

# ANNUAL REPORT 2005

QBE ATLASZ BIZTOSÍTÓ ZRT.



**QBE**

**CENTRAL EUROPE**

**QBE ATLASZ - HUNGARY**

## MAJOR PRODUCTS AND SERVICES

### PERSONAL AND GROUP INSURANCES ASSISTANCE

#### TRAVEL INSURANCES, ASSISTANCE

Assist-Card Privileg, Premium, Classic  
Assist-Card Privileg Annual  
Assist-Card Premium Annual

Assist-Card Corporate

„Golden Wheel" Freighter's Assistance Insurance  
Sickness and Accident Insurance for Employees Working Abroad  
Insurance for Foreigners in Foreign Currency

#### BUSINESS INSURANCES

Fire and All Perils Insurances  
Liability Insurances  
Technical Insurances  
Cargo Insurances

#### ACCIDENT INSURANCES

#### HOME INSURANCES

#### ASSISTANCE (support service)

Our company began this activity in Hungary in 1990 as the Hungarian partner of five foreign commercial houses and now we are offering a 24-hour service for our clients. We are connected with 55 assistance and insurance companies all over the world. Our colleagues can keep direct contact with clients in English, German, French, Russian and Italian languages. Due to the reliable national partnership and technical network our field of activity covers all areas of assistance.

**QBE ATLASZ INSURANCE CO. LTD.**  
**ANNUAL REPORT**  
**2005**



**QBE**

**CENTRAL EUROPE**

**QBE ATLASZ - HUNGARY**

## SHAREDOLDER

Equity capital subscribe as at 15 April, 1998

**QBE Insurance (Europe) Limited**

Capital: HUF 1 000 000 000

### Boards of Directors

<b>Chairman</b>	Vincent McLenaghan
<b>Members</b>	Doron Grossman
	John I. Charody
	Daniel F. Carroll

### Supervisory Board

<b>Chairman</b>	Karl Crimes
<b>Deputy Chairman</b>	Geoffrey Paul Cox
<b>Member</b>	Patrick Gerard Magee

## CHAIRMAN'S REPORT

It gives me great pleasure to report on the continuing profitable activity of QBE Atlasz in 2005. The profit after tax increased from HUF 256 697 thousand to a record profit of HUF 526 650 thousand, despite the competitive market conditions. The gross written premium decreased to HUF 5 350 million, while the gross earned premium reduced to HUF 5 219 million. Net earned premium has reduced by 14 % to HUF 4 442 million.

The Hungarian insurance market grew by 14.7%. Major growth was experienced in the life insurance market. We decided to cease writing new life business and are in the process of divesting the life portfolio. Our market share decreased to 0.77% in line with our strategy of not participating in the motor and life insurance markets.

Our strategy of focussing on travel, property & casualty and home insurance has contributed to our record result and we will be focussing on these products to maintain our market leadership position.

We have witnessed significant investments being made in infrastructure and whilst this is a great opportunity to grow our business, it also reinforces our belief in the future financial success and growth of Hungary. This growth should continue to increase the insurance penetration as Hungarian citizens personal wealth continues to increase.

The strength of QBE's risk management, product and diversification and conservative reinsurance purchasing were also key factors that enabled the company to produce this excellent insurance profit.

I would like to take this opportunity to thank all employees and the management team for all their hard work and commitment during the year. I do hope we together can achieve even better business results in 2006. I also extend my appreciation to our agents and insurance brokers for their support during 2005.

I also take this opportunity to express appreciation to my fellow directors for their counsel and key insights demonstrated in the exercise of their responsibilities.

