

# Six-Month Report 2005

UNIQA Versicherungen AG

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<b>Key figures</b>	<b>1–6/2005</b> € mill.	<b>1–6/2004</b> € mill.	<b>Change</b> in %
<b>Premiums written</b>			
Property and casualty	1,082.9	832.0	30.1
Life	802.4	628.0	27.8
Health	410.8	373.6	10.0
<b>Total</b>	<b>2,296.0</b>	<b>1,833.6</b>	<b>25.2</b>
Savings portion of the premiums from unit-linked and index-linked life insurance	191.1	63.4	201.2
<b>Benefits and claims<sup>1)</sup></b>			
Property and casualty	543.3	408.5	33.0
Life	957.0	735.3	30.2
Health	379.5	336.9	12.6
<b>Total</b>	<b>1,879.8</b>	<b>1,480.7</b>	<b>27.0</b>
<b>Operating expenses</b>			
Property and casualty	262.1	203.2	29.0
Life	107.8	105.8	1.9
Health	58.0	53.3	8.9
<b>Total</b>	<b>428.0</b>	<b>362.3</b>	<b>18.1</b>
<b>Net investment income</b>	<b>443.1</b>	<b>333.3</b>	<b>32.9</b>
<b>Profit on ordinary activities</b>	<b>85.5</b>	<b>52.3</b>	<b>63.3</b>
<b>Insured capital in life insurance</b>	<b>50,111.0</b>	<b>41,581.7</b>	<b>20.5</b>

<b>Stock market indicators</b>	<b>1–6/2005</b> €	<b>1–6/2004</b> €	<b>Change</b> in %
Low	11.04	7.85	
High	16.10	10.78	
Price at 30/6	16.10	10.59	52.0
Market capitalisation at 30/6 (in € mill.)	1,928.4	1,268.4	52.0

### UNIQA shares—technical details

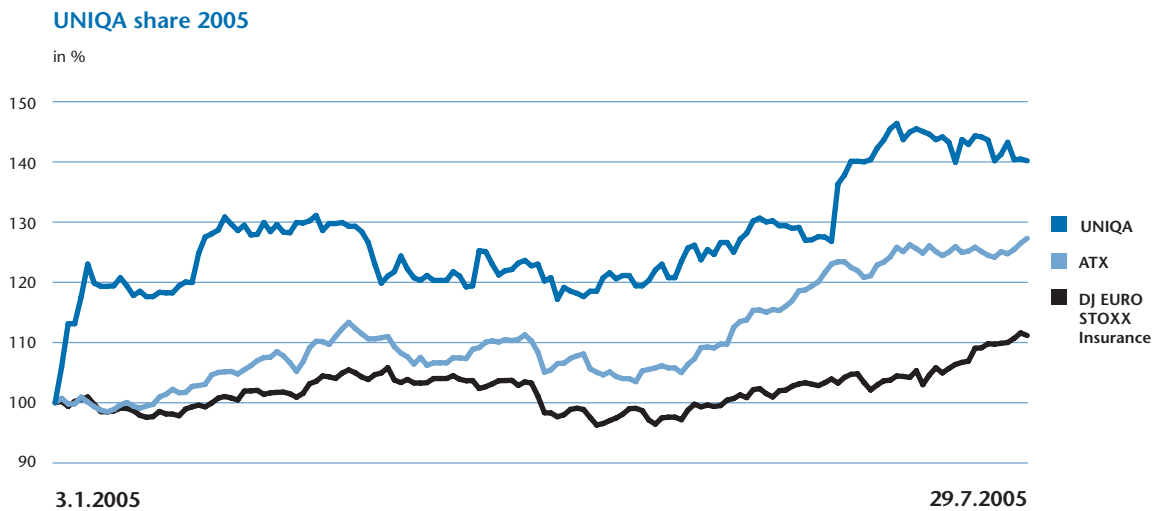
Securities abbreviation	UQA
Reuters	UNIQ.VI
Bloomberg	UQA.AV
ISIN	AT0000821103
Market segment	Prime Market—Vienna Stock Exchange
Trading segment	Official trading
Indices	ATX Prime, WBI
Number of shares	119,777,808

### Financial calendar for the year 2005

Investor conference—Erste Bank	14 October 2005
3rd Quarterly Report 2005	30 November 2005

<sup>1)</sup> Incl. expenditure for deferred profit participation and premium refunds.

