

ANNUAL REPORT

2003

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## BOARD OF DIRECTORS

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### CHAIRMAN

Mr. ABDELAZIZ ESSASSI

### DIRECTORS

LE ASSICURAZIONI D'ITALIA ASSITALIA

Represented by :

Mr. PIERO MOZZI

Mr. NAZARENO CERNI

UNION FINANCIERE

Represented by :

Mr. NABIL ESSASSI

Mr. ABDELMONEM TRABELSI

Mr. MOHAMED MONCEF MAAOUI

Professor RIDHA M'RAD

### MANAGING DIRECTOR

Mr. ABDELAZIZ DERBEL

### STATUTORY AUDITOR

Mr. RAOUF MENJOUR

Member of Baker Tilly International



## STATEMENT BY THE CHAIRMAN

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Continuing its momentum, ASSURANCES MAGHREBIA was able to achieve positive results for the 2003 financial year.

Its major assets were certainly the continued building of client loyalty, prudent underwriting, selection of risks and adjustment to Reinsurance requirements.

The objective of our Company is to continually improve its performance in an increasingly competitive market, which requires the support of its partners, the involvement of all its collaborators and its network to achieve the targets set by the Company.

I should like to express my thanks to all those who have contributed to the achievement of these conclusive results and, more particularly, to our loyal clients for their continued trust in our Company.

**Abdelaziz ESSASSI**

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## ECONOMIC ENVIRONMENT

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### WORLD ECONOMIC OUTLOOK

In 2003, the world economic outlook was marked by an improvement of activities in the major industrial countries, especially following a recovery of the American economy. This had a positive impact on the other economies, and more specifically through an increase in international demand and a strengthening of international exchange flows, despite continued soaring oil prices.

Inflation control was maintained in the major industrial countries.

Stock exchange indexes improved on the major financial places.

As to the employment market, unemployment rates were virtually stable in most industrial nations.

### TUNISIAN ECONOMIC OUTLOOK

Within a world context marked by the economic upturn of several industrial countries, the Tunisian economy also followed a favourable positive growth in the majority of its sectors and fields of activity.

The Gross Domestic Product grew by 5.5% as compared to 1.7% in 2002.

Besides the good results of the agricultural sector, both air transport and tourism were marked by a progressive rise in their normal growth rate.

Also, the overall industrial production index grew in relation to the progressive uptake of agro-businesses, building-related industries, the various manufacturing industries as well as the energy sector.

Concerning foreign trade, exports increased by 6.1% while imports increased by 3.9%

This economic improved situation resulted in an increase in stock exchange activities, which can be seen by an increase in the Tunindex of 11.7% and that in the BVMT of 20%.

Inflation was kept under control and remained at the same level as in 2002, i.e. 2.7%.

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## THE INSURANCE SECTOR

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In 2003, the insurance sector was marked by the continued increase in insurance rates and the reorganisation of reinsurance coverage conditions.

The 2003 fiscal year was also marked by a decline in the assessment of several reinsurance companies, such as Munich-Ré, Suisse-Ré and Hanover-Ré.

At the national level, the promotion of the insurance sector is to be noted as well as its scope of intervention in the economic sector through :

- The signature of a framework agreement between the Tunisian Federation of Insurance Companies (FTUSA) and the Association of Professional Bankers (ABP) on the marketing of life insurance products
  - Agricultural credits and Assistance through banks.
- The disengagement of the Banque Internationale Arabe de Tunisie (BIAT) from the Groupe des Assurances de Tunisie (GAT) and the creation, with new partners, of a new insurance company named «Assurances BIAT».
- Withdrawal of the agreement to the Insurance and reinsurance Cooperative «El Ittihad» and signing an agreement with Assurance Mutuelle El Ittihad (AMI).
- A number of texts were passed to promote the insurance sector, especially :
  - The decree of 7 March 2003 by the Ministry of Finance that determines the list and form of documents and business statements of insurance and reinsurance companies as specified by the (new) article 60 of the Insurance Code.
  - The law 2003-80 of 28 December 2003 establishing the 2004 financial law, especially its articles 39 and following, 43 and 44 concerning :
    - The marketing of insurance services by the Post Office network.
    - Value Added Tax exemption on charges paid out by insurance companies to insurance intermediaries.
    - The exemption from income tax of life annuities provided in the framework of Life insurance contracts.

