197	296,186,241
1. Amounts payable for taxes, remuneration and social security	63,425,840	80,332,494
a) taxes	24,419,433	43,364,192
b) remunerations and social security costs	39,006,407	36,968,302
2. Others	243,634,357	215,853,747
H. Accruals	22,573,925	22,667,474
Total liabilities	17,150,438,684	17,543,140,781

14.2 Income statement

I. Technical account Non-Life	2017	2016
1. Earned premiums, net of reinsurance	1,303,140,620	1,258,927,447
a) Gross premiums	1,333,968,213	1,310,083,800
b) Outgoing reinsurance premiums (-)	-28,814,349	-33,930,433
c) Change in the provision for unearned premiums and outstanding risks, gross of reinsurance (increase -, decrease +)	-2,028,993	-17,462,566
d) Change in the provision for unearned premiums and outstanding risks, reinsurers' share (increase -, decrease +)	15,749	236,646
2bis. Investment income	139,217,265	174,793,671
a) Income of investments in associates or companies linked by a participating interest	7,263,811	9,525,388
aa) associates	5,832,060	5,832,060
1° share interests	5,832,060	5,832,060
bb) other companies linked by a participating interest	1,431,751	3,693,328
1° share interests	842,197	3,087,107
2° certificates, bonds and receivables	589,554	606,221
b) Income from other investments	110,332,753	121,660,559
a) income from land and properties	47,320	214,961
bb) income from other investments	110,285,433	121,445,598
c) Write-back of value adjustments on investments	13,443,431	23,872,301
d) Gains on disposal	8,177,270	19,735,423
3. Other technical income, net of reinsurance	1,155,386	1,486,004
4. Claims costs, net of reinsurance (-)	-918,669,720	-913,660,544
a) Net amounts paid	875,333,946	878,362,603
aa) gross amounts	883,268,116	903,331,134
bb) reinsurers' share (-)	-7,934,170	-24,968,531
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	43,335,774	35,297,941
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	38,582,586	22,626,000
bb) change in provision for claims to be paid, reinsurers' share (increase -, decrease +)	4,753,188	12,671,941
5. Change in the other technical provisions, net of reinsurance (increase +, decrease -)	11,894,513	3,171,680
6. Profit sharing and refunds, net of reinsurance (-)	-9,417,682	-9,371,124
7. Net operating costs (-)	-243,668,692	-213,557,009
a) Acquisition costs	139,975,698	173,098,484
c) Administrative costs	104,415,635	41,538,063
d) Commissions received from the reinsurers and share interests (-)	-722,641	-1,079,538
7bis. Investment-related costs (-)	-14,106,012	-22,548,381
a) Investment management costs	4,498,437	2,830,509
b) Value adjustments on investments	4,745,176	18,702,882
c) Losses on disposal	4,862,399	1,014,990
8. Other technical costs, net of reinsurance (-)	-26,153,246	-24,680,705
9. Change in provision for equalization and catastrophe, net of reinsurance (increase -, decrease +)	1,083,824	-84
10. Result of the Non-Life technical account		
Profit (+)	244,476,256	254,560,955

II. Life technical account	2017	2016
1. Premiums, net of reinsurance	1,148,352,137	1,140,872,354
a) Gross premiums	1,150,458,727	1,143,739,501
b) Outgoing reinsurance premiums (-)	-2,106,590	-2,867,147
2. Investment income	480,161,611	568,851,171
a) Income of investments in associates or companies linked by a participating interest	8,643,101	35,056,470
aa) associates	7,390,803	25,403,023
1° share interests	7,390,803	25,403,023
bb) other companies linked by a participating interest	1,252,298	9,653,447
1° share interests	827,429	9,216,566
2° certificates, bonds and receivables	424,869	436,881
b) Income from other investments	345,244,645	368,065,899
a) income from land and properties	14,834,078	14,643,297
bb) income from other investments	330,410,567	353,422,602
c) Write-back of value adjustments on investments	30,230,947	87,874,064
d) Gains on disposal	96,042,918	77,854,738
3. Value adjustments on investments of the assets side D. (income)	108,837,385	35,997,758
4. Other technical income, net of reinsurance	4,146,539	42,887,582
5. Claims costs, net of reinsurance (-)	-1,916,878,611	-2,623,032,730
a) Net amounts paid	1,918,633,865	2,622,413,492
aa) gross amounts	1,922,020,073	2,623,466,922
bb) reinsurers' share (-)	-3,386,208	-1,053,430
b) Change in provision for claims to be paid, net of reinsurance (increase +, decrease -)	-1,755,254	619,238
aa) change in provision for claims to be paid, gross of reinsurance (increase +, decrease -)	-1,755,254	619,238
bb) change in provision for claims to be paid, reinsurers' share (increase -, decrease +)	-	-
6. Change in the other technical provisions, net of reinsurance (increase +, decrease -)	411,275,502	761,997,336
a) Change in provision for Life insurance, net of reinsurance (increase -, decrease +)	463,303,383	740,307,772
aa) change in provision for Life insurance, gross of reinsurance (increase -, decrease +)	463,994,055	740,265,192
bb) change in provision for Life insurance, reinsurers' share (increase +, decrease -)	-690,672	42,580
b) Change in the other technical provisions, net of reinsurance (increase -, decrease +)	-52,027,881	21,689,564
7. Profit sharing and refunds, net of reinsurance (-)	-10,464,850	13,725,922
8. Net operating costs (-)	-37,913,361	-32,723,550
a) Acquisition costs	9,330,652	21,045,888
c) Administrative costs	29,042,834	12,585,933
d) Commissions received from the reinsurers and share interests (-)	-460,125	-908,271
9. Investment-related costs (-)	-72,006,830	-172,232,244
a) Investment management costs	-11,947,573	42,726,281
b) Value adjustments on investments	54,150,922	76,573,221
c) Losses on disposal	29,803,481	52,932,742
10. Value adjustments on investments of the assets side D. (costs) (-)	-82,591,392	-26,599,868
11. Other technical costs, net of reinsurance (-)	-9,223,755	-22,600,624
12bis. Change in fund for future appropriations (increase -, reduction +)	25,036	-6,753,686
13. Result of the Life technical account		
Profit (+)	23,719,411	
Loss (-)		-319,610,579

