

# **Eureko**

**Interim report  
June 2003**

## Consolidated Balance Sheet

<i>EUR million</i>	Statutory As at 30 June 2003	<sup>1)</sup> Statutory As at 31 Dec. 2002
<b>ASSETS</b>		
Investments in associated companies	669.7	715.8
Other investments	18,166.0	18,160.0
Investments on behalf of policyholders	6,689.2	6,351.3
Banking credit portfolio	17,727.4	16,610.6
Receivables	2,234.4	1,696.9
Other assets	1,213.0	1,719.1
Prepayments and accrued income	1,216.0	1,502.5
<b>Total</b>	<b>47,915.7</b>	<b>46,756.2</b>
<b>EQUITY and LIABILITIES</b>		
Capital and reserves	1,700.5	1,619.7
Minority interest	367.6	369.6
<b>Group equity</b>	<b>2,068.1</b>	<b>1,989.3</b>
Fund for general banking risks	44.9	44.9
<b>Group capital base</b>	<b>2,113.0</b>	<b>2,034.2</b>
Technical provisions	18,997.0	18,255.7
Technical provisions for policyholders	6,689.2	6,351.3
<b>Other provisions</b>	<b>340.3</b>	<b>374.3</b>
Banking customer accounts	8,186.1	7,271.4
Loans and borrowings	8,802.8	9,835.8
Other liabilities	1,834.3	1,794.8
Accruals and deferred income	953.0	838.7
<b>Total</b>	<b>47,915.7</b>	<b>46,756.2</b>

<sup>1)</sup> December 2002 closing balance already excludes Seguros e Pensões

## Consolidated Income Statement

<i>EUR million</i>	Statutory first half year 2003	Pro forma <sup>1)</sup> first half year 2002	Statutory first half year 2002
<b>INCOME</b>			
Gross written premiums Life	1,438.0	1,427.8	2,014.2
Gross written premiums Non-Life	872.6	675.9	1,015.9
Gross written premiums Health	916.0	837.2	968.9
Gross written premiums	3,226.6	2,940.9	3,999.0
Reinsurance premiums	-104.2	-86.8	-183.9
Change in provision for unearned premiums	-426.6	-351.4	-358.1
Net earned premiums	2,695.8	2,502.7	3,457.0
Contributions received for health pooling	139.4	85.8	85.8
Income from associated companies	27.7	98.6	98.4
Investment income	431.4	445.3	444.2
Investment income/(loss) for account of policyholders	222.2	-364.5	-299.0
Asset management income	107.9	123.9	122.2
Banking income	483.3	485.8	487.0
Other income	229.7	258.8	272.1
Total income	4,337.4	3,636.4	4,667.7
<b>EXPENSES</b>			
Net claims and movements in technical provisions	2,700.0	2,049.4	2,963.0
Profit sharing, bonuses and rebates	254.8	-82.5	-55.3
Operating expenses, insurance and health services	598.3	577.4	690.5
Asset management expenses	86.3	98.8	98.8
Banking expenses	427.9	381.8	381.8
Interest expenses	78.6	86.3	83.0
Other expenses	158.8	178.1	213.3
Total expenses	4,304.7	3,289.3	4,375.1
Ordinary result before tax	32.7	347.1	292.6
Tax on ordinary results	-59.5	-83.6	-76.8
Ordinary result after tax	-26.8	263.5	215.8
Extraordinary result after tax	0.0	0.0	2.5
Result before minority interest	-26.8	263.5	218.3
Minority interest	-12.0	-13.6	-14.5
Result after minority interest	-38.8	249.9	203.8

<sup>1)</sup> For comparison purposes a pro forma consolidated income statement is presented excluding Seguros e Pensoes as per 1 January 2002

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**Summary consolidated Cash Flow Statement**

<i>EUR million</i>	Statutory first half year 2003	Statutory first half year 2002
Cash flow from operating activities	562.1	1,580.5
Cash flow from investing activities	274.7	-943.2
Cash flow from banking activities	-223.8	232.0
Cash flow from financing activities	-836.4	-724.3
Net cash Flow	-223.4	145.0
Liquid assets at 1 January	1,001.8	1,373.8
Liquid assets at 30 June	778.4	1,518.8

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**Movements in group equity**

<i>EUR million</i>	Statutory first half year 2003
Opening balance	1,619.7
Own shares repurchased	-25.0
Own shares sold	200.0
Change in revaluation reserve	-40.3
Change in currency reserve	-41.3
Goodwill	0.4
Net income	-38.8
Other	25.8
Capital and Reserves	1,700.5

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**Loans and borrowings**

As at the 30 June 2003, the total loans outstanding to finance the banking activity were EUR 8,050.3 million.