## GENERAL ACTIVITIES OF THE COMPANY

In a difficult environment, ASSURANCES MAGHREBIA achieved very praiseworthy results in 2003.

### KEY FIGURES

The key figures are :

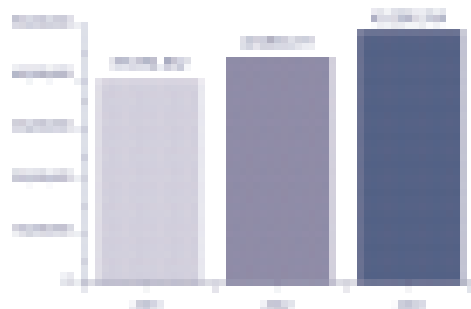
| DESCRIPTION                 | 2002           | 2003           | DIFFERENCE |
|-----------------------------|----------------|----------------|------------|
| Overall turnover            | 43,884,511 TND | 49,000,764 TND | 11.7%      |
| Indemnifications            | 20,905,456 TND | 23,230,908 TND | 11.1%      |
| Premium collections         | 41,381,431 TND | 51,382,038 TND | 24.2%      |
| Recovery rate               | 86.8%          | 90.7%          | 4.5%       |
| Commissions paid out        | 3,529,665 TND  | 3,715,627 TND  | 5.3%       |
| Overheads                   | 5,414,481 TND  | 6,299,356 TND  | 16.3%      |
| Overheads-turnover ratio    | 12.3%          | 12.9%          | 4.2%       |
| Overall charge-cost ratio   | 20.38%         | 20.44%         | 0.3%       |
| Securities, stocks & shares | 38,296,408 TND | 42,051,828 TND | 9.8%       |
| Technical reserves          | 67,917,526 TND | 76,616,660 TND | 12.8%      |
| Net profit                  | 2,016,832 TND  | 1,195,242 TND  | - 40.7%    |

### COMPANY TURNOVER

Despite extremely keen competition in the market, the Company was able to achieve a turnover of 49,000,764 TND against 43,884,511 TND in 2002, i.e. an increase of 11.7%.

Turnover by branch is as follows :

#### Growth of Turnover for the 3 years (Dinars)



- Car insurance increased by 1.8%
- Fire / Miscellaneous Risks grew by 43.7%
- Special Risks rose by 16%
- Civil liability progressed by 41.5%
- Transport & Shipping progressed by 4.3%
- Life Insurance increased by 0.9%
- Health Insurance grew by 6.3%.

## GENERAL ACTIVITIES OF THE COMPANY

### PORTFOLIO STRUCTURE

In 2003, the Company continued the improvement of its portfolio structure.

- The Car Insurance branch that represented 29.7% in 2002 decreased to 27.1% in 2003
- The FMSR branches progressed noticeably from 30.6% to 36.1%
- The Health Insurance branch declined from 15.5% to 14.8%
- The Transport & Shipping branch declined from 7.8% in 2002 to 7.3% this year
- The Life Insurance Branch went from 16.3% to 14.7%.

Portfolio structure  
as of 31/12/2003



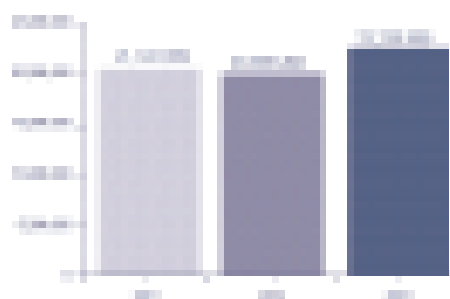
### COMPENSATIONS

Compensations paid out during the 2003 financial year amounted to 23,230,908 TND as compared to 20,905,456 TND in 2002, i.e. an increase of 11.1%.

Claims repayment for the Car Insurance and Health Insurance branches amounted to 77.7% in 2003 against 81% the preceding year, whereas the premiums paid out for these two branches represented 41.8% against 45.2% in 2002.

Claims repayment in 2003 amounted to 47.4% of the company turnover against 47.6% the preceding year.

Claims repayment over the past  
3 years (Dinars)



### TECHNICAL RESERVES

Technical reserves rose by 12.8%, from 67,917,526 TND in 2002 to 76,616,660 TND this year.

Breakdown of reserves is as follows :

- Non-life insurance branches : 55,598,950 TND against 49,247,881 TND, i.e. an increase of 12.9%.
- Life insurance branches : 21,017,710 TND against 18,669,645 TND, i.e. an increase of 12.6%.