III. Non-technical account	2017	2016
1. Result of the Non-Life technical account		
Profit (+)	244,476,256	254,560,955
2. Result of the Life technical account		
Profit (+)	23,719,411	
Loss (-)	-	-319,610,579
3. Investment income	17,005,463	17,979,851
b) Income from other investments	15,284,463	13,623,179
bb) income from other investments	15,284,463	13,623,179
c) Write-back of value adjustments on investments	1,721,000	4,327,258
d) Gains on disposal	-	29,414
5. Investment-related costs (-)	-28,541,100	-29,700,171
a) Investment management costs	28,404,100	28,449,825
b) Value adjustments on investments	137,000	1,244,288
c) Losses on disposal	-	6,058
7. Other income	9,825,142	128,860,481
8. Other costs (-)	-156,573,474	-75,631,938
8bis. Current result before taxes		
Profit (+)	109,911,698	
Loss (-)		-23,541,401
11. Exceptional income (+)	-	106,317,333
12. Exceptional costs (-)	-	
13. Exceptional result		
Profit (+)		106,317,333
Loss (-)		-
15. Income taxes (-/+)	-3,336,119	-2,480,463
15bis. Deferred taxes (-/+)	119,275	-127,910
16. Result of the financial year		
Profit (+)	106,694,854	80,167,559
Loss (-)		
17. a) Withdrawal from the untaxed reserves	223,124	64,040
b) Transfer to the untaxed reserves (-)	-1,138,565	-312,448
18. Result for the period to be appropriated		
Profit (+)	105,779,413	79,919,151
Loss (-)	-	-

Appropriation and withdrawal	2017	2016
A. Profit to be appropriated	215,590,826	158,811,413
Loss to be appropriated (-)		
1. Profit for the period available for appropriation	105,779,413	79,919,151
Loss carried forward from the previous period (-)	-	-
2. Profit carried forward from the previous period	109,811,413	78,892,262
Loss carried forward from the previous period (-)	-	-
B. Charge to shareholders' equity	3,803,295	-
1. to capital and to issuance premium	-	-
2. to reserves	3,803,295	-
C. Transfers to equity (-)	-5,300,000	-4,000,000
2. to the statutory reserve	5,300,000	4,000,000
D. Result to be carried forward		
1. Profit to be carried forward (-)	-64,094,121	-109,811,413
F. Profit to be distributed (-)	-150,000,000	-45,000,000
1. Remuneration of capital	150,000,000	45,000,000

14.3 Note

N° 1. Statement of intangible assets, investment property and investment securities

Name	Asset items concerned			
	B. Intangible assets	C.I. Land and properties	C.II.1. Investment in associates	C.II.2. Certificates, bonds and receivables in associated companies
a) Acquisition value				
Previous year end	107,749,638	317,028,889	256,677,708	-
Changes during the year:				
- Acquisitions	98,910,288	14,909,750	2,170,278	35,997,000
- Disposals and withdrawals	-	-104,756	-49,210,144	-
- Reclassified between headings	-	-	38,739,359	-
- Other changes	-	-	-	-
Year end	206,659,926	331,833,883	248,377,201	35,997,000
b) Increase in value				
Previous year end		31,058,927	72,345,152	
Changes during the year:				
- Decided		-	-	
- Cancelled		-	-	
Year end		31,058,927	72,345,152	
c) Reductions in value				
Previous year end	29,105,278	82,015,802	14,976,853	-
Changes during the year:				
- Decided	48,595,771	11,936,020	699,127	-
- Written back as excessive	-	-	-453,954	-
- Cancelled	-	-	-	-
Year end	77,701,049	93,951,822	15,222,027	-
c) Amounts not called up				
Previous year end				-
Changes during the year:				-
Year end				-
Net book value, year end	128,958,877	268,940,988	305,500,326	35,997,000

Name	Asset items concerned			
	C.II.3. Share interests in companies linked by a participating interest	C.II.4. Certificates, bonds and receivables in companies linked by a participating interest	C.III.1. Shares, share interests and other variable income securities	C.III.2. Bonds and other fixed-income securities
a) Acquisition value				
Previous year end	77,844,009	42,766,676	394,112,608	12,634,215,710
Changes during the year:				
- Acquisitions	36,564,827		202,018,049	2,606,643,106
- Disposals and withdrawals	-17,964,726	-10,455,267	-138,686,038	-2,021,562,520
- Reclassified between headings	-38,739,359	-	-	-
- Other changes	-	-	-	-183,253,577
Year end	57,704,751	32,311,409	457,444,619	13,036,042,719
b) Increase in value				
Previous year end	5,560,612		-	
Changes during the year:				
- Decided	-		-	
- Cancelled	-5,560,612		-	
Year end	-		-	
c) Reductions in value				
Previous year end	14,010,536	-	4,082,288	43,237,632
Changes during the year:				
- Decided	82,218	-	6,289,287	27,090,635
- Written back as excessive	-13,811	-	-3,898,174	-21,397,193
- Cancelled	-859,973	-	-1,482,659	-17,496,842
Year end	13,218,970	-	4,990,742	31,434,232
c) Amounts not called up				
Previous year end	2,177,090		4,400,750	
Changes during the year:				
Year end	1,977,090		3,619,250	
Net book value, year end	42,508,691	32,311,409	448,834,627	13,004,608,487