**Vincent McLenaghan**

## BOARD OF THE MANAGEMENT

<b>Doron Grossman</b>	<b>Chief Executive Officer Director of the non life line</b>
<b>Attila Dénes</b>	<b>Deputy General Manager</b>
<b>György Szakállosy</b>	<b>Director of commercial and private property line</b>
<b>György Szabó</b>	<b>Claims manager</b>
<b>Csaba Hetényi</b>	<b>Sales Director</b>
<b>Annamária Kazinczy</b>	<b>Chief Financial Officer</b>
<b>Dr. Péter Horváth</b>	<b>Director of the travel sales line</b>
<b>Mrs Imre Lászlóné</b>	<b>Statutory accounting manager</b>
<b>Attila Gerényi</b>	<b>Director of the life line, chief actuary</b>
<b>Dr. Andrea Gáspár</b>	<b>Chief legal counsel</b>
<b>Anita Horváth</b>	<b>Internal auditor</b>
<b>Zsuzsa Pintér</b>	<b>IT manager</b>
<b>Ildikó Horváth</b>	<b>Human resources manager</b>

The key figures are as follows:

	2002	2003	2004	2005	
Gross premium	6,099,505	6,009,733	6,202,772	5,350,448	thousand HUF
Gross earned premium	5,941,615	6,420,280	6,238,645	5,219,471	thousand HUF
Net earned premium	3,331,466	4,511,258	5,175,826	4,442,087	thousand HUF
Loss ratio	43.74%	36.89%	40.59%	32.63%	
Commission ratio	27.69%	34.16%	31.03%	34.33%	
Expense ratio	30.34%	28.62%	27.33%	26.69%	
Net combined operating ratio	101.77%	99.67%	98.95%	93.65%	
Profit after tax (HUF thousand)	69,001	104,801	256,697	526,650	thousand HUF

## GENERAL MANAGER'S REPORT

I am pleased to report that QBE Atlasz Biztosító zrt. achieved a record profit of HUF 527 million; which is 105% higher than that of the last year. The primary contributors to the profitability were the successful operation of non-life business and the high rate of return on our investments.

Our market share is 0.77% as we do not participate in the motor insurance market and as a result of our rationalised approach to the life insurance market.

In 2005 our business our strategy was to focus on 3 major lines of business: travel insurance which is primarily distributed through travel agents offices, and our property & casualty business which is primarily distributed through brokers, our home product is primarily distributed through more than 1500 agents of ING Insurance Co. as a result of our partnership in respect of our specialist home product.

In order to keep our market leading travel insurance position we continued the co-operation with our international assistance partner (Assist-Card). After joining the EU it is extremely important to be able to provide the widest range of travel insurance and assistance services not only through Europe, but also globally.

Our company does not only sell a travel insurance product, but also provides assistance. We continuously improve our Assistance centre and grow our local partner network (in 2005 we established partners in Egypt, Turkey and Jordan) in order maintain our high standards of service.

In 2005 the all risk type insurances became more and more popular among our partners purchasing commercial property insurance; and the number of construction-erection insurance contracts grew significantly.

As a result of the infrastructure projects which have commenced due to the Hungarian economic boom we participated in the insurance of highway constructions, extension of M0 roundabout, construction of the new M0 bridge and the new underground line.

In 2005 as result of increased cash-flow we grew and strengthened our investment portfolio, while the invested assets grew by 18 % and the invested financial assets grew by 26 %. We increased our IBNR's significantly whilst maintaining and in fact far exceeding our statutory capital requirements.

I would like to take this opportunity to say thank you to all our staff and management for their loyalty and commitment to QBE. I am looking forward to continuing to work alongside my colleagues, and I am confident that we will achieve even greater returns for our shareholders in 2006.

**Doron Grossman**




## DIVISIONS

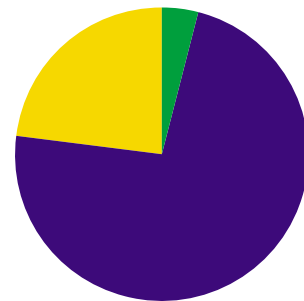
### Travel Insurances

In 2005 we retained our leading role in the market in spite of the entry of new competitors in the travel insurance market.