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## COMPANY ACTIVITIES BY BRANCH

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### CAR INSURANCE

With the increase in the number of cars (+4.7%) and that of driving licenses (+4.8%), the Car Insurance branch grew by 1.8%.

Premiums in this branch amounted to 13,267,500 TND against 13,026,481 TND in 2002.

The share of premiums in the overall company turnover is 27.1% against 29.7% the preceding year.

This result could be achieved owing to the actions undertaken for the past several years in the field of subscription selection.

Claims paid out for this branch reached 10,465,302 TND against 10,323,071 TND in 2002, i.e. a growth of 1.4%. They represent 45% of claims paid out against 49.4% the preceding year.

The total reserve for claims to be paid is 30,247,149 TND against 26,420,910 TND, therefore an increase of 14.5%.

### FIRE MISCELLANEOUS & SPECIAL RISKS (FMSR)

The FMSR branches showed a 31.5% increase, with a turnover that went from 13,444,390 TND to 17,674,111 TND this year. The breakdown is as follows :

- Fire and Multi-risk claims grew by 43.7%
- Theft insurance claims increased by 54.6%
- Civil liability claims showed a 41.5% increase
- Special risks claims grew by 16%.

Individual risks (Multi-risk Household and Professional Multi-risk) also increased respectively by 24.2% and 11.2%.

Special risks increased by 16% with claims paid out going from 4,645,054 TND in 2002 to 5,387,985 TND in 2003.

Claims paid out under Civil Liability went from 1,815,454 TND to 2,568,443 TND, i.e. a 41.5% increase.

Claims paid out under the FMSR branches amounted to 2,980,232 TND against 1,800,389 TND and thus recorded an increase of 65.5%.

The reserve for claims to be paid under the FMSR is 6,135,225 TND and thus recorded a decrease of 7.4%.

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## COMPANY ACTIVITIES BY BRANCH

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### TRANSPORT & SHIPPING

The turnover of the Transport / Shipping branch reached 3,599,583 TND in 2003 out of which 2,091,993 TND for Cargo Insurance and 1,507,590 TND for Hull Insurance, i.e. a 4.3% increase.

The part of this branch in company turnover was 7.3% this year versus 7.9% in 2002.

Claims paid out amounted to 553,820 TND against 390,047 TND in 2002, a growth of 42%.

The reserve for claims to be paid is 3,261,778 TND against 3,695,390 TND in 2002.

### LIFE INSURANCE

Growing from 7,145,732 TND to 7,213,337 TND in 2003, the different Life Insurance branches registered a 0.9% growth.

Payments (services and capital due) reached 1,431,698 TND versus 1,640,310 TND in 2002, therefore recording a decline of 12.7%.

The mathematical reserves for Life Insurance have grown by 11.6% from 17,753,275 TND in 2002 to 19,813,226 TND in 2003.

The other Technical reserves for Life Insurance rose by 31.4%, from 916,370 TND in 2002 to 1,204,484 TND this year.

### HEALTH AND DISABLEMENT INSURANCE

As compared to the preceding financial year, the turnover of this branch recorded a 6.3% increase, going from 6,817,923 TND in 2002 to 7,246,232 TND this year.

By controlling the development of this branch it was possible to reduce its part in the portfolio structure and bring it from down 15.5% to 14.8%.

Claims reached 7,582,893 TND against 6,597,946 TND in 2003. This 14.9% rise is mainly due an increase in health care costs.

### INDUSTRIAL INJURIES & PROFESSIONAL INSURANCE

Claims settled under this product category amounted to 219,300 TND versus 153,793 TND in 2002, i.e. an increase of 42.6%.

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## ADMINISTRATIVE AND COMMERCIAL MANAGEMENT

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### HUMAN RESOURCES

As of 31 December 2003, ASSURANCES MAGHREBIA were employing a manpower of 208 as compared to 200 a year earlier, i.e. a 4% increase.

Staff with diplomas (Baccalaureate +4/+5) now make up 22.1% of our manpower, against 20% in 2002 and 19.2% in 2001.

The Company's productivity is visibly progressing from 200,373 TND in 2001 and 219,423 TND in 2002 to 235,581 TND in 2003.

### DISTRIBUTION

Our distribution network is very diversified, though still dominated by the 47.9% Non-Life contribution of Insurance Agents, followed by that of 42.4% of Direct Agencies and 10.5% of Insurance Brokers.