N° 2. Statement of share interests and social rights held in other companies

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsidiaries	Financial statements as of	Currency	Equity	Net profit or loss
	Number	%				(+ or -) (in thousands of currency units)	
Air Properties S.A. Rue Léon Laval 12 L-3372 Leudelange B179.427	110,925	51.00	0.00	30/09/2017	EUR	5,432	-940
AME s.a. Rue des Croisiers, 24 B-4000 Liège BE 0466.883.467	200,000	100.00	0.00	31/12/2016	EUR	118	-15
Ankaret Invest SA Rue des Croisiers, 24 B-4000 Liège BE 0438.840.866	2,368,879	100.00	0.00	31/12/2016	EUR	17,445	-21
Archeion SA Rue des Croisiers, 24 B-4000 Liège BE 0832.269.896	28,410	100.00	0.00	31/12/2016	EUR	2,085	87
Ariane Building SA Place Saint-Jacques, 11/104 B-4000 Liège BE 0862.467.382	8,050	25.00	0.00	31/12/2016	EUR	-5,644	-2,278
Ariane Real Estate SA Rue des Croisiers, 24 B-4000 Liège BE 0898.866.435	200	100.00	0.00	31/12/2016	EUR	8,949	-19
Assurcard nv Fonteinstraat, 1A/301 B-3000 Leuven NN 475.433.127	900	20.00	0.00	31/12/2016	EUR	2,946	124
Bedrijvencentrum Meetjesland-Kerkstraat 108 B- 9050 Gentbrugge BE 0452.586.063	32	27.59	0.00	31/12/2016	EUR	339	-46
Bedrijvencentrum Regio Geraardsbergen Herenveld, 2 B-9500 Geraardsbergen BE 0456.832.584	32	27.12	0.00	31/12/2016	EUR	786	97
Bora SA Rue des Croisiers, 24 B-4000 Liège BE 0444.533.281	484	100.00	0.00	31/12/2016	EUR	6,635	38
Brussels I3 Funds nv Witte Patersstraat, 4 B-1040 Etterbeek BE 0477.925.433	1,090	18.17	0.00	31/12/2016	EUR	8,808	7,924
Centrexperts NV Leuvensesteenweg,510/30 B-1930 Zaventem BE 0463.891.315	80	10.00	0.00	31/12/2016	EUR	49	-59
Cerep Loi 1 SA Avenue Ariane, 5 B-1200 Woluwé-Saint-Lambert BE 0866.441.909	195,667	35.00	0.00	31/12/2016	EUR	4,073	-1,352
Crédit populaire Place Communale Hôtel de Ville, 1 B-4100 Seraing BE 0403.943.335	400	10.00	0.00	31/12/2016	EUR	237	-1
De Oostendse Haard VZW Nieuwpoortsesteenweg, 205 B-8400 Ostend BE 0405.277.282	1,400	16.16	0.00	31/12/2016	EUR	18,884	-2,341
E.D.A. SA Avenue de la Cokerie, 9 B-4030 Grivegnée BE 0823.162.982	10	10.00	0.00	31/12/2016	EUR	220	18
Epimède Rue Lambert Lombard, 3 B-4000 Liège BE 0634.750.380	2,080	20.00	0.00	30/06/2017	EUR	3,370	-1,312

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsidiaries	Financial statements as of	Currency	Equity	Net profit or loss
	Number	%	%			(+) or (-) (in thousands of currency units)	
Ethias Distribution Epargne Cr�dit SA Rue des Croisiers, 24 B-4000 Li�ge BE 0508.712.243	999	99.90	0.10	31/12/2016	EUR	241	-19
Ethias Patrimoine SA Rue des Croisiers, 24 B-4000 Li�ge NN 894.377.612	40	100.00	0.00	31/12/2016	EUR	21,328	1,214
Ethias Services SA Rue des Croisiers, 24 B-4000 Li�ge NN 825.876.113	999	99.90	0.00	31/12/2016	EUR	348	64
Ethias Sustainable Investment Fund SA (European Equities High Yield) Rue des Croisiers, 24 B-4000 Li�ge NN 865.127.063	189,422	89.17	10.83	31/12/2016	EUR	104,658	2,532
Ethias Sustainable Investment Fund SA (Global Equities) Rue des Croisiers, 24 B-4000 Li�ge NN 865.127.063	20,136	100.00	0.00	31/12/2016	EUR	19,678	440
Expertisebureau Bellefroid nv Kiewitstraat, 175,B-3500 Hasselt BE 0429.884.105	13	10.40	0.00	31/12/2016	EUR	751	25
Fonci�re du Berlaymont SPRL Rue des Croisiers, 24 B-4000 Li�ge BE 0833.012.640	1,000	100.00	0.00	31/12/2016	EUR	387	-368
Fonds d'�conomie solidaire du bassin industriel de Charleroi Bd Pierre Mayence, 1 B-6000 Charleroi BE 0464.424.815	5,000	13.19	0.00	31/12/2016	EUR	803	-8
Het Gehucht NV Rue des Croisiers, 24 B-4000 Li�ge BE 0808.840.636	500	100.00	0.00	31/12/2016	EUR	1,566	-117
Immo Hofveld SA Rue des Croisiers, 24 B-4000 Li�ge NN 889.535.233	1,000	100.00	0.00	31/12/2016	EUR	-75	205
Immovivegnis SA Rue des Croisiers, 24 B-4000 Li�ge BE 0463.660.394	10,500	100.00	0.00	31/12/2016	EUR	38	-111
Impulse Microfinance Investment Fund Sneeuwbeslaan, 20/2 B-2610 Antwerp NN 870.792.160	1,200	10.54	0.00	31/12/2016	EUR	3,700	914
Jan Dockx SA Rue des Croisiers, 24 B-4000 Li�ge BE 0458.920.757	2,500	100.00	0.00	31/12/2016	EUR	2,460	-188
Koala SA Rue des Croisiers, 24 B-4000 Li�ge BE 0873.412.150	400	100.00	0.00	31/12/2016	EUR	4,602	-142
Les Hauts Pr�s SA Rue des Croisiers, 24 B-4000 Li�ge BE 0812.149.029	1,000	100.00	0.00	31/12/2016	EUR	6,394	-49
Lothian Developments IV Rue des Croisiers, 24 B-4000 Li�ge BE 0463.648.518	1,012,873	100.00	0.00	31/12/2016	EUR	3,083	-141
L'Ouvrier chez Lui SA Rue d'Am�rique, 26/1 B-4500 Huy NN 401.465.578	15,000	63.58	0.00	31/12/2016	EUR	3,243	-46