Following Hungary's accession to the EU it has been widely brought to the public's attention that travellers within the EU countries can mutually benefit from the member states' basic health and accident services. QBE Atlasz joined by the whole travel insurance industry has been promoting that individual and group travel policies continue to provide the best cover for travel risks within and outside the EU. As an outcome of this communication strategy our premium income reached the expected volume.

Our objectives for 2006 include to maintain our market leader position and further improve our assistance and claims services.






	Group travel insurance	4%
	Individual travel insurance	73%
	Others	23%

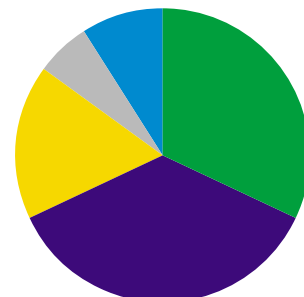


### Corporate property insurance

The Company has continued to develop its position in the corporate property insurance market. Owing to our stricter requirements in relation to financial security, fronting business has ceased. Other steps have also been taken to improve underwriting results and overall profitability of the Property portfolio.

All risk insurance has continued to be favoured by our industrial property clients leading to an increase in the number of policies sold and premium income. Our contractor's all risk business has increased at an outstanding rate. We are one of the leading insurers of infrastructure development projects such as motorway construction, road extension and communal projects.

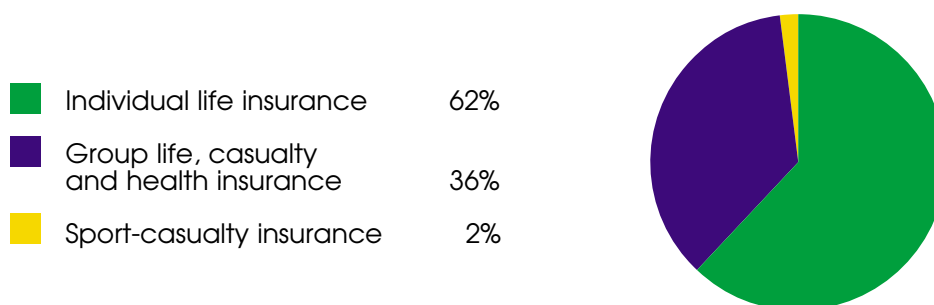
	Insurance against fire and natural events	32%
	Liability insurances	36%
	Insurance of technical risks	17%
	Cargo insurance	6%
	Other insurances	9%



## Life and accident insurance

The focus for sales has been on individual and group accident insurance products. The Company has taken the strategic decision to cease the sale of individual life insurance products as a result of the tightening of regulations governing the sale of life insurance.

Our sales activity focussed on group accident and sports accident insurance; our privileged long-term client in this business is the Hungarian Olympic Committee.

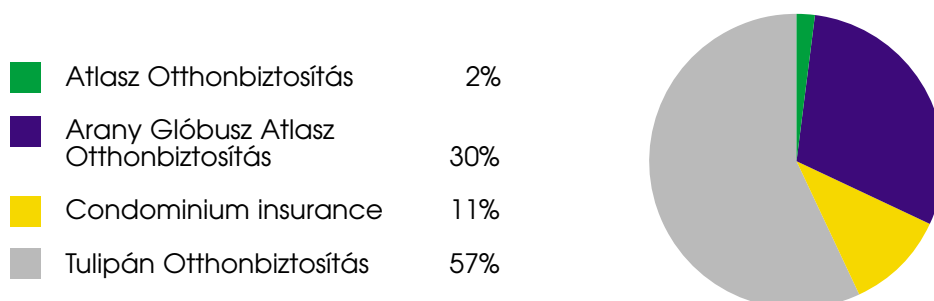


## Homeowner's insurance

Sales activities have continued to focus on two main channels, these being independent local brokers and the sales network of ING Hungary. Our homeowners product is offered alongside ING's mortgage life product.