Geographically, 74.2% of underwriting is achieved by the Greater Tunis network and 14.9% by the South. The Central and Southern networks achieved respectively 9.1% and 1.8% of the company's turnover.

### TRAINING

In order to improve the skills of its human resources, the company has undertaken 47 training actions; 27% of the staff profited from these training sessions.

Investment in training has increased by 27.7% as compared to 2002, reaching 51,800 TND versus 40,575 TND the preceding year.

### COMPUTERISATION

Several development and maintenance actions have been undertaken in this field, the most important of which are :

- Implementation of a system allowing the daily transfer of data generated by the operations of sales points.
- Implementation of a new procedure allowing Sales Points and Service Centres for Policy Holders to manage directly the car accident files.
- Installation of new functions of the INTRANET site.

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## ADMINISTRATIVE AND COMMERCIAL MANAGEMENT

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### QUALITY APPROACH AND CERTIFICATION

ASSURANCES MAGHREBIA has invested in time and training to achieve renewal of its ISO certification in accordance with the version 2000. The certification approach demonstrates, on the one hand, a willingness to respond to market demand and achieve the clients' confidence in the quality of services and, on the other hand, that of mastering and improving the approach.

It is with confidence that ASSURANCES MAGHREBIA will pursue their participative approach in the coming years, with the customer always being the first of their concerns. To achieve this, the Company has created a «customer relations unit».

This unit will not only deal with customers' claims, but also play a strategic role insofar as its mission will also extend to counselling, prevention and building up customer loyalty.

### PROSPECTS

The Company's development plan for 2004 focuses on four major aspects :

- Improving the Company's share of the insurance market
- Maintenance of the portfolio structure balance
- Improving the technical results of the various branches
- Reduction of overheads.

Conscious of the multiple deadlines and challenges to be met, ASSURANCES MAGHREBIA will face 2004 with optimism and serenity, thanks to the perseverance and determination of its Staff and Network, the confidence of its clients as well as the commitment and support of all its Administrators and Partners.

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## EXCERPT FROM THE AUDITOR'S REPORT FOR THE YEAR 2003

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To the Company Shareholders,

In accordance with the mission entrusted to us by your Ordinary General Meeting of 23 May 2002, we hereby submit our report as of 31 December 2003 on the following :

- The audit of the annual accounts of ASSURANCES MAGHREBIA in the annex hereafter;
- Specific verifications and information such as required by law.

The annual accounts were closed by your Board of Directors, and it is our duty, on the basis of our audit, to express an opinion on these accounts.

### I - OPINION ABOUT THE ANNUAL ACCOUNTS

The financial statements were made available to us as provided for by the Law 96-112 of 30 December 1996, the decree 96-2459 of 30 December 1996, the norm established by the bylaw of the Ministry of Finance of 31 December 1996, as well as the norms 26 to 31 provided for by the bylaw of 26 June 2000 by the Ministry of Finance approving accounting norms, and the bylaw of 27 February 2001 by the Ministry of Finance.

We have conducted this audit in compliance with the standard practice of our profession, including all the necessary verifications to make reasonably sure that the accounts do not contain any significant anomalies.

Our audit consists of the verification, through surveys, of elements that prove their compliance with these accounts. It also consists of assessing the underlying accounting standards and the significant estimates made for the settlement of these accounts as well as their overall presentation. We consider that our control provides a reasonable base for the opinion expressed hereafter.

Based on our audit, we hereby certify that the annual accounts of ASSURANCES MAGHREBIA have been regularly and fairly drawn up and that they faithfully reflect the assets, financial condition and results of the company's operations for the financial year ending 31 December 2003.

The net total of the Balance Sheet submitted for your approbation is 118,882,466.568 TND, generating a net profit of 1,195,241.544 TND.



EXCERPT FROM THE AUDITOR'S REPORT  
FOR THE YEAR 2003

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II - VERIFICATIONS AND SPECIFIC INFORMATION

In compliance with the standard practice of our profession we have also undertaken the verifications required by law.

We have no observations to make on the sincerity and the reconciliation of the annual accounts with the data provided by the management report of the Board of Directors and by the documents addressed to the shareholders on the financial situation and the annual accounts.