NAME, full address of the REGISTERED OFFICE and if it concerns a company under Belgian law, the VAT or NATIONAL NUMBER	Social rights held by			Data extracted from the last available annual report			
	directly		by the subsidiaries	Financial statements as of	Currency	Equity	Net profit or loss
	Number	%	%			(+) or (-) (in thousands of currency units)	
Maison de l'Assurance Square de Meeus, 29 B-1000 Brussels BE 0403.306.501	2,776	10.66	0.00	31/12/2016	EUR	2,800	104
NEB Foncière SA Rue Louvrex, 95 B-4000 Liège BE 0480.029.838	145	29.41	0.00	31/12/2016	EUR	151	-17
NEB Participations SA Rue Louvrex, 95 B-4000 Liège BE 0480.029.739	60,503	29.43	0.00	31/12/2016	EUR	64,232	4,408
Network Research Belgium SA Parc Industriel des Hauts-Sarts 2° avenue, 65 B-4040 Herstal BE 0430.502.430	42,530	68.39	0.00	31/12/2016	EUR	99,168	8,172
Palais des Expositions de Charleroi s.c. Avenue de l'Europe, 21 B-6000 Charleroi NN 401.553.571	9,856	23.03	0.00	31/12/2016	EUR	1,370	-477
Sagitta SA Rue des Croisiers, 24 B-4000 Liège BE 0812.356.489	240	100.00	0.00	31/12/2016	EUR	3,368	274
Skarabee nv Nijverheidskaai,3/21 B-8500 Kortrijk BE 0468.210.684	25,000	31.25	0.00	31/12/2016	EUR	2,535	244
Real Goed Invest Rue des Croisiers, 24 B-4000 Liège BE 0872.354.157	1,046	100.00	0.00	31/12/2016	EUR	2,370	145
Theodorus II SA Avenue Joseph Wybran, 40 B-1070 Brussels NN 879.436.147	600	11.11	0.00	31/12/2016	EUR	2,208	3,720
Vecquim SA Rue des Croisiers, 24 B-4000 Liège NN 459.183.449	600	100.00	0.00	31/12/2016	EUR	1,786	111
Veran Real Estate SA Rue des Croisiers, 24 B-4000 Liège BE 0894.106.012	100	100.00	0.00	31/12/2016	EUR	5,456	-43
Ariane Building SA Place Saint-Jacques, 11/105 B-4000 Liège NN 875.171.810	5,000	50.00	0.00	31/12/2016	EUR	4,431	-34

N° 3. Actual value of investments

Asset items	Amounts
C. Investments	16,468,619,226
I. Land and properties	310,009,032
II. Investments in associates and share interests	575,725,081
- Associates	448,425,822
1. Participating interests	448,425,822
2. Certificates, bonds and receivables	-
- Other companies linked by a participating interest	127,299,259
3. Participating interests	94,987,850
4. Certificates, bonds and receivables	32,311,409
III. Other financial investments	15,576,755,305
1. Shares, share interests and other variable income securities	565,224,620
2. Bonds and other fixed-income securities	14,227,659,225
4. Mortgage loans and mortgage credits	418,769,134
5. Other loans	359,795,158
6. Deposits with credit institutions	5,137,883
7. Others	169,285
IV. Deposits with ceding companies	6,129,808

N° 3bis. Derivative financial instruments not measured at fair value

Estimate of the fair value of each class of derivative financial instruments not measured at fair value in the accounts, with indications on the nature and the volume of the instruments	Net book value	Fair value
FWD H BO: Volume: EUR 12.,000,000, forward buy on bonds, interest rate risk	-	1,318,530
FWD H SW: Volume: EUR 715,000,000, swap forward, interest rate risk	-	1,086,986

N° 4. Statement of other accruals for assets

Breakdown of the item G.III of assets if amount is considerable	amount
Interest and rent accrued but not yet due	223,319,581

N° 5. Statement of capital

	Amounts	Number of shares
A. Share capital		
1. Subscribed capital (item A.I.1. of the liabilities)		
- Previous year end:	1,000,000,000	xxxxxxxxxxxxxxx
- Changes during the year:		
- Year end	1,000,000,000	xxxxxxxxxxxxxxx
2. Structure of the capital		
2.1. Shares, share interests and other variable income securities		
Shares without indication of the nominal value	1,000,000,000	20,000,000
2.2. Registered shares of bearer shares		
Registered	xxxxxxxxxxxxxxx	20,000,000
G. Ownership structure of the company at the closing date of the accounts		
Vitrufin SA	xxxxxxxxxxxxxxx	20,000,000

N° 6. Statement of provisions for other risks and charges - Other provisions

Breakdown of the liability item E.III	Amounts
Provision sale FIRST A portfolio	106,000,000
Provision retirement plan	57,496,213
Provision for disputes	29,846,537
Other provisions for risks and charges	14,006,083

N° 7. Statement of technical provisions and debts

Liability items concerned	Amounts
a) Breakdown of the debts (or a part of the debts) with a residual maturity of more than 5 years.	
B. Subordinated debts	462,472,403
II. Non-convertible loans	462,472,403
Total	462,472,403
b) Debts (or part of the debts) and technical provisions (or part of the technical provisions) guaranteed by collaterals or irrevocably promised on the assets of the company.	
D. Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company	810,549,539
G. Debts	334,908,479
IV. Debts toward credit institutions	334,908,479
Total	1,145,458,018
c) Debts with regard to taxes, remunerations and social security costs.	
1. Taxes (item G.V.1.a) of the liabilities	
b) Non due tax debts	24,419,433
2. Remunerations and social security costs (item G.V.1.b) of the liabilities	
b) Other debts with regard to remunerations and social security costs	39,006,407

N° 8. Statement of accruals for liabilities

Breakdown of the liability item H	Amounts
Financial income to be carried forward	605,968
Financial charges to be allocated (Bond Issue and REPO)	21,967,957

N° 10. Information on technical accounts

I. Non-Life insurance

Content	Total	Direct business			
		Total	Accidents and disease (branches 1 and 2)	Automobile Civil Liability (branch 10)	Automobile Other branches (branches 3 and 7)
1) Gross premiums	1,333,968,213	1,219,671,080	369,477,495	253,036,696	186,623,364
2) Earned gross premiums	1,331,939,218	1,217,610,070	369,043,940	253,446,665	187,254,888
3) Gross damages	921,850,702	778,743,146	269,628,857	200,441,936	74,013,422
4) Gross operating costs	244,391,334	220,610,299	43,045,453	51,572,971	35,870,956
5) Reinsurance balance	-24,921,994	-23,599,615	-5,027,386	-4,235,515	-1,737,325
6) Commissions (art. 37)		26,869,121			