Despite the intensified price competition in the condominium insurance market, we managed to retain our portfolio and through underwriting improvements have made this line of business profitable during 2005.

The co-operation with ING Hungary started in 2003 substantially transformed our product mix, so that today our leading homeowner's insurance product is Tulipán Otthonbiztosítás (Tulip Homeowner's Insurance).



## ASSETS

	2004 Total	2005		(Thousand HUF) Total
		Life	Non-life Non insurance Activity	
A. INTANGIBLE ASSETS	301,630	1,067	233,559	234,626
B. INVESTMENTS	3,471,086	392,363	3,822,204	4,214,567
I. Real-estate properties	589,999	15,134	564,712	579,846
of that: real-estate in own use	589,999	15,134	564,712	579,846
II. Investments in linked enterprises	2,900		2,900	2,900
1. Investment meaning ownership share in parent and subsidiary companies	2,900		2,900	2,900
2. Securities incorporating credit from parent and subsidiary company, loans to parent and sub.				
3. Investment meaning ownership share in joint, and associated venture				
4. Securities incorporating credit from joint, and associated venture, loans to joint, and associated venture				
III. Miscellaneous investment	2,878,187	377,229	3,254,592	3,631,821
1. Investment meaning ownership share in enterprises of other share relationship	200		200	200
2. Securities incorporating credit (II/2. and II/4. excepted)	2,856,080	376,565	3,228,289	3,604,854
3. Share in investment pool				
4. Loans with mortgage collateral (II/2. and II/4. and III/5. excepted)				
5. Miscellaneous loans (II/2. and II/4. and III/4. excepted)	21,907	664	26,103	26,767
6. Deposits at loan institutes				
7. Other investments				
IV. Deposit claims arising out of insurance transaction under reinsurance				
V. Value correction of investments				
VI. Valuation difference on investments				
C. INVESTMENT MADE ON BEHALF OF UNIT LINKED LIFE INSURANCE POLICY HOLDERS				
D. RECEIVABLES	1,511,872	7,533	1,147,852	1,155,385
I. Receivables originating from direct insurance transactions	1,246,420	5,943	837,451	843,394
1. Receivables from insurance policy holders	623,140	4,529	278,285	282,814
of that: a.) from linked venture				
b.) from enterprise with other share relationship				
2. Receivables from insurance brokers	623,280	1,414	559,166	560,580
of that: a.) from linked venture				
b.) from enterprise with other share relationship				
II. Receivables from reinsurance transactions	172,408		219,291	219,291
of that: a.) from linked venture				
b.) from enterprise with other share relationship				
III. Part of reserve due to reinsurer from the life insurance premium reserve				
IV. Miscellaneous receivables	93,044	1,590	91,110	92,700
of that: a.) from linked venture				
b.) from enterprise with other share relationship				
V. Valuation difference on receivables				
VI. Valuation difference on derivatives				
E. MISCELLANEOUS ASSETS	276,782	7,749	837,982	845,731
1. Fixed assets (real-estate properties excepted), stocks	108,249	2,805	102,213	105,018
2. Bank deposits, cashier	168,533	4,944	735,769	740,713
3. Repurchased own shares				
4. Miscellaneous				
F. ACCRUALS	246,951	4,249	314,194	318,443
1. Interest, lease fees	74,252	2,408	89,866	92,274
2. Postponed procuration fees	129,840	970	183,972	184,942
3. Miscellaneous accruals	42,859	871	40,356	41,227
TOTAL ASSETS	5,808,321	412,961	6,355,791	6,768,752

