



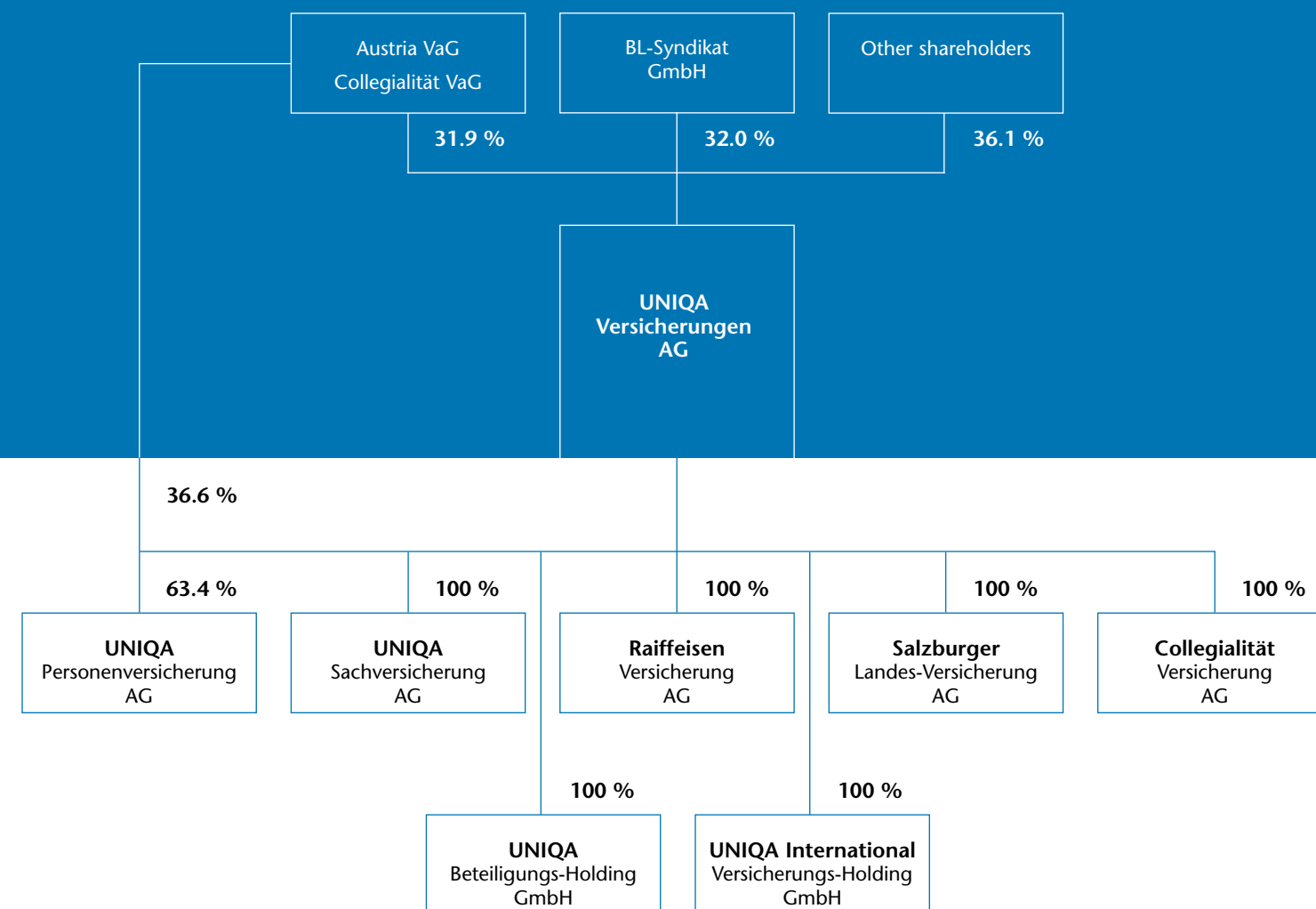
UNIQA Versicherungen AG | 1999

Annual Report | 1999
UNIQA Versicherungen AG

UNIQA Group	1998	1999	1999
<i>In millions</i>	<i>ATS</i>	<i>ATS</i>	<i>EUR</i>
Gross premiums written	30 227.6	31 505.6	2 289.6
Premiums earned (net)	27 700.5	28 864.0	2 097.6
Claims incurred	20 547.8	21 417.9	1 556.5
Operating expenses (net)	6 402.0	6 572.1	477.6
Investment income less investment charges	7 827.7	7 865.6	571.6
Investments	123 555.8	130 943.5	9 516.0
Technical provisions (net)	115 152.1	123 478.2	8 973.5
Capital and reserves	7 679.3	6 974.6	506.9
Profit on ordinary activities	1 064.3	827.0	60.1
Average number of employees	6 459	6 361	
Insurance contracts	5 830 313	5 856 732	
Number of Group companies			
Fully consolidated	35	38	
Equity consolidated	19	18	