THE AUDITOR  
Raouf Menjour  
Member of Baker Tilly International

## BALANCE SHEET AS OF 31 DECEMBER 2003

| ASSETS  | (DINARS)               |                        |                        |
|---|------------------------|------------------------|------------------------|
|   | 31/12/03               | 31/12/02               |                        |
|   | GA + DEPRECIATION      | NET                    | NET                    |
| <b>Intangible assets</b>                                      |                        |                        |                        |
| Software and purchased portfolios                             | 219 168.224            | 11 787.089             | 206 266.578            |
| Less depreciations and provisions                             | (207 381.135)          |                        | (200 568.700)          |
| <b>TOTAL I</b>  | <b>219 168.224</b>     | <b>11 787.089</b>      | <b>5 697.878</b>       |
| <b>Operating tangible assets</b>                              |                        |                        |                        |
| Office furniture, computer and transport equipment            | 3 062 629.790          | 922 123.669            | 2 858 568.154          |
| Less depreciations and provisions                             | (2 140 506.121)        |                        | (1 904 404.932)        |
| <b>TOTAL II</b>   | <b>3 062 629.790</b>   | <b>922 123.669</b>     | <b>954 163.222</b>     |
| <b>Investments</b>  |                        |                        |                        |
| <b>Land and buildings</b>                                     |                        |                        |                        |
| Operating land and buildings                                  | 5 778 381.656          | 4 977 928.298          | 4 252 778.582          |
| Less depreciations and provisions                             | (800 453.358)          |                        | (773 443.456)          |
| Non-operating land and buildings                              | 12 916 550.327         | 10 360 152.998         | 12 798 323.289         |
| Less depreciations and provisions                             | (2 556 397.329)        |                        | (2 208 846.672)        |
| <b>Investments in subsidiaries and affiliated companies</b>   |                        |                        |                        |
| Investments in subsidiaries                                   | 239 960.000            | 239 960.000            | 239 960.000            |
| Investments in affiliated companies                           | 3 184 276.250          | 3 184 276.250          | 3 184 276.250          |
| Floating rate shares and securities                           | 12 046 878.152         | 11 079 606.565         | 10 410 973.756         |
| Less depreciations and provisions                             | (967 271.587)          |                        | (748 510.016)          |
| Fixed income securities and bonds                             | 26 580 713.220         | 26 580 713.220         | 23 161 162.400         |
| Other financial investments                                   |                        |                        | 1 300 035.666          |
| Advances on life policies                                     | 235 745.138            | 235 745.138            | 246 788.073            |
| Deposits and guarantees                                       | 1 200.000              | 1 200.000              | 1 200.000              |
| Funds held by grantor companies                               | 278 834.156            | 278 834.156            | 51 915.330             |
| <b>TOTAL III</b>  | <b>61 262 538.899</b>  | <b>56 938 416.625</b>  | <b>51 916 613.202</b>  |
| <b>Reinsurers' share in the technical reserves</b>            |                        |                        |                        |
| Unearned premium reserves (non-life)                          | 6 468 029.180          | 6 468 029.180          | 3 176 757.178          |
| Mathematical reserves (life)                                  | 88 628.890             | 88 628.890             | 100 955.202            |
| Claims reserves (non-life)                                    | 11 598 101.116         | 11 598 101.116         | 12 265 763.820         |
| <b>TOTAL IV</b>   | <b>18 154 759.186</b>  | <b>18 154 759.186</b>  | <b>15 543 476.200</b>  |
| <b>Receivables</b>  |                        |                        |                        |
| <b>Receivables due from direct insurance operations</b>       |                        |                        |                        |
| Earned and unwritten premiums                                 | 1 797 271.990          | 1 797 271.990          | 1 543 676.779          |
| IDA and advance payments                                      | 1 649 485.684          | 1 649 485.684          | 1 811 908.037          |
| <b>Other receivables due from direct insurance operations</b> |                        |                        |                        |
| Premiums receivable   | 13 276 029.370         | 13 276 029.370         | 14 191 926.871         |
| Other miscellaneous receivables                               | 2 243 151.685          | 1 171 763.241          | 2 144 919.648          |
| Less depreciation and provisions                              | (1 071 388.444)        |                        | (1 046 841.536)        |
| Co-insurance debit balance                                    | 484 038.130            | 484 038.130            | 1 248 662.050          |
| Projected recoveries to be collected                          | 3 217 244.127          | 3 217 244.127          | 1 780 897.178          |
| <b>Receivables due from reinsurance operations</b>            |                        |                        |                        |
| Grantor companies current account                             | 787 108.079            | 787 108.079            | 697 867.065            |
| Other receivables from reinsurance operations                 | 413 043.092            | 413 043.092            | 413 043.092            |
| <b>Other receivables</b>                                      |                        |                        |                        |
| State, Social Security, Local authorities                     | 944 436.964            | 944 436.964            | 682 372.929            |
| Miscellaneous receivables                                     | 434 644.742            | 434 644.742            | 691 730.157            |
| <b>TOTAL V</b>  | <b>25 246 453.863</b>  | <b>24 175 065.419</b>  | <b>24 160 162.270</b>  |
| <b>Other Assets</b>   |                        |                        |                        |
| Securities to be collected                                    | 5 435 539.474          | 5 435 539.474          | 4 444 945.871          |
| Banks, giro accounts and cash in hand                         | 10 351 044.585         | 10 351 044.585         | 8 288 894.680          |
| Deferred acquisition expenses                                 | 1 307 344.558          | 1 307 344.558          | 887 057.619            |
| Unmatured interests and rents                                 | 1 470 326.343          | 1 470 326.343          | 491 559.173            |
| Other equalization accounts                                   | 116 059.620            | 116 059.620            | 75 071.599             |
| <b>TOTAL VI</b>   | <b>18 680 314.580</b>  | <b>18 680 314.580</b>  | <b>14 187 528.942</b>  |
| <b>TOTAL ASSETS</b>   | <b>126 625 864.542</b> | <b>118 882 466.568</b> | <b>106 767 641.714</b> |