# UNIQA Group Austria



## UNIQA shares top €17 for the first time

The upwards trend on the Austrian stock markets continued throughout the second quarter of 2005. On 16 June 2005 the ATX broke through the 3,000-point mark and went on to climb from one all-time high to the next. Compared to the end of the year 2004 the key index on the Vienna Stock Exchange has risen 25.4% so far in 2005, reaching 3,049.91 points by 30 June 2005. By the end of July 2005 the ATX was at 3,126.21 points.

The upwards trend of UNIQA shares also continued in the 2nd quarter of 2005. On 30 June 2005 the shares were already selling at €16.10—translating into a performance for the first half of 2005 of 51.9%. On 5 August 2005 the shares reached a historic high of €17.14.

The DJ Insurance Index was also able to record a slight rise in prices in the first six months of 2005 of 4.7%, and was at 212.11 points at the end of the 2<sup>nd</sup> quarter of 2005. At the end of July 2005 the European Insurance Index was higher, at 227.39 points.

## Programme for the resale of shares

As part of the programme for the resale of shares 2,171,972 own shares were also sold in the 2<sup>nd</sup> quarter of 2005 thereby increasing the shares in free float even more. By the middle of August 2005 a total of 5,995,020 UNIQA shares had been resold on the stock market. This corresponds to over 5.0% of the share capital. Currently, UNIQA holds 3,162,890 own shares.

## Group of consolidated companies enlarged

In the 2<sup>nd</sup> quarter of 2005 the UNIQA Group's scope of consolidation was enlarged to include the Raiffeisen Osiguranje d.d. in Bosnia and Herzegovina. The 27% share in the Romanian insurance company ASTRA S.A. was included according to the equity accounting method for the first time as of 30 June 2005.

## UNIQA expands into Romania and Bulgaria

At the beginning of June the UNIQA Group took over 27% of the share capital of the fifth largest Romanian insurance company, ASTRA S.A. The purchase of the shares was done as a block trade on the Bucharest Stock Exchange. The transaction is still subject to the approval of the responsible local authorities. A framework agreement was signed with the majority shareholder of the company which provides for ASTRA to be managed first as a joint venture and then allowing UNIQA to buy the majority of the shares over the medium term.

In 2004 ASTRA attained a premium volume of €48.4 million and was able to increase its market share to 5.6%. ASTRA's headquarters are in Bucharest. Distribution takes place through a decentralised network of 161 offices and agencies. ASTRA itself employs a staff of about 400 in-house and 600 in sales. In addition, there are cooperations with about 8,000 agencies and 100 brokers.

## Standard and Poor's awarded an "A" rating

The international rating agency confirmed its assessment of the UNIQA Group's financial strength with an unchanged "A" rating. Standard & Poor's gave their reasons for improving the outlook to "STABLE" as being the tangible progress in the operative performance resulting from the successful cost reduction

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 Business development

programme, the improvement in the technical results in property insurance, and the recovered financial markets. The stable outlook also reflects the expectation that the Group will continue to profit from the strong performance of the individual companies and that high flows of dividends will further improve the liquidity of the holding. S&P considers the capitalisation on a Group level to be sufficient to cover additional acquisitions in addition to the organic growth.

### Premium volume written reached €2.3 billion in the first half year

The UNIQA Group showed a pleasing growth in premiums in the 2<sup>nd</sup> quarter of 2005 as well. The premium volume written increased compared to the first half of 2004 by a clear 25.2% to €2,296.0 million. The Group's companies in Austria contributed €1,652.6 million (+4.9%) to this, the premiums of the companies in Central and Eastern Europe amounted to €643.4 million (+149.2%). The excellent organic growth in Austria and internationally (+7.4%) was an important factor in this development, in addition to the inclusion of newly acquired companies in the scope of consolidation. The premium volume written of the Raiffeisen Osiguranje in Bosnia and Herzegovina, which was consolidated for the first time, amounted to €2.1 million in the 2<sup>nd</sup> quarter of 2005.

The Group's premiums earned rose by 25.3% in the 2<sup>nd</sup> quarter of 2005 to €1,984.4 million.

### Property and casualty insurance

Premiums written in property and casualty insurance increased in the first six months of 2005 by 30.1% to €1,082.9 million. The premium increase in the motor vehicle lines was 21.4% for the entire Group.

In Austria, property and casualty premiums went up by 6.3% to €687.3 million, international business by 113.1% to €395.5 million.

Premiums earned in property and casualty insurance increased in the 2<sup>nd</sup> quarter of 2005 by 33.5% to €805.8 million.