## LIABILITIES

	2004	2005		(Thousand HUF)
	Total	Life	Non-life	Non insurance Total Activity
<b>A. SHAREHOLDER'S EQUITY</b>	<b>1,842,928</b>	<b>94,605</b>	<b>2,274,973</b>	<b>2,369,578</b>
I. Subscriber capital	1,000,000	500,000	500,000	1,000,000
of that: ownership share repurchased at face value				
II. Subscribed, but as yet unpaid capital (-)				
III. Capital reserve				
IV. Provisions (+-)	586,231	-387,653	1,132,581	744,928
V. Fixed reserve			98,000	98,000
VI. Valuation reserve				
1. Valuation reserve on valuation adjustment				
2. Valuation reserve on fare value valuation of that related to insured clients				
VII. Result according to the balance (+-)	256,697	-17,742	544,392	526,650
<b>B. SUBORDINATED LOAN CAPITAL</b>				
<b>C. INSURANCE-TECHNICAL RESERVE</b>	<b>2,718,373</b>	<b>297,835</b>	<b>1,955,822</b>	<b>2,253,657</b>
1. Reserve for premiums not earned ( a ) + b )	288,261	18,407	366,757	385,164
a) gross amount	328,960	18,407	441,530	459,937
b) proportion of reserve due to reinsurer (-)	40,699		74,773	74,773
2. Mathematical reserves	281,036	257,000	20,196	277,196
a) premium reserve for life insurance (1+2)	257,483	257,000		257,000
1. gross amount	257,483	257,000		257,000
of that proportion of reserve due to reinsurer	27,242			
2. proportion of reserve due to reinsurer (risk insurance) (-)				
b) premium reserve for health insurance (1+2)				
1. gross amount				
2. proportion of reserve due to reinsurer (-)				
c) contribution reserve for accident insurance (1+2)				
1. gross amount				
2. proportion of reserve due to reinsurer (-)				
d) contribution reserve for liability insurance (1+2)	23,553		20,196	20,196
1. gross amount	23,553		20,196	20,196
2. proportion of reserve due to reinsurer (-)				
3. Pending claims reserves ( a ) + b )	1,641,009	11,178	1,235,161	1,246,339
a) gross amount	2,903,823	11,178	1,633,195	1,644,373
b) proportion of reserve due to reinsurer (-)	1,262,814		398,034	398,034
4. Reserve for premium refunds dependent and independent of result (a) + b))	27,393	9,805	12,406	22,211
a) gross amount	27,393	9,805	12,406	22,211
b) proportion of reserve due to reinsurer (-)	0			0
5. Damage fluctuation reserve	165,211		205,512	205,512
6. Miscellaneous insurance-technical reserves ( a)+ b )	315,463	1,445	115,790	117,235
a) gross amount	374,052	1,486	144,295	145,781
b) proportion of reserve due to reinsurer (-)	58,589	41	28,505	28,546
<b>D. INSURANCE-TECHNICAL RESERVES FOR UNIT LINKED LIFE INSURANCE POLICY HOLDERS (1+2)</b>				
1. gross amount				
2. proportion of reserve due to reinsurer (-)				
<b>E. PROVISIONS FOR LIABILITIES AND CHARGES</b>				
1. Provisions for foreseeable liabilities				
2. Provisions for future costs				
3. Miscellaneous provisions				
<b>F. DEPOSIT LIABILITIES TOWARDS REINSURER</b>				
<b>G. LIABILITIES</b>	<b>1,130,730</b>	<b>16,591</b>	<b>1,981,899</b>	<b>1,998,490</b>
I. Liabilities arising out of direct insurance transactions	841,344	5,518	677,675	683,193
of that: a.) toward linked enterprise	24,645		28,420	28,420
b.) toward enterprise with other share relationship				
II. Liabilities arising out of reinsurance transactions	150,449	410	905,995	906,405
of that: a.) toward linked enterprise	2,800			
b.) toward enterprise with other share relationship				
III. Liabilities arising out of bond issue				
of that: a.) toward linked enterprise				
b.) toward enterprise with other share relationship				
IV. Loans				
of that: a.) toward linked enterprise				
b.) toward enterprise with other share relationship				
V. Miscellaneous liabilities	138,937	10,663	398,229	408,892
of that: a.) toward linked enterprise				
b.) toward enterprise with other share relationship				
VI. Valuation difference on payable				
VII. Valuation difference on derivatives				
<b>H. DEFERRALS</b>	<b>116,290</b>	<b>3,930</b>	<b>143,097</b>	<b>147,027</b>
1. Deferral of incomes	1,005		92	92
2. Deferral of costs and expenses	115,285	3,930	143,005	146,935
3. Deferred revenues				
<b>TOTAL FUNDS</b>	<b>5,808,321</b>	<b>412,961</b>	<b>6,355,791</b>	<b>6,768,752</b>