## BALANCE SHEET AS OF 31 DECEMBER 2003

(DINARS)

| SHAREHOLDERS' EQUITY AND LIABILITIES                          | 31/12/03               | 31/12/02               |
|---|------------------------|------------------------|
| <b>Shareholders' Equity</b>                                   |                        |                        |
| Share Capital   | 10 000 000.000         | 10 000 000.000         |
| Legal Reserves  | 705 170.357            | 604 328.759            |
| Revenue reserves  | 200 000.000            | 200 000.000            |
| Other shareholders' equity                                    | 7 222 119.886          | 5 702 119.886          |
| Results carried forward                                       | 505 043.195            | 831 275.061            |
| <b>Total shareholders' equity before results for the year</b> | <b>18 632 333.438</b>  | <b>17 337 723.706</b>  |
| Profit for the year   | 1 195 241.544          | 2 016 831.954          |
| <b>Total shareholder's equity before appropriation</b>        | <b>19 827 574.982</b>  | <b>19 354 555.660</b>  |
| <b>Liabilities</b>  |                        |                        |
| <b>Technical reserves</b>                                     |                        |                        |
| Unearned premium reserves (non-life)                          | 12 811 834.247         | 9 480 606.439          |
| Mathematical reserves (life)                                  | 19 813 226.000         | 17 753 275.000         |
| Reserves for management expenses (life)                       | 149 735.000            | 128 058.000            |
| Claims reserves (life)  | 849 178.000            | 598 476.000            |
| Claims reserves (non-life)                                    | 39 666 317.241         | 36 879 290.782         |
| Annuities mathematical reserves (non-life)                    | 2 127 236.124          | 2 239 086.686          |
| Reserves for profit participations and return premiums (life) | 155 571.000            | 139 836.000            |
| Reserves for outstanding risks (non-life)                     | 993 561.909            | 648 897.230            |
| Equalization reserves (life)                                  | 50 000.000             | 50 000.000             |
|   | <b>76 616 659.521</b>  | <b>67 917 526.137</b>  |
| <b>Premiums to be cancelled (life)</b>                        | <b>1 487 310.496</b>   | <b>724 391.496</b>     |
| <b>Premiums to be cancelled (non-life)</b>                    | <b>738 922.812</b>     | <b>645 325.463</b>     |
| <b>Other liabilities</b>                                      |                        |                        |
| Liabilities from direct insurance operations                  | 512 323.909            | 281 409.833            |
| Co-insurance credit balance                                   | 320 432.961            | 840 078.552            |
| Liabilities from reinsurance operations                       | 6 820 985.151          | 4 889 417.783          |
| Liabilities for cash deposits received from reinsurers        | 10 437 001.178         | 11 079 404.181         |
| Deposits and guaranties received                              | 268 416.325            | 194 021.494            |
| State, Social Security, Local authorities                     | 731 231.711            | 464 552.716            |
| Miscellaneous liabilities                                     | 1 058 916.245          | 359 216.178            |
|   | <b>20 149 307.480</b>  | <b>18 108 100.737</b>  |
| <b>Other liabilities</b>                                      |                        |                        |
| Prepaid income  | 62 691.277             | 17 742.221             |
|   | <b>62 691.277</b>      | <b>17 742.221</b>      |
| <b>TOTAL LIABILITIES</b>                                      | <b>99 054 891.586</b>  | <b>87 413 086.054</b>  |
| <b>Total Shareholders' Equity and Liabilities</b>             | <b>118 882 466.568</b> | <b>106 767 641.714</b> |