Content	Direct business				
	Marine Aviation Transport (branches 4, 5, 6, 7, 11 and 12)	Fire and other damages to properties (branches 8 and 9)	General Civil Liability (branch 13)	Credit and Bonding (branches 14 and 15)	Miscellaneous financial losses (branch 16)
1) Gross premiums	353,375	200,145,931	114,801,035	80,342	17,641,638
2) Earned gross premiums	356,766	199,406,220	114,470,206	83,546	16,399,790
3) Gross damages	130,675	89,247,714	94,787,949	957	8,257,821
4) Gross operating costs	133,096	43,422,853	21,830,469	52,701	3,327,518
5) Reinsurance balance	-	-15,878,242	3,278,853	-	-
6) Commissions (art. 37)					

Content	Direct business		Accepted cases
	Legal protection (branch 17)	Assistance (branch 18)	
1) Gross premiums	39,337,818	38,173,386	114,297,133
2) Earned gross premiums	39,321,169	37,826,880	114,329,148
3) Gross damages	17,438,741	24,795,074	143,107,556
4) Gross operating costs	8,016,289	13,337,993	23,781,035
5) Reinsurance balance	-	-	-1,322,379
6) Commissions (art. 37)			

II. Life insurances

Content	Amounts
A. Direct business	
1) Gross premiums:	1,150,432,090
a) 1. Individual premiums	58,997,058
2. Premiums under group insurance contracts	1,091,435,032
b) 1. Periodic premiums	975,903,458
2. Single premiums	174,528,632
c) 1. Premiums for non-bonus contracts	22,819,208
2. Premiums for bonus contracts	1,127,173,338
3. Premiums from contracts where the investment risk is not borne by the company	439,544
2) Reinsurance balance	1,049,072
3) Commissions (art. 37)	2,094,927
B. Accepted cases	
Gross premiums:	26,637

III. Non-Life insurance and Life insurance, direct business

Content	Amounts
Gross premiums:	
- in Belgium	2,350,495,638
- in the other states of the EEC	19,607,532

N° 11. Statement on personnel employed

Categories	2017		
	Total number at closing date	Total average number of persons employed (*)	Number of hours worked
Personnel under employment or internship contract (**)	1,799	1,671,55	2,096,249
Temporary staff and persons made available to the company	0	0,43	757
Total	1,799	1,671,98	2,097,006

Categories	2016		
	Total number at closing date	Total average number of persons employed (*)	Number of hours worked
Personnel under employment or internship contract (**)	1,769	1,691,90	2,369,814
Temporary staff and persons made available to the company	0	0,40	698
Total	1,769	1,692,30	2,370,513

(*) The average number of employees is calculated in full time equivalents in accordance with Article 12, § 1 of the Royal Decree of 12 September 1983 implementing the law of 17 July 1975 on the accounting and the financial statements of companies.

(**) The staff under employment or internship contract is made up of workers entered in the staff register and linked to the company by an employment contract or an internship contract within the meaning of Royal Decree N° 230 of 21 December 1983.

As for the personnel:

A. The following information relating to the financial year and to the previous financial year, concerning employees entered in the personnel register and connected to the enterprise by an employment contract or by a first employment agreement	2017	2016
a) Their total number at the financial year's closing date	1,799	1,769
b) The average number of personnel employed by the company during the previous financial year, calculated in full-time equivalents in accordance with Article 15, §4 of the Belgian Company Code, and broken down according to the following categories:		
- management staff	26	18
- employees	1,646	1,674
c) The number of hours worked	2,096,249	2,369,814

B. The following information relating to the financial year and the previous financial year, concerning temporary staff and persons made available to the company	2017	2016
d) Their total number at the financial year's closing date	-	0
e) Average number of full-time equivalents calculated in a similar way to employees registered in the personnel register	0.43	0.4
f) The number of hours worked	757	698

N° 12. Statement on all administrative and management costs, broken down by type

Name	Amounts
I. Employee benefit expenses	187,970,931
1. a) Remunerations	101,897,744
b) Pensions	-
c) Other direct social benefits	56,042,527
2. Employers' social security contributions	36,663,822
3. Employers' allowances and premiums for extra-legal insurances	163,516
4. Other employee benefit expenses	1,131,953
5. Provisions for pensions, remuneration and social security costs	-7,928,631
a) Appropriations (+)	-
b) Expenditures and reversals (-)	-7,928,631
II. Services and other goods	145,118,940
III. Depreciation and write-down on intangible and tangible assets other than investments	50,174,354
IV. Provisions for other risks and expenses	-13,350,000
1. Allocation (+)	-2,550,000
2. Expenditures and reversals (-)	-10,800,000
V. Other current expenditure	8,652,776
1. Fiscal operating costs	1,450,112
a) Property tax	1,153,204
b) Others	296,908
2. Contributions to public bodies	4,874,334
4. Others	2,328,330
VI. Administrative costs recovered and other current income (-)	-22,680,085
1. Recovered administrative costs	22,680,085
b) Others	22,680,085
Total	355,886,916

N° 13. Other income, other costs

	Amounts
A. Breakdown of the other income (item 7 of the non-technical account)	
Reversals of write-downs on litigations	8,250,300
Income from assets other than investments	184,435
Capital gains realized on assets other than investments	32,835
Received commissions	1,137,710
Others	219,862
B. Breakdown of the other costs (item 8 of the non-technical account)	
Amortizations	757,035
Impairments on receivables	10,009,776
Capital losses realized on assets	2,054,239
Provisions for risks and charges	141,120,746
Equity-related charges / commissions	2,631,679