UNIQA Versicherungen AG	1998*	1999	1999
<i>In millions</i>	<i>ATS</i>	<i>ATS</i>	<i>EUR</i>
Gross premiums written		5 558.0	403.9
Premiums earned (net)		3 718.2	270.2
Claims incurred (net)		2 854.4	207.4
Operating expenses (net)		1 165.3	84.7
Investment income less investment charges		480.3	34.9
Investments	12 295.8	12 532.0	910.7
Technical provisions (net)	3 000.7	4 418.7	321.1
Capital and reserves	5 751.0	6 083.7	442.1
Profit on ordinary activities		332.6	24.2
Total profit		240.2	17.5
Dividend in %		16	
Employees - sales	2 521	2 466	
Employees - administration	2 586	2 443	

* Due to the restructuring exercise carried out in 1999 and the changes in reinsurance relationships in connection with this Group restructuring, the figures for the financial year under review are not comparable to the figures for the previous year. The figures included for 1998 are taken from the restructuring balance sheets.



Confidence based on competence and quality

We, UNIQA Group Austria, are one of the leading insurance groups of Central Europe. Our identity is Austrian. The companies and investments controlled by the stock-exchange listed UNIQA Versicherungen AG share a common philosophy. Our corporate philosophy combines the strength of tradition with the power of innovation and its main concern is people.


We want to win our customers' confidence with competence and first-rate customer services, with products and financial services of

optimum quality at fair prices. Our customised solutions for today's insurance and pension problems are the basis for tomorrow's continuing growth and increasing profits.

The sound expansion of our group in Austria and abroad offers long-term opportunities to our shareholders and staff. Everybody benefits from our corporate philosophy and our commitment to a unique level of quality, customer service and competence.

UNIQA Group: Facts & Figures
Foreword by the Supervisory Board 4
Foreword by the Management Board 6
Members of the Management
and Supervisory Boards 10
Report by the Supervisory Board 13
Markets & Strategies 14
Internationalisation 24
The Share 30

The Group's Annual Report 35
Uniqa Versicherungen AG's Annual Report 50
The Group's Financial Statements 54
Notes to the Group's Financial Statements 62
Annual Accounts 74
Notes to the Annual Accounts 80
Contact 100
Imprint



What's your job?

Of course, our staff will give different answers to this question. But there is one thing they will have in common. When interacting with customers, the women and men working with us act as ambassadors of UNIQA. They represent the corporate philosophy and a common culture shared by all spheres of the group.

Outstanding professional competence, innovative approaches and personal flexibility are requisite qualifications, no matter in which capacity or position of our insurance group staff members are active.

And what's more, our customers will find that their high demands on product quality, individual advice, personal commitment and servicing are surpassed in practice. For our staff represents a new culture of customer support. A culture founded on confidence, responsibility and lasting values in short-lived times.



Foreword by the Chairman of the Supervisory Board

The global freedom in the financial services sector has led to a marked trend of consolidation all over the world. A common response to this development are quick mergers. However, ready-made mergers replace neither strategies nor visions.

It takes courage and decision to translate a vision into reality. Our group of companies made a vision come true that is more than one of those mergers that may conform to formal requirements but are otherwise rather conventional. This merger combines the strength of tradition with the power of innovation. It is UNIQA.

The process of merging the company groups Austria Collegialität and Bundesländer-Versicherung initiated in 1997 by founding the BARC Versicherungs-Holding AG was formally concluded in 1999. With UNIQA, a strong, transparent insurance group, confessing to an Austrian identity and to European standards, was established last year to serve clearly defined markets.

UNIQA is of course the name, but it is a promise and a programme too. UNIQA is meant to signal a new commitment to uniqueness in quality, customer services and competence as well as to an innovative corporate identity. UNIQA products and services are tailored to suit the special needs and desires of customers at the beginning of a new millennium.

UNIQA is founded on a new attitude, a new approach to interpersonal relations, and unique quality standards by which the group wants to be measured. With this new attitude, the group will gain itself a reputation with its customers and stand out among its competitors.

For UNIQA committed itself to be unique in every respect and all developments. The corporate philosophy is characterised by lasting, enduring values setting new standards even in our short-lived times: quality, respect, ethics, unity and flexibility. These principles are the group's corporate code which serves UNIQA as a basis for innovation without lessening the importance of proven concepts and procedures.

UNIQA is much more than the sum of its individual parts, i.e. much more than a simple addition of the specialised know-how of UNIQA Personenversicherung, UNIQA Sachversicherung, Raiffeisen Versicherung, Salzburger Landes-Versicherung and Collegialität Versicherung: UNIQA is a shared path, a shared philosophy, a shared culture. High professional competence, unconventional ideas and innovative approaches are requisite qualifications of the UNIQA staff. All actions are guided by this corporate philosophy and in this spirit they show us a clear way into the future: we are UNIQA – and you are on the safe side with us.

A handwritten signature in black ink, appearing to read 'Konrad', written in a cursive style.

Christian Konrad



Foreword by the Management Board

Dear Madam, Dear Sir,

The year 1999 was marked by fundamental changes – both for our group of companies and Austria as a member of the European Economic and Monetary Union.