## Accounting Principles

The accounting principles that have been used for the interim report are the same as those used for The Annual Report 2002

### **Breakdown of ordinary result before tax**

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Technical result Life	178.6	200.7	262.8
Technical result Non-Life	62.9	33.3	51.6
Technical result Health	32.2	19.6	10.6
Technical result insurance	273.7	253.6	325.0
Other non-technical results	7.0	4.7	-38.6
Asset Management	34.4	39.7	39.7
Banking	22.2	12.8	12.8
Other activities and intragroup adjustments 1)	-97.0	77.5	70.8
Investment income for shareholders 2)	62.8	103.2	115.2
Operating results before tax	303.1	491.5	524.9
Short term fluctuations in investment returns	-270.4	-144.4	-232.3
Total result before tax	32.7	347.1	292.6

1) Other business and intragroup adjustments includes other activities, holding and intragroup adjustments. In the interim report only the Profit and Loss account for the other activities is shown.

2) As the non-technical results of our insurance operations are highly influenced by short-term fluctuations on the financial markets, this investment income for the account of shareholders is for presentation purposes excluded from the other technical accounts and shown separately. In order to give a better insight on the long-term operating performance of the Group we split the investment income for the account of shareholders into a part based on long-term capital growth of equities of 6% and the short-term deviation from the long-term returns during the period.

*Profit and Loss account Life Insurance*

<b>Technical Account Life Insurance</b>			
<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Gross written premiums Life	1,438.0	1,427.8	2,014.2
Gross change in provision for unearned premiums	-134.6	-114.0	-114.0
Gross earned premiums	1,303.4	1,313.8	1,900.2
Reinsurance premiums	-35.7	-31.6	-42.5
Net earned premiums	1,267.7	1,282.2	1,857.7
Investment income	442.9	346.0	343.6
Investment income/(loss) for account of policyholders	215.9	-353.1	-286.0
Other technical income	9.1	5.1	5.6
<b>Total income</b>	<b>1,935.6</b>	<b>1,280.2</b>	<b>1,920.9</b>
<b>EXPENSES</b>			
Gross claims policyholders	962.9	942.9	1,311.2
Reinsurer's share	-17.8	-16.2	-19.3
	945.1	926.7	1,291.9
	0.0	0.0	0.0
<b>Change in provisions for life insurance</b>	<b>456.3</b>	<b>13.9</b>	<b>301.2</b>
Reinsurer's share	-0.4	0.9	-15.5
	455.9	14.8	285.7
<b>Profit sharing, bonuses and rebates</b>	<b>235.2</b>	<b>-82.8</b>	<b>-60.2</b>
Other technical expenses	15.5	20.9	20.9
Investment expenses	17.9	12.2	15.6
Operating expenses	203.0	224.5	217.3
Investment income/(loss) allocated to the non-technical account	-115.6	-36.8	-113.1
<b>Total expenses</b>	<b>1,757.0</b>	<b>1,079.5</b>	<b>1,658.1</b>
<b>Result Technical Account Life Insurance</b>	<b>178.6</b>	<b>200.7</b>	<b>262.8</b>
<b>Non-Technical Account Life Insurance</b>			
<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Result Technical Account Life	178.6	200.7	262.8
Allocated investment income/(loss) from Technical Account Life	-115.6	-36.8	-113.1
Other investment income Non-Technical account	3.7	3.9	6.4
Other income	1.0	2.3	2.5
<b>Total income</b>	<b>67.7</b>	<b>170.1</b>	<b>158.6</b>
<b>EXPENSES</b>			
Investment and interest expenses	1.4	0.0	1.5
Operating expenses	0.3	2.4	21.2
Other expenses	1.0	1.5	4.2
<b>Total expenses</b>	<b>2.7</b>	<b>3.9</b>	<b>26.9</b>
<b>Ordinary result before tax, Life Insurance</b>	<b>65.0</b>	<b>166.2</b>	<b>131.7</b>