N° 15. Income taxes

	Amounts
A. Breakdown of item 15 a) 'Taxes':	3,400,000
1. Income taxes for the financial year:	3,400,000
a) Refundable advance payments and prepayments	1,461,692
d) Estimated tax supplements (included in heading G.V.1a) of liabilities)	1,938,308
2. Income taxes on previous periods:	-
a) Additional income taxes due or paid:	-
B. Main sources of differences between the profit before tax, as stated in the accounts, and the estimated taxable profit	
Taxable at ordinary rate:	
Depreciation on revaluation surplus:	600,000
Taxable technical provisions (change):	-9,100,000
Taxed financial impairments (change):	-21,800,000
Taxed financial provisions (change):	-27,100,000
Other taxed provisions and impairments (change):	650,000
Reversals of write-downs on shares:	-5,900,000
Disallowed expenses (without ISOC):	19,100,000
Definitively taxed income:	-24,700,000
NDE cars	-600,000
Capital gains realized on securities held for more than 12 months	-20,700,000
Deduction of previous losses	-11,400,000
Deduction for risk capital	-1,200,000
Taxable at separate rates	
Capital gains realized on securities held for more than 12 months	20,700,000
Fairness tax	1,400,000
D. Sources of deferred tax assets:	
1. Deferred tax assets:	1,547,600,000
Accumulated tax losses deductible from future taxable profits	466,600,000
Taxed technical provisions	1,042,900,000
Taxed impairments and financial provisions	20,700,000
Other provisions	16,300,000
Other reserves (off-balance-sheet)	1,100,000
2. Future tax liabilities:	8,500,000
Surplus value (spread taxation)	8,500,000

N° 16. Other taxes and charges borne by third parties

	2017	2016
A. Charges:		
1. Charges on insurance contracts borne by third parties	239,521,271	238,276,217
2. Other charges borne by the company	1,772,200	2,762,925
B. Amounts retained on behalf of third parties in respect of:		
1. Withholding tax on earned income	265,894,536	274,428,017
2. Withholding tax (on dividends)	3,860,676	9,643,212

N° 17. Off-balance sheet rights and commitments

	Amounts
B. Personal guarantees given or irrevocably promised on behalf of third parties	-
C. Real guarantees given or irrevocably promised by the company on its own assets as security for debts and commitments:	
a) of the company:	352,409,527
D. Collateral received (others than in cash):	
a) securities and values of reinsurers:	78,607,882
b) others	753,679,995
H. Others:	3,670,934,681
ACQUISITION COMMITMENTS	1,660,146
DIVESTITURE COMMITMENT	8,372,165
CAPS/FLOOR	60,000,000
SWAPTIONS	2,795,000,000
BOND FORWARDS COMMITMENTS	14,510,400
FORWARD SWAP COMMITMENTS	715,000,000
LOAN COMMITMENTS INFRA	12,137,500
BOND FUNDS COMMITMENTS	24,674,985
EQUITY FUNDS COMMITMENTS	20,199,949
INFRA FUNDS COMMITMENTS	2,791,996
MORTGAGE LOANS COMMITMENTS	1,300,000
IT PROJECTS COMMITMENTS	15,287,440

N° 18. Relationships with associates and companies linked by a participating interest

Relevant items of the balance sheet	Associates		Companies linked by a participating interest	
	2017	2016	2017	2016
C. II. Investments in associates and share interests	341,497,326	314,046,007	74,820,100	109,983,671
1 + 3 Share interests	305,500,326	314,046,047	42,508,691	67,216,995
2 + 4 Certificates, bonds and receivables	35,997,000	-	32,311,409	42,766,676
- Others	35,997,000	-	32,311,409	42,766,676
C. II. Investments in associates and share interests	152,289	-	547	574
1 + 3 Share interests	152,289	-	547	574
E. Receivables	7,836	656,319	-	635,468
I. Receivables arising from direct insurance operations	7,761	45,494	-	-
III. Other receivables	75	610,825	-	635,468
B. Subordinated debts	3,500,000	3,500,000	-	1,000,000
G. Debts	9,446,114	13,204,512	-	535
I. Receivables arising from direct insurance operations	-	-	-	-
V. Other debts	9,446,114	13,204,512	-	535

Relevant items of the balance sheet	Associates	
	2017	2016
- Personal and real guarantees given or irrevocably promised by the company as a security of debts and commitments of associates	-	62,550,000

N°18bis. Relations with associates

Relations with the associates (*)		
	2017	2016
1. Amount of the financial fixed assets	24,127,203	46,645,398
- Share interests	24,127,203	46,645,398
- Subordinated receivables		
- Other receivables		
2. Receivables on associates	-	1,027,360,061
- Of more than one year	-	28,108,027
- Within one year	-	999,252,034
3. Amounts owed to associates	-	1,001,753,073
- Of more than one year	-	-
- Within one year	-	1,001,753,073
4. Personal and real guarantees		
- Provided or irrevocably promised by the company as security for debts or commitments of affiliated entities	-	-
- Provided or irrevocably promised by associates as security for debts or commitments of the company	-	-
5. Other significant financial commitments	-	-
(*) Associates in accordance with article 12 of the Belgian Company Code	-	-

N° 19. Financial relations with:

	Amounts
A. directors and managers:	
1. Outstanding receivables on these persons	656,571
4. Direct and indirect remunerations and allocated pensions charged to the income statement	
- to directors and managers *	338,690

* For non-executive directors and without remunerations and other benefits of the executive committee (Pursuant to article 11 of the bylaws, the directors' terms of office are exercised free of charge)

N° 19bis. Financial relations with:

The statutory auditor and the persons with whom he is linked	Amounts
1. Remuneration of the statutory auditor:	625,000
2. Fees for exceptional services or special missions accomplished within the company by the statutory auditor:	345,050
- Other control missions	236,625
- Other missions outside the audit missions	108,425
3. Fees for exceptional services or special missions accomplished within the company by the persons with whom the statutory auditor is linked:	103,191
- Tax advice missions	44,426
- Other missions outside the audit missions	58,765

N° 20. Valuation rules

The valuation rules applicable on the income statement are mentioned below.

Asset side of the balance sheet

Intangible assets (heading B)

The tangible assets are capitalized at their purchase or cost price, including incidental expenses.