The introduction of the common currency, the euro, in eleven member states of the EU, finalised on 1. January was the decisive step in the last stage towards European integration. Forming part of the euro zone and thus the exchange rate mechanism between the national currencies and the euro, Austria fully participates in this historic process.

Against the background of ever fiercer global competition, the Community currency provides an anchor of stability for the European internal market. The positive effects resulting from this process will gradually take shape in the next few years. Euroland provides additional growth stimuli to enterprises, procures wealth gains to customers and consumers and opens up new investment horizons to savers and shareholders.

In line with the trend across Europe, Austria recorded a remarkable economic upswing in 1999. The gross domestic product grew by 2.9% in nominal terms and thanks to a continuing low increase in consumer prices by 2.2% in real terms. Expenditure on private consumption rose by 2.3% after adjustment for price rises. Gross fixed capital formation climbed by 3.3% in real terms. At the same time the unemployment rate decreased significantly.

In this setting marked by stable economic growth, the insurance business showed above-average development. The applied income from premiums of the Austrian insurers increased by 7.3% in 1999. Life insurance was once more the strongest growth engine. The corresponding premium income surged by almost 18%, which was mainly due to the exponential increase of single-premium payments by 46%.

While health insurance recorded a slightly higher premium income in 1999 following years of stagnation, the problems in the indemnity/accident insurance line have not been solved. Particularly in the car insurance business the situation remained tense. In 1999 the insurance payments rose by 4.8% due to a drastic increase in road accidents. Simultaneously, the premium income decreased by 5.6% mainly as a result of discounts granted in view of keen competition. Increases in premiums will be indispensable to cover actuarial losses.

In the current year, insurance companies will again be among the pacemakers of economic growth in Austria. Based on an increase of the gross domestic product by about 2.8%, the premium income is expected to rise by 6.6%. Thanks to the continuing strong demand for private old-age pension schemes, life insurance remains the fastest expanding segment, with an increase in the premium volume by 13%.

In 1999 UNIQA Group Austria recorded a highly successful development. Austria's largest insurance group expanded extremely rapidly, with an increase of applied premiums in the insurance accounts by 4.2% to ATS 31 505.6 million.

Once more the growth engine was the life insurance segment, whose premium income rose by 10.1%. The single-premium business included in this rate showed a dynamic growth of almost 30%. The regular-premium business climbed by about 9%. The largest life insurer of our group, Raiffeisen Versicherung AG, succeeded in strengthening its position in the Austrian market with an exponential premium growth of roughly 18%.

Following the market trend, the health insurance business developed moderately. Premium income rose by just under 1.6%. In Austria the expenditure on insurance payments has not decreased after the introduction of the new funding scheme for health care institutions, as we had hoped. The number of benefit cases increased drastically in 1999. Therefore, the ratio of insurance payments in the health insurance line remained more or less unchanged at its previous level of approx. 81.2%.

The property insurance business of our group was unable to counter the market trend in our home market. Stagnating premiums due to the decline in the motor vehicle business by 4% on the one hand and considerably increasing insurance payments on the other hand explain why UNIQA Sachversicherung AG recorded a negative result of ordinary business activity in 1999.

The capital investments of the group increased by 6.0% to ATS 130 943.5 million in the financial year 1999. This amount included undisclosed reserves of ATS 9 228.3 million at the reporting date; a share of about ATS 5 307.9 million corresponds to real estate. The remarkable increase of interest rates during 1999 made it necessary to depreciate fixed-interest securities by a total of ATS 2 150 million. This depreciation affected the result even though a major part was compensated by hedging and profits from shareholdings.

After deduction of the depreciation of securities and real estate, the unsatisfactory result of the property insurance segment and the non-recurrent special costs for positioning the group in the market, a result of ordinary business activity of ATS 827 million was recorded, which we would like to call a perfectly satisfactory result in view of the above circumstances.

We will propose an unchanged ordinary dividend of 16% of the equity capital and a profit distribution of 16% of the participating capital to the Shareholders' Meeting on 20. June 2000.

By reorganising our group and launching the UNIQA brand, we created a sound basis for developing into a leading insurer in Central Europe.

We concentrate our business activities on the Austrian home market and the growth regions in Central and Eastern Europe. In the developed neighbouring countries in Europe we aim at strengthening our position as a specialised and regional insurer, in particular in Italy and Switzerland.

Our main objective in Austria is to consistently expand our market position as a leading bank insurer by widening the product range of Raiffeisen Versicherung AG.

We anticipate the challenges of the future by developing Collegialität Versicherung into a direct insurer and an Internet insurer within UNIQA Group Austria. This will add new outlets to our traditional distributive channels to allow our customers to take advantage of the new opportunities offered by modern technologies.

At the same time we will open up the growth markets in Central and Eastern Europe by heavy investment. After establishing operations in the Czech Republic and Slovakia, our next important item on the agenda is speeding up business expansion in Croatia, restructuring our business activities in Hungary and, most importantly, as the next step of our internationalisation strategy, our entry into the Polish market.

UNIQA