### Life insurance

The pleasing growth rates in the life insurance line continued on their very satisfactory course in the 2<sup>nd</sup> quarter of 2005, both in Austria and internationally. The premium volume written rose by 27.8% to €802.4 million, premiums earned were at €771.2 million (+26.1%) at the end of the 2<sup>nd</sup> quarter of 2005.

In Austria, premiums rose compared to the previous year at FinanceLife Lebensversicherung AG by 42.9%—in Central Europe premium volume in life insurance lines even grew by 411.0%.

The risk premium share of unit-linked and index-linked life insurance included in the second quarter report of 2005 totalled €27.0 million (1–6/2004: €19.2 million). The savings portion of the premiums not included in the consolidated premium revenue of the unit-linked and index-linked life insurance, as laid down in the international accounting standards, amounted to €191.1 million (1–6/2004: €63.4 million).

### Health insurance

Premium volume written in health insurance was up by 10.0% during the 2005 reporting period to €410.8 million. One major reason for this increase was the first-time inclusion of the premiums from Mannheimer Krankenversicherung in the 2<sup>nd</sup> quarter of 2005. These amounted to €26.1 million.

Earned premiums in the first half of 2005 were €407.5 million (+10.6%).

### Loss expenses and insurance benefits

At the end of the 1<sup>st</sup> half of 2005 the UNIQA Group's total loss expenses and benefits was €1,879.8 million. The 27.0% increase compared to the previous year is mainly due to the expansion of the scope of consolidation.

### Property and casualty insurance

Loss expenses and benefits increased in the reporting period by 33.0% to €543.3 million.

### Life insurance

Benefits, including the change in actuarial provision in life insurance, increased by 30.2% to €957.0 million.

### Health insurance

Insurance benefits, including the change in actuarial provisions, increased during the reporting period by 12.6% to €379.5 million.

### Group cost ratio at 21.6%

UNIQA Group's costs developed very satisfactorily in the 2<sup>nd</sup> quarter of 2005 as well. Total operating expenses increased by 18.1% to €428.0 million. Acquisition costs rose by 20.1% to €312.0 million. Other operating expenses increased, after consideration of the reinsurance commissions received, by 13.2% to €115.9 million. This means that, compared to the development of the Group premium volume, costs only rose minimally.

The cost ratio—the relation of total operating expenses to the Group's earned premiums—was down to 21.6% in the 2<sup>nd</sup> quarter of 2005 (1–6/2004: 22.9%). Adjusted by recent acquisitions the cost ratio amounted to 21.3%. In Austria the cost ratio sank to 19.9% in the 1<sup>st</sup> half of the year (1–6/2004: 21.6%).

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### Property and casualty insurance

The increase in total operating expenses in property and casualty insurance of 29.0% to €262.1 million in the first six months of 2005 was disproportionately low compared to the overall business performance. Acquisition costs increased by 36.2% to €203.5 million. Other operating expenses (incl. reinsurance commissions received) rose slightly by 9.0% to €58.6 million.

The cost ratio in property and casualty insurance fell in the 2<sup>nd</sup> quarter of 2005 to 32.5% (1–6/2004: 33.7%). The combined ratio—the relation of the insurance benefits plus the total operating expenses to the Group's earned premiums in property and casualty insurance—was still under 100% at the end of the 1<sup>st</sup> half of 2005.

### Life insurance

In life insurance total operating expenses remained in the 2<sup>nd</sup> quarter of 2005 at €107.8 million which was about the same level as in the previous year (+1.9%). Acquisition costs sank clearly by 6.6% to €73.2 million. Other operating expenses (incl. reinsurance commissions received) climbed in line with overall business by 26.2% to €34.6 million.

The cost ratio in life insurance decreased in the reporting period of 2005 to 14.0% (1–6/2004: 17.3%).

### Health insurance

Operating expenses rose in the 2<sup>nd</sup> quarter of 2005 in health insurance by 8.9% to €58.0 million. Acquisition costs increased in line with business revenue by 10.0% to €35.4 million. Other operating expenses (incl. reinsurance commissions received) were at €22.7 million (+7.3%) after two quarters of 2005.

The cost ratio in health insurance fell in the 2<sup>nd</sup> quarter of 2005 to 14.2% (1–6/2004: 14.5%).