Intangible assets are amortized using the straight-line method at a rate of 20%, except for the amortization of development costs and the amortization of goodwill, when the useful life cannot be reliably estimated, which are spread over a maximum period of ten years. The amortization period of goodwill is justified in note 23.

Investments (heading C)

Land and properties (sub-heading C.I.)

They are capitalized at their purchase or cost price, including incidental expenses.

Land is not depreciated.

Immovable properties acquired before 1 January 2011 are depreciated using the linear method at the following rates:

- Immovable properties: 2 %
- Alterations: 10 %

Immovable properties acquired after 1 January 2011 are divided in the following categories:

- Structural work
- Roof
- External woodwork
- Special techniques
- Finishing

These immovable properties are depreciated on a straight-line basis over the expected useful life of each component, after deduction of their residual value, provided that they can be determined reliably.

Investments in associates and share interests (sub-heading C.II)

These investments are subjected to depreciation in case of durable impairments. Additional or exceptional impairments can be recognized on a proposal from the Executive Committee.

Other financial investments (sub-heading C.III.)

Shares, share interests and other variable income securities (C.III.1)

These investments are subjected to impairments in case of durable capital loss. The existence of a significant unrealized loss with regard to the purchase price, determined on the basis of the weighted average price over a period of 12 consecutive months preceding the closing, is a criterion of durable impairment. The capital loss is qualified as important when it exceeds the purchase price by 20 % in a normal market context. This criterion can be submitted to the Executive Committee for consideration when the markets are more volatile.

Additional or exceptional impairments can be recognized on a proposal from the Executive Committee. The impact of these impairments are included in the notes accompanying the income statement provided that they represent an important amount.

In case of disposal of securities, the book value, used to calculate the realized gains and losses, is determined on the basis of the weighted average price.

Bonds and other fixed-income securities (C.III.2)

These investments are recognized in the balance sheet at their purchase price.

However, when their actuarial yield, calculated at the time of the purchase (taking into account their redemption amount at maturity) differs from their nominal yield, the difference between the purchase and the redemption amount is recognized through profit or loss, pro rata temporis for the remaining duration of the securities, as elements of the interest yields on these securities and is recorded as increase or reduction of their purchase price. Taking into account the actuarial yield at the time of the purchase, this difference is recognized through profit or loss on a discounted basis.

In accordance with the principles of Article 19 paragraph 1, impairments are systematically applied to the bonds, mentioned in the item C.III.2. of assets, in order to reflect the risk that the counterparties of such securities and receivables do not fully or partially honour their commitments relating thereto, including, but not limited to, the probability that the reimbursement of these securities and receivables is in whole or partly uncertain or compromised. When the market value of these securities and receivables is permanently lower than their net book value, this circumstance is, unless proved otherwise, presumed to be an other-than-temporary impairment which is to be considered for the application of this provision.

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

assess whether the recognition of an impairment is required:

Criteria for determining durable losses in value

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

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

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

With regard to the perpetual loans, the difference between their purchase price and their lower market value is to be considered as a permanent impairment so that these securities are valued at the lowest value between their book value and their market value.

In case of disposal of securities, the book value, used to calculate the realized gains and losses, is determined on the basis of the weighted average price.

Within the framework of an arbitrage operation, the realized gains and losses on the balance sheet are maintained and recognized through profit or loss over the term of the re-investment.

Mortgage loans and mortgage credits - Other loans (C.III.4 & C.III.5)

Impairments are applied to this loans according to the same rule as the one applied to item C.III.2 above.

Investments related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These investments are recognized in the balance sheet at their actual value (market value).

Deposits with credit institutions (sub-heading C.III.6)

Receivables (heading E)

Available values (sub-heading F.II)

These items are recognized at their nominal of purchase price.

Impairments are registered to take into account the uncertainties of their recovery.

Reinsurers' share of technical provisions (heading D. bis)

This item shows the reinsurers' commitment. The amounts recorded are obtained in accordance with the various applicable reinsurance treaties.

Other asset elements (heading F)

Tangible assets (sub-heading F.I)

The tangible assets are capitalized at their purchase or cost price, including incidental expenses.

The depreciations are carried out using the linear method at the following rates:

- plant, machinery, electronic equipment: 33 1/3 %
- rolling stock: 25 %
- office furniture and equipment: 10 %

The office furniture and equipment of which the purchase price is lower than EUR 250 are depreciated within the first year.

- medical devices: 20 %

Liability side of the balance sheet**Technical provisions (heading C)**

These provisions are calculated with prudence, taking into account the statutory and regulatory dispositions established by different control organizations.

The provision for equalization and catastrophe is valued using the actuarial method.

Technical provisions related to operations linked to a Life business investment fund whose investment risk is not borne by the company (heading D - branch 23)

These provisions are estimated based on the actual value of the assets under heading D.

Provisions for other risks and expenses (heading E)

The provisions for foreseeable risks and expenses are determined with prudence, sincerity and good faith.

The provisions with regard to the previous financial years are regularly reviewed and recognized through profit or loss if they serve no longer any purpose.

Deposits received from reinsurers (heading F) and debts (heading G)

These items are recognized at their nominal value.

Other particular rules**Accounts denominated in currencies**

The monetary items are valorized in euro at the spot price at the closing date of the financial year.

The non-monetary items are maintained in euro at their purchase price.

The balance of the negative differences resulting from the conversion of monetary items, other than the technical provisions, is recognized through profit or loss. The balance of the positive differences is recognized in the accruals as deferrable proceed.

Derivatives

The derivative financial instruments, used on a speculative basis, follow the prudence principle. This means that the unrealized losses are subjected to impairments of are used to constitute provisions for financial risks. However, the unrealized gains are not recognized through profit or loss.

The forward transaction in micro hedging or concluded within the framework of the ALM management are symmetrically valued with the allocation of costs and income of the hedged items for the residual lifetime of these items. Forward transactions for hedging purposes are forward transactions having the purpose of the effect to compensate or to reduce the risk on an asset, a liability, a right, an obligation, an off-balance sheet commitment or a set of items that are homogeneous in nature with regard to their sensitivity to interest rate variations.

Finally, the hedging transactions or the transactions concluded within the framework of the ALM management must be recognized as such and this, from the conclusion of the transaction.