## Technical Account Non-Life Insurance

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Gross written premiums Non-Life	872.6	675.9	1,015.9
Gross change in provision for unearned premiums	-177.6	-137.2	-157.7
Gross earned premiums	695.0	538.7	858.2
Reinsurance premiums	-82.9	-65.5	-145.2
Change in provision for unearned premiums, reinsurance share	16.7	15.3	31.8
Net earned premiums	628.8	488.5	744.8
Investment income	72.8	52.9	58.8
Other technical income	1.3	1.0	1.1
Total income	702.9	542.4	804.7
<b>EXPENSES</b>			
Gross claims policyholders	465.5	376.7	599.3
Reinsurer's share	-26.3	-30.9	-64.5
	439.2	345.8	534.8
Gross change in outstanding claims provisions	25.3	22.9	6.6
Reinsurer's share	0.2	8.0	9.2
	25.5	30.9	15.8
Claims, net of reinsurance	464.7	376.7	550.6
Profit sharing, bonuses and rebates	0.0	0.0	2.5
Other technical expenses	1.7	3.5	4.3
Investment expenses	0.5	0.0	1.8
Operating expenses	167.2	127.4	192.4
Investment income/(loss) allocated to the Non-Technical Account	5.9	1.5	1.5
Total expenses	640.0	509.1	753.1
<b>Result Technical Account Non-Life Insurance</b>	<b>62.9</b>	<b>33.3</b>	<b>51.6</b>

## Non-Technical Account Non-Life Insurance

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Result Technical Account Non-Life	62.9	33.3	51.6
Allocated investment income/(loss) from Technical Account Non-Life	5.9	1.5	1.5
Other investment income Non-Technical account	1.3	0.3	2.9
Other income	15.8	15.5	17.8
Total income	85.9	50.6	73.8
<b>EXPENSES</b>			
Investment and interest expenses	1.1	0.0	1.0
Operating expenses	0.6	0.0	5.7
Other expenses	14.9	15.8	28.8
Total expenses	16.6	15.8	35.5
<b>Ordinary result before tax, Non-Life Insurance</b>	<b>69.3</b>	<b>34.8</b>	<b>38.3</b>

## Technical Account Health

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Gross written premiums Health	916.0	837.2	968.9
Gross change in provision for unearned premiums	-115.8	-101.9	-102.9
Gross earned premiums	800.2	735.3	866.0
Reinsurance premiums	-1.6	-3.3	-9.9
Change in provision for unearned premiums, reinsurance share	-0.1	0.2	-1.4
Net earned premiums	798.5	732.2	854.7
Contributions received for health pooling	139.4	85.8	85.8
Investment income	32.4	36.3	33.6
Other technical income	10.2	-5.1	-5.1
Total income	980.5	849.2	969.0

### EXPENSES

Gross claims policyholders	737.2	629.8	720.5
Reinsurer's share	-2.0	-3.2	-4.1
	735.2	626.6	716.4
Gross change in outstanding claims provisions	99.8	104.9	117.4
Reinsurer's share	-0.6	0.2	1.1
	99.2	105.1	118.5
Claims, net of reinsurance	834.4	731.7	834.9
Profit sharing, bonuses and rebates	19.6	0.2	2.3
Other technical expenses	10.1	7.7	8.0
Investment expenses	1.2	0.8	1.6
Operating expenses	91.4	99.0	127.2
Investment income/(loss) allocated to the Non-Technical Account	-8.4	-9.8	-15.6
Total expenses	948.3	829.6	958.4
Result Technical Account Health	32.2	19.6	10.6