### Profit on ordinary activities

Profit on ordinary activities in the UNIQA Group rose, compared to the 1<sup>st</sup> half of the previous year, from €52.3 million by 63.3% to €85.5 million. In Austria the pre-tax result was €57.6 million (+47.5%). In the Central and Eastern European markets UNIQA was able to more than double its profit on ordinary activities to €27.8 million (+110.0%).

The rise in tax expenses to €21.0 million (1–6/2004: €–3.6 million) compared to the same period in 2004 can be explained by the one-time tax-reducing effect in 2004 when the corporate income tax rate was reduced to 25%.

### The capital investment portfolio continues to grow

The sum of the UNIQA Group's investments after the first six months of 2005 amounted to €18,513.4 million. Compared to the same period last year this corresponds to an increase of 26.3% or €3,855.3 million.

Net investment income increased over the reporting period among other things due to the pleasing situation on the stock exchange by 32.9% to €443.1 million.

### The Group's foreign companies

The amount of premiums written from the UNIQA Group Austria's international markets increased in the 2<sup>nd</sup> quarter of 2005 by 149.2% to €643.4 million. This brought the share of the foreign companies in the total Group premium volume written to 28.0%.

The insurance benefits increased in the first half of 2005 by €265.2 million to €407.5 million.

Profit on ordinary activities in the Group's foreign companies in the 2<sup>nd</sup> quarter of 2005 amounted to €27.8 million. The foreign share of the Group results thus already amounted to about a third (32.6%).

### Outlook

#### UNIQA entering the Bulgarian insurance market

At the end of July 2005 the UNIQA Group agreed to take over 20% of the share capital of the sixth largest Bulgarian insurance company, Vitosha. At the same time, UNIQA's takeover of additional shares in Vitosha was also arranged with the previous owners, which will make UNIQA the majority owner. The transaction is still subject to the approval of the responsible authorities.

By joining the Vitosha Group the UNIQA Group has expanded its presence in Southern Europe and is now already represented in 14 European countries. The successful partnership with the Raiffeisen bank group will be expanded in future in Bulgaria as well.

In 2004 the Vitosha Group achieved a premium volume of around €23.2 million, which means a 5.4% share of the market. Vitosha is in fifth place in property insurance with a 5.5% share of the market. The Vitosha Group's central office is in Sofia, sales and customer service are handled through a well-developed and extensive network of about 100 branches, brokers and agencies.

#### Preview 2005

For the total year 2005 the UNIQA Group continues to expect a profit on ordinary activities of about €150 million, which seems to be well secured due to the sound development in the first six months.

## Six-Month Statement

<b>Consolidated Balance Sheet—Assets</b>	<b>30.6.2005</b>	<b>31.12.2004</b>
	<b>€ mill.</b>	<b>€ mill.</b>
<b>A. Intangible assets</b>		
I. Goodwill	219.1	209.4
II. Other intangible assets	45.3	45.5
	<b>264.4</b>	<b>254.9</b>
<b>B. Investments</b>		
I. Land and buildings	1,050.8	1,050.4
II. Shares in affiliated and associated companies	204.3	187.6
III. Loans	1,204.2	998.1
IV. Other securities		
1. Held to maturity	0	0
2. Available for sale	12,669.0	11,580.1
3. Held for trading	1,163.9	560.4
V. Other investments	938.0	1,156.4
	<b>17,230.1</b>	<b>15,533.0</b>
<b>C. Investments held on account and at risk of life insurance policyholders</b>	<b>1,283.3</b>	<b>1,064.9</b>
<b>D. Receivables</b>	<b>688.5</b>	<b>695.6</b>
<b>E. Liquid funds</b>	<b>283.1</b>	<b>355.4</b>
<b>F. Deferred acquisition costs</b>	<b>778.6</b>	<b>738.0</b>
<b>G. Deferred tax assets</b>	<b>63.1</b>	<b>53.4</b>
<b>H. Reinsurers' share in technical provisions</b>	<b>745.2</b>	<b>710.1</b>
<b>I. Other assets</b>	<b>164.7</b>	<b>167.0</b>
<b>Total assets</b>	<b>21,500.9</b>	<b>19,572.3</b>