N° 22. Declaration regarding the consolidated income statement

A. Information to be completed by all companies:

- The company prepares and publishes a consolidated income statement and a consolidated annual report in accordance with the Royal Decree on the consolidated income statement of insurance and reinsurance companies:
yes / no (*): Yes

N° 23. Additional information to be provided by the company on the basis of the decree of 17/11/1994

The company mentions the additional information required, if applicable:

Art. 27 bis § 3, last paragraph	Amounts
2. Bonds and other fixed-income securities	-20,501,744

Derivative financial instruments used	
Swaptions	13 acquisition transactions and 17 maturity transactions
Forward bonds	no acquisition transactions, 2 fiscal year transactions and 21 divestments
Forward swaps	17 acquisition transactions
Cap/floor	No acquisition transactions and no maturity transactions

Profit and loss accounts	Result	Reversal of impairment losses	Provision for impairment losses
Swaptions	- 4,107,650	-	-29,799,644
Forward bonds	-16,790,991	-	-
Cap/floor	-	-	-22,770

Acquisition of all of Whestia

In 2017, Ethias SA, which already held 25 % of Whestia's capital, acquired all the shares. After agreement by the NBB, the transfer of the shares and payment of the transfer price took place on April 3, 2017. The absorption merger of Whestia by Ethias took place on June 23, 2017, with retroactive effect to January 1, 2017. This acquisition has generated goodwill of 26.4 million euros, amortized over 10 years, in accordance with the valuation rules and corresponding to the duration of the commitments acquired. The impact of amortization in 2017 is 2.6 million euros.

Change in the breakdown of overheads

The change in overhead costs is influenced by a review of the activation of IT programmes leading to the recognition of an additional amortization of 31.5 million euros and an assumption of 13.5 million euros for projects whose amortization has not yet started. The total impact of this review on the 2017 accounts is therefore 45 million euros.

The allocation of overheads within the 4 processes was modified in 2017 to better reflect the definitions in the Solvency II standard.

The main differences are:

- 1) production costs for insurance contracts have been reclassified from acquisition costs to administrative expenses amounting to 67 million euros
- 2) costs related to sponsorship and pricing have been reclassified from internal administrative costs to internal acquisition costs in the order of 6 million euros
- 3) support activities were mainly included in the administrative expenses in 2016 but one part impacted the other 3 processes.

Flashing-light provision

On 22 November 2017, the National Bank confirmed, pursuant to Article 34quinquies, § 4 of the Royal Decree of 1 June 2016 amending the Royal Decree of 17 November 1994 on the financial statements of insurance and reinsurance companies, that it granted to Ethias SA the exemption from the obligation to provide additional provisions for the 2017 financial year, as the solvency requirements were met.

14.4 Social balance sheet

Number of the joint committee competent for the company: 306

Situation of the persons employed

Employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.

2017	Total	Men	Women
Average amount of employees			
Full-time	1,425.44	811.16	614.28
Part-time	355.05	89.16	265.89
Total in full-time equivalents (FTE)	1,671.5	870.6	800.9
Number of hours actually worked			
Full-time	1,798,039.07	1,032,796.70	765,242.37
Part-time	298,209.44	64,892.82	233,316.62
Total	2,096,248.51	1,097,689.52	998,558.99
Employee benefit expenses			
Full-time	158,281,444.46	96,911,734.83	61,369,709.63
Part-time	29,689,485.81	9,805,133.58	19,884,352.23
Total	187,970,930.27	106,716,868.41	81,254,061.86
Amount of benefits granted in addition to wages	282,913.92	160,618.92	122,295.00

2016	Total	Men	Women
Average amount of employees	1,678.46	872.58	805.88
Number of hours actually worked	2,369,814.02	1,264,618.03	1,105,195.99
Employee benefit expenses	195,984,328.15	112,559,859.52	83,424,468.63
Amount of benefits granted in addition to wages	239,058.28	137,298.56	101,759.72

2017	Full-time	Part-time	Total (FTE)
Number of employees	1,482	317	1,700.2
By type of employment contract			
Permanent contract	1,406	317	1,624.2
Fixed-term contract	74	-	74.0
Replacement contract	2	-	2.0
By sex and educational level			
Men	845	68	887.7
primary education	-	-	-
secondary education	147	35	166.6
higher non-university education	440	20	454.8
university education	258	13	266.3
Women	637	249	812.5
primary education	-	-	-
secondary education	93	74	140.8
higher non-university education	322	130	419.7
university education	222	45	252.0
By professional category			
Management staff	26	-	26.0
Clerical staff	1,456	317	1,674.2

Temporary staff and persons made available to the company

2017	Temporary staff
Average number of persons employed	0.43
Number of hours actually worked	757.49
Costs for the company	22,802.98

Table of the staff turnover during the financial year

Entries	Full-time	Part-time	Total (FTE)
Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.	95	0	95.0
By type of employment contract			
Permanent contract	46	-	46.0
Fixed-term contract	49	-	49.0
Replacement contract	-	-	-

Exits	Full-time	Part-time	Total (FTE)
Number of employees for whom the company has introduced a Dimona declaration or who are recorded in the general staff register.	60	5	64.1
By type of employment contract			
Permanent contract	36	5	40.1
Fixed-term contract	23	-	23.0
Replacement contract	1	-	1.0
By reason of termination of the contract			
Retirement	5	-	5.0
Unemployment with company allowance	6	1	6.5
Dismissal	6	1	7.0
Other reason	43	3	45.6

Information about training for employees during the financial year

2017	Men	Women
Formal initiatives of continuing vocational training paid by the employer		
Number of employees involved	403	460
Number of hours of training	4,228.78	4,394.70
Net costs for the company	843,174.04	934,222.52
of which gross costs directly linked to trainings	763,268.95	843,015.71
of which contributions and deposits paid to collective funds	79,905.09	91,206.81
of which allowances and other financial benefits received (to be deducted)	-	-
Less formal or informal initiatives of continuing vocational training paid by the employer		
Number of employees involved	913	886
Number of hours of training	3,929	3,607
Net costs for the company	256,413	235,429

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