## Non-Technical Account Health

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Result Technical Account Health	32.2	19.6	10.6
Allocated investment income/(loss) from Technical Account Health	-8.4	-9.8	-15.6
Other investment income Non-Technical account	1.4	0.8	0.8
Other income	139.0	135.8	135.8
Total income	164.2	146.4	131.6

### EXPENSES

Investment and interest expenses	1.4	0.2	0.5
Operating expenses	137.9	103.9	126.9
Other expenses	0.6	23.5	4.9
Total expenses	139.9	127.6	132.3
Ordinary result before tax, Health	24.3	18.8	-0.7

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*Profit and Loss Account Asset Management*

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Management fees	125.8	133.2	133.2
Trading income	2.5	2.3	2.3
Other income	1.9	7.1	7.1
<b>Total income</b>	<b>130.2</b>	<b>142.6</b>	<b>142.6</b>

## EXPENSES

Operating expenses	90.9	101.3	101.3
Interest and other expenses	4.9	1.6	1.6
<b>Total expenses</b>	<b>95.8</b>	<b>102.9</b>	<b>102.9</b>
<b>Ordinary result before tax, Asset Management</b>	<b>34.4</b>	<b>39.7</b>	<b>39.7</b>

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*Profit and Loss Account Banking*

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Interest income	488.9	450.7	450.7
Interest expenses	379.9	357.9	357.9
Net interest margin	109.0	92.8	92.8
Provisions for loan losses	17.1	14.7	14.7
Net interest margin after provisions	91.9	78.1	78.1
Commission income	22.8	25.3	25.3
Commission expense	24.4	19.6	19.6
	-1.6	5.7	5.7
Other income	5.0	11.1	11.1
Operating expenses	74.7	80.4	80.4
Change in fund for general banking risks	0.0	0.0	0.0
Other expenses	-1.6	1.7	1.7
<b>Ordinary result before tax, Banking</b>	<b>22.2</b>	<b>12.8</b>	<b>12.8</b>

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*Profit and Loss Account Other activities*

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Brokerage fees	4.3	13.5	22.9
Other income	118.3	220.0	246.6
<b>Total income</b>	<b>122.6</b>	<b>233.5</b>	<b>269.5</b>
EXPENSES			
Operating expenses	113.4	108.7	108.7
Other expenses	110.6	79.2	113.2
<b>Total expenses</b>	<b>224.0</b>	<b>187.9</b>	<b>221.9</b>
<b>Ordinary result before tax, Other Activities</b>	<b>-101.4</b>	<b>45.6</b>	<b>47.6</b>

## Highlights

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Gross written premiums	3,226.6	2,940.9	3,999.0
Investment income	653.6	80.8	145.2
Net claims and movement in technical provisions	2,700.0	2,049.4	2,963.0
Operating results based on longer-term investment returns	303.1	491.5	524.9
Ordinary result before tax	32.7	347.1	292.6
Extraordinary result before tax	0.0	0.0	2.4
Result before tax	32.7	347.1	295.0
Result after tax	-38.8	249.9	203.8
EBIT	111.3	433.4	378.0
Return on equity	-9.3%	23.0%	17.6%
Return on assets	-0.3%	1.1%	0.8%

<i>EUR million</i>	Statutory As at 30 June 2003	Statutory As at 31 Dec. 2002
Capital and reserves	1,700.5	1,619.7
Total Assets	47,915.7	46,756.2
Total investments	24,855.2	24,511.3
Total technical provisions	25,686.2	24,607.0
Embedded value	2,289.7	2,354.5
Total Assets under Management	92,175	94,761

## Earnings per ordinary share

<i>EUR million</i>	Statutory first half year 2003	Pro forma first half year 2002	Statutory first half year 2002
Net results (EUR million)	-38.8	249.9	203.8
Average number of outstanding shares (of EUR 1.00 nominal value each)	186,342,087.0	220,805,306.0	220,805,306
Earnings per share (EUR)	-0.21	1.13	0.92

## Average number of employees (in FTE's)

	Statutory As at 30 June 2003	Pro forma As at 31 Dec. 2002	Statutory As at 31 Dec. 2002
Average number of employees	15,323	15,728	18,179