## PROFIT AND LOSS ACCOUNT

	(Thousand HUF)	
	2004	2005
A) AT THE NON-LIFE BRANCH		
01. Earned premiums, without reinsurance	5,102,095	4,372,810
a) Gross premium	6,113,775	5,251,599
b) Premium handed over to reinsurer (-)	999,353	795,063
c) change in reserve for unearned premiums (+ -)	-28,238	119,120
d) share of reinsurer from the change in reserve for unearned premiums (+ -)	-40,565	35,394
02. Investment p&l to be returned to policy holders (in accordance with line C/06.)		
03. Miscellaneous insurance-technical revenue		
04. Claim expenses	2,039,353	1,333,222
a) claims payments, and claim settlement costs	1,645,094	1,725,310
aa) claim payments	1,431,024	1,436,149
1. gross amount	1,634,320	2,498,202
2. reinsurer's share (-)	203,296	1,062,053
ab) claim settlement costs	281,558	328,380
ac) revenues from claim repayment, and cost compensation for claim settlement (-)	67,488	39,219
b) change in reserve for pending claims (+ -) (itemised, IBNR)	394,259	-392,088
ba) gross amount	736,599	-1,256,708
bb) reinsurer's share (-)	342,340	-864,620
05. Change in mathematical reserve (+ -)	5,703	-3,357
a) change in health insurance premium reserve (+ -)		
aa) gross amount		
ab) reinsurer's share (-)		
b) change in accident insurance contribution reserve (+ -)		
ba) gross amount		
bb) reinsurer's share (-)		
c) change in liability insurance contribution reserve (+ -)	5,703	-3,357
ca) gross amount	5,703	-3,357
cb) reinsurer's share (-)		
06. Change in premium refund reserve dependent, and independent of result (+ -)	3,050	-1,060
a) gross amount	879	-1,060
b) reinsurer's share (-)	-2,171	0
07. Change in damage fluctuation reserve (+ -)	-12,389	40,401
08. Change in miscellaneous insurance-technical reserves (+ -)	245,876	-197,638
a) gross amount	251,470	-227,227
b) reinsurer's share (-)	5,594	-29,589
09. Net operating expenses	2,526,031	2,799,136
a) procuration fees arising during subject year	1,667,790	1,589,114
b) change in accrued/deferred procuration fees (+ -)	41,360	58,250
c) governance costs (investment costs excepted)	982,140	1,284,047
d) commissions, and profit shares due from reinsurers (-)	82,539	15,775
10. Miscellaneous insurance-technical expenses	33,578	34,619
A) INSURANCE-TECHNICAL RESULT (01+02+03-04+ -05+ -06+ -07+ -08-09-10)*	260,893	367,487