<b>Consolidated Balance Sheet—Equity and Liabilities</b>	<b>30.6.2005</b>	<b>31.12.2004</b>
	<b>€ mill.</b>	<b>€ mill.</b>
<b>A. Shareholders' equity</b>		
I. Subscribed capital and capital reserves	206.3	206.3
II. Revenue reserves	390.9	373.2
III. Revaluation reserves	143.6	77.2
IV. Group total profit	66.2	26.4
	<b>807.0</b>	<b>683.1</b>
<b>B. Minority interests in shareholders' equity</b>	<b>188.5</b>	<b>177.1</b>
<b>Total shareholders' equity</b>	<b>995.5</b>	<b>860.2</b>
<b>C. Subordinated liabilities</b>	<b>325.0</b>	<b>325.0</b>
<b>D. Technical provisions</b>		
I. Provision for unearned premiums	470.7	328.0
II. Actuarial provision	13,371.5	12,563.1
III. Provision for outstanding claims	1,885.2	1,805.6
IV. Provision for profit-unrelated premium refund	25.4	25.3
V. Provision for profit-related premium refund, i.e. policyholders' profit participation	904.6	673.7
VI. Other technical provisions	35.9	33.9
	<b>16,693.3</b>	<b>15,429.8</b>
<b>E. Technical provisions for life insurance policies where the investment risk is borne by policyholders</b>	<b>1,039.4</b>	<b>824.7</b>
<b>F. Other provisions</b>	<b>873.3</b>	<b>707.3</b>
<b>G. Liabilities</b>	<b>1,279.3</b>	<b>1,176.3</b>
<b>H. Deferred tax liabilities</b>	<b>282.1</b>	<b>236.7</b>
<b>I. Other liabilities</b>	<b>12.9</b>	<b>12.3</b>
<b>Total equity and liabilities</b>	<b>21,500.9</b>	<b>19,572.3</b>

## Six-Month Statement

<b>Consolidated Income Statement</b>	<b>4-6/2005 € mill.</b>	<b>4-6/2004 € mill.</b>	<b>1-6/2005 € mill.</b>	<b>1-6/2004 € mill.</b>
Gross premiums written	984.4	810.2	2,296.0	1,833.6
Premiums earned	959.0	768.8	1,984.4	1,583.9
Net investment income	241.5	121.3	443.1	333.3
Other income	5.9	12.4	15.1	19.1
<b>Total income</b>	<b>1,206.4</b>	<b>902.5</b>	<b>2,442.6</b>	<b>1,936.2</b>
Insurance benefits (net)	-914.2	-652.1	-1,879.8	-1,480.7
Operating expenses	-225.3	-184.1	-428.0	-362.3
Other expenses	-21.6	-18.4	-46.5	-33.3
Amortisation of goodwill	-1.5	-4.1	-2.8	-7.5
<b>Total expenses</b>	<b>-1,162.5</b>	<b>-858.8</b>	<b>-2,357.1</b>	<b>-1,883.9</b>
<b>Profit on ordinary activities</b>	<b>43.8</b>	<b>43.7</b>	<b>85.5</b>	<b>52.3</b>
Income taxes	-10.4	10.7	-21.0	3.6
<b>Net profit for the period</b>	<b>33.4</b>	<b>54.4</b>	<b>64.5</b>	<b>55.9</b>
Minority interests	-6.8	-16.5	-11.5	-13.8
<b>Consolidated net profit</b>	<b>26.6</b>	<b>37.9</b>	<b>53.0</b>	<b>42.1</b>
Earnings per share (in €)			0.47	0.38
Average number of shares in circulation			111,689,031	110,619,898

The diluted earnings per share are equal to the undiluted earnings per share.

<b>Cash Flow Statement</b>	<b>1-6/2005 € mill.</b>	<b>1-6/2004 € mill.</b>
<b>Cash and cash equivalents as at 1.1.</b>	<b>355.4</b>	<b>388.1</b>
Net cash flow from operating activities	699.7	1,484.4
Net cash flow used in investing activities	-767.8	-1,610.6
Net cash flow used in financing activities	-4.1	-22.1
<b>Change in cash and cash equivalents</b>	<b>-72.2</b>	<b>-148.3</b>
<b>Cash and cash equivalents as at 30.6.</b>	<b>283.1</b>	<b>239.8</b>

<b>Changes in Group Equity</b>	<b>1-6/2005 € mill.</b>	<b>1-6/2004 € mill.</b>
<b>Situation as at 1.1.</b>	<b>860.2</b>	<b>649.4</b>
Foreign currency translation	0.7	5.8
Dividends	-31.5	-29.4
Own shares	44.2	0
Net profit for the period	64.5	55.9
Unrealised capital gains and losses and other	57.5	42.2
<b>Situation as at 30.6.</b>	<b>995.5</b>	<b>723.9</b>