## LIFE INSURANCE AND REINSURANCE OPERATING RESULT'S ACCOUNT

|   | (DINARS)                        |   |                               |                               |
|---|---------------------------------|---|-------------------------------|-------------------------------|
|   | GROSS<br>OPERATIONS<br>31/12/03 | CESSIONS AND<br>RETROCESSIONS<br>31/12/03 | NET<br>OPERATIONS<br>31/12/03 | NET<br>OPERATIONS<br>31/12/02 |
| Premiums  | 5 674 532.565                   | (312 820.679)                             | 5 361 711.886                 | 6 249 401.950                 |
| Written premiums  | 5 674 532.565                   |   | 5 361 711.886                 | 6 249 401.950                 |
| Investment revenues                                       | 1 816 396.400                   |   | 1 816 396.400                 | 1 239 662.422                 |
| Investments revenues                                      | 1 816 396.400                   |   | 1 816 396.400                 | 1 239 662.422                 |
| Other operating revenues                                  |                                 | 57 296.000                                | 57 296.000                    | 58 614.731                    |
| Claims incurred   | (2 680 443.277)                 | 176 333.412                               | (2 504 109.865)               | (2 068 136.165)               |
| Claims paid   | (2 516 049.003)                 | 144 101.886                               | (2 371 947.117)               | (2 153 804.165)               |
| Changes in claims reserves                                | (164 394.274)                   | 32 231.526                                | (132 162.748)                 | 85 668.000                    |
| Changes in other technical reserves                       | (2 097 363.000)                 | (12 326.312)                              | (2 109 689.312)               | (2 179 295.930)               |
| Life mathematical reserves                                | (2 059 951.000)                 | (12 326.312)                              | (2 072 277.312)               | (2 096 339.816)               |
| Management expenses reserves                              | (21 677.000)                    |   | (21 677.000)                  | (27 795.000)                  |
| Reserves for participation in profits and return premiums | (15 735.000)                    |   | (15 735.000)                  | (55 161.114)                  |
| Operating expenses  | (2 076 490.203)                 | 22 794.140                                | (2 053 696.063)               | (1 977 954.019)               |
| Acquisition expenses                                      | (1 421 249.947)                 |   | (1 421 249.947)               | (1 441 352.659)               |
| Administrative expenses                                   | (655 240.256)                   |   | (655 240.256)                 | (576 415.370)                 |
| Commissions received from reinsurers                      |                                 | 22 794.140                                | 22 794.140                    | 39 814.010                    |
| Other underwriting expenses                               | (341 462.092)                   | (3 679.664)                               | (345 141.756)                 | (384 398.157)                 |
| Investments expenses                                      | (139 413.348)                   |   | (139 413.348)                 | (143 095.878)                 |
| Internal and external administrative expenses             | (125 818.212)                   |   | (125 818.212)                 | (28 391.676)                  |
| Value correction on investments                           | (13 595.136)                    |   | (13 595.136)                  | (108 897.674)                 |
| Capital losses on investments                             |                                 |   |                               | (5 806.528)                   |
| <b>Sub-total : Life Operating Result</b>                  | <b>155 757.045</b>              | <b>(72 403.103)</b>                       | <b>83 353.942</b>             | <b>794 798.954</b>            |