	(Thousand HUF)	
	2004	2005
B) AT THE LIFE BRANCH		
01. Earned premiums, without reinsurance	73,731	69,277
a) Gross premium	88,997	98,849
b) Premium handed over to reinsurer (-)	17,396	16,395
c) change in reserve for unearned premiums (+ -)	-7,635	11,857
d) share of reinsurer from the change in reserve for unearned premiums (+ -)	-5,505	-1,320
02. Insurance-technical revenues from investments	27,396	22,092
a) received dividend and share of that: from linked enterprise		
b) miscellaneous revenue from investment of that: from linked enterprise	27,396	22,092
ba) revenues of fixed assets connected to insurance portfolio		
bb) interest received, and interest-type revenues	27,396	22,092
c) yield on price of investment sales, miscellaneous revenues from investments		
d) investment revenue allocated from life insurance (in accordance with line c/05.) (-)		
03. Non-realised profits on investments		
04. Miscellaneous insurance-technical revenues		
05. Claims-related expenses	73,678	75,941
a) claim payments, and claim settlement costs	70,372	78,523
aa) claim payments	66,868	74,095
1. gross amount	80,075	74,568
2. reinsurer's share (-)	13,207	473
ab) claim settlement costs	3,574	4,974
ac) revenues from claim repayment, and cost compensation for claim settlement (-)	70	546
b) change in reserve for pending claims (+ -) (itemised, IBNR)	3,306	-2,582
ba) gross amount	2,329	-2,742
bb) reinsurer's share (-)	-977	-160
06. Change in mathematical reserve (+ -)	-29,806	-483
a) change in life insurance premium reserve (+ -)	-29,806	-483
aa) gross amount	-29,806	-483
ab) reinsurer's share (kockázati biztosítás) (-)		
b) change in health insurance premium reserve (+ -)		
ba) gross amount		
bb) reinsurer's share (-)		
c) change in accident insurance premium reserve (+ -)		
ca) gross amount		
cb) reinsurer's share (-)		
07. Change in premium refund reserve dependent, and independent of result (+ -)	3,610	-4,122
a) gross amount	3,610	-4,122
b) reinsurer's share (-)		
08. Change in damage fluctuation reserve (+ -)		-100
09. Change in miscellaneous insurance-technical reserves (+ -)	-2,317	-590
a) change in unit-linked reserves (+ -)		
aa) gross amount		
ab) reinsurer's share (-)		

## PROFIT AND LOSS ACCOUNT

	(ezer Ft)	
	2004	2005
b) change in miscellaneous insurance-technical reserves (+ -)	-2,317	-590
ba) gross amount	-3,868	-1,044
bb) reinsurer's share (-)	-1,551	-454
10. Net operating expenses	99,699	40,167
a) procuration fees arising during subject year	12,332	7,640
b) change in accrued/deferred procuration fees (+ -)	-13,391	-2,747
c) governance costs (investment costs excepted)	37,554	30,038
d) commissions, and profit shares due from reinsurers (-)	-36,422	258
11. Insurance-technical expenses arising out of investments	1,301	1,985
a) operation and maintenance expenses of investments, including interest paid, as well as interest-type expenses	1,301	1,985
b) depreciation of investments, rewritten depreciation of investments (+ -)		
c) loss on price of investment sales, miscellaneous investment related expenses		
12. Non-realised losses on investment		
13. Miscellaneous insurance technical expenses	178	198
B) INSURANCE-TECHNICAL RESULT (01+02+03+04-05+ -06+ -07+ -08+ -09-10+ -11-12-13)	-45,216	-21,627
C) NON INSURANCE-TECHNICAL SETTLEMENT		
01. Received dividend and share of that: from linked enterprise of that: revaluation difference		
02. Interest, and interest-type revenue of that: from linked enterprise	245,144	246,530
03. Revenue from fixed assets connected to insurance portfolio	68,103	69,342
04. Yield on price of investment sales, miscellaneous investment revenues	17,440	70,696
05. Investment revenue allocated from life insurance (in accordance with line B/02/d)		
06. Investment result to be returned to policy holders (-) (in accordance with line A/02.)		
07. Operation and maintenance expenses of investments, including paid interest, and interest-type expenses	12,957	22,016
08. Depreciation of investments, rewritten depreciation of investments (+ -)		
09. loss on price of investment sales, miscellaneous investment related expenses	60,614	35,539
10. Miscellaneous revenues	44,645	71,759
11. Miscellaneous expenses	202,927	135,624
D) PROFIT ON ORDINARY ACTIVITIES (+ -A+ -B+01+02+03+04+05-06-07-08-09+10-11)	314,511	611,008
12. Extraordinary revenues		
13. Extraordinary expenses	2,948	368
14. Extraordinary profit (12-13)	-2,948	-368
E) EARNINGS BEFORE TAXES (+ -D+16-17)	311,563	610,640
15. Tax payment obligation	54,866	83,990
F) EARNINGS AFTER TAXES (+ -E-15)	256,697	526,650
16. Use of provisions for dividends, and shares		
17. Approved dividend, and share		
G) BALANCE SHEET PROFIT / LOSS (+ -F+16-17)	256,697	526,650

To the shareholder of QBE Atlasz Biztosító Zrt.

### Independent Auditor's Report

We have audited, in accordance with the applicable laws and regulations in force in Hungary and with Hungarian and International Standards on Auditing, the balance sheet of QBE Atlasz Insurance Company ("the Company") as of 31 December 2005 and the income statement for the year then ended prepared in accordance with the Hungarian Accounting Law and as approved by the shareholders; and in our report dated 15 May 2006, representatives of our firm, qualified under Hungarian law to do so, have expressed an unqualified opinion on the financial statements as of 31 December 2005.

In our opinion, the information set forth in the accompanying balance sheet and income statement is fairly stated, in all material respects, in relation to the financial statements from which they have been extracted, except that all footnote disclosures have been omitted.

For a better understanding of the Company's financial position and results of operations for the year ended 31 December 2005 and of the scope of our audit, the balance sheet and income statement should be read in conjunction with the financial statements from which the balance sheet and income statement were extracted and our audit report thereon dated 15 May 2006.

Budapest, 15 May 2006



Tardos Ágnes  
Registered auditor  
Reg. no.: 002508  
Office Address:  
16 Wesselényi u, 1077 Budapest



Árpád Balázs  
Director  
PricewaterhouseCoopers Kft.  
Licence No.: 001464  
Address: 16 Wesselényi u, 1077 Budapest

## CONTACTS



### Head Office

1143 Budapest, Stefánia út 51.  
Internet: [www.qbeatlasz.hu](http://www.qbeatlasz.hu)  
E-mail: [info.hungary@qbeatlasz.com](mailto:info.hungary@qbeatlasz.com)

Telephone: 06/1-460-1400  
Telefax: 06/1-460-1499  
Free call: 06-80-468-468

### Budapest

1052 Budapest, Hercegprímás u. 2.  
E-mail: [hercegprimas@qbeatlasz.hu](mailto:hercegprimas@qbeatlasz.hu)

Telephone: 06/1-267-2297; 06/1-267-2295  
Telefax: 06/1-267-2298

### Győr

9022 Győr, Batthyány tér 15.  
E-mail: [gyor@qbeatlasz.hu](mailto:gyor@qbeatlasz.hu)

Telephone: 06/96-328-828  
Telefax: 06/96-310-477

### Pécs

7621 Pécs, Jókai u. 11.  
E-mail: [pecs@qbeatlasz.hu](mailto:pecs@qbeatlasz.hu)

Telephone: 06/72-516-797  
Telefax: 06/72-248-982

### Szeged

6720 Szeged, Szilágyi u. 2. fsz. 6.  
E-mail: [szeged@qbeatlasz.hu](mailto:szeged@qbeatlasz.hu)

Telephone: 06/62-420-208  
Telefax: 06/62-420-296

### Nyíregyháza

4400 Nyíregyháza, Liliom u. 21. I. 5.  
E-mail: [nyiregyhaza@qbeatlasz.hu](mailto:nyiregyhaza@qbeatlasz.hu)

Telephone: 06/42-400-680  
Telefax: 06/42-400-680