## NON-LIFE INSURANCE AND REINSURANCE OPERATING RESULT'S ACCOUNT

(DINARS)

|  | GROSS<br>OPERATIONS<br>31/12/03 | CESSIONS AND<br>RETROCESSIONS<br>31/12/03 | NET<br>OPERATIONS<br>31/12/03 | NET<br>OPERATIONS<br>31/12/02 |
|--|---------------------------------|---|-------------------------------|-------------------------------|
| <b>Earned premiums</b>   | <b>37 683 446.648</b>           | <b>(13 130 933.584)</b>                   | <b>24 552 513.064</b>         | <b>23 185 085.441</b>         |
| Premiums issued and accepted   | 41 014 674.456                  | (16 422 205.586)                          | 24 592 468.870                | 23 084 810.999                |
| Changes in unearned premium reserves   | (3 331 227.808)                 | 3 291 272.002                             | (39 955.806)                  | 100 274.442                   |
| <b>Revenue from allocated investments,<br/>transferred from the income statement</b> | <b>1 718 266.241</b>            |   | <b>1 718 266.241</b>          | <b>1 609 289.222</b>          |
| <b>Other revenues</b>  | <b>99 625.396</b>               |   | <b>99 625.396</b>             | <b>26 297.990</b>             |
| <b>Claims incurred</b>   | <b>(22 830 482.898)</b>         | <b>1 959 343.746</b>                      | <b>(20 871 139.152)</b>       | <b>(19 362 025.698)</b>       |
| Claims paid  | (21 160 681.545)                | 2 659 237.976                             | (18 501 443.569)              | (16 856 370.235)              |
| Changes in claims reserves   | (2 873 334.185)                 | (699 894.230)                             | (3 573 228.415)               | (3 469 394.291)               |
| Changes in annuities mathematical reserves   | 111 850.562                     |   | 111 850.562                   | 56 995.029                    |
| Changes in projected recoveries  | 1 436 346.949                   |   | 1 436 346.949                 | 754 891.191                   |
| Changes in reserves for outstanding risks  | (344 664.679)                   |   | (344 664.679)                 | 151 852.608                   |
| <b>Operating expenses</b>  | <b>(6 052 070.235)</b>          | <b>3 001 341.949</b>                      | <b>(3 050 728.286)</b>        | <b>(2 881 729.788)</b>        |
| Acquisition expenses   | (4 264 070.500)                 |   | (4 264 070.500)               | (3 437 481.958)               |
| Deferred acquisition expenses  | 420 286.939                     |   | 420 286.939                   | (9 783.696)                   |
| Administrative expenses  | (2 208 286.674)                 |   | (2 208 286.674)               | (2 180 143.229)               |
| Commissions received from reinsurers   |                                 | 3 001 341.949                             | 3 001 341.949                 | 2 745 679.095                 |
| <b>Other underwriting expenses</b>   | <b>(476 716.541)</b>            | <b>(416 616.586)</b>                      | <b>(893 333.127)</b>          | <b>(506 527.569)</b>          |
| <b>Sub-total : Non-life operating result</b>   | <b>10 142 068.611</b>           | <b>(8 586 864.475)</b>                    | <b>1 555 204.136</b>          | <b>2 070 389.598</b>          |

## INCOME STATEMENT

|   | (DINARS)               |                        |
|---|------------------------|------------------------|
|   | 31/12/03               | 31/12/02               |
| <b>Non-life operating result</b>  | <b>1 555 204.136</b>   | <b>2 070 389.598</b>   |
| <b>Life operating result</b>  | <b>83 353.942</b>      | <b>794 798.954</b>     |
| <b>Investment revenues (non life)</b>   | <b>2 573 777.544</b>   | <b>2 262 180.684</b>   |
| Investment revenues   | 2 333 947.298          | 2 074 672.010          |
| Other investment revenues   | 122 776.825            | 6 856.806              |
| Capital gains   | 117 053.421            | 180 651.868            |
| <b>Investment expenses</b>  | <b>(908 039.553)</b>   | <b>(1 376 562.961)</b> |
| Internal and external administrative expenses   | (375 060.695)          | (836 173.124)          |
| Value correction on investments   | (508 991.508)          | (519 131.473)          |
| Capital losses on investments   | (23 987.350)           | (21 258.364)           |
| <b>Revenues from allocated investments, transferred from the operating results account (non-life)</b> | <b>(1 718 266.241)</b> | <b>(1 609 289.222)</b> |
| <b>Other non operating revenues</b>   |                        | <b>12 046.601</b>      |
| <b>Profits from ordinary activities</b>   | <b>1 586 029.828</b>   | <b>2 153 563.654</b>   |
| <b>Income tax</b>   | <b>(390 788.284)</b>   | <b>(136 731.700)</b>   |
| <b>After-tax profits from ordinary activities</b>   | <b>1 195 241.544</b>   | <b>2 016 831.954</b>   |
| <b>Net profit</b>   | <b>1 195 241.544</b>   | <b>2 016 831.954</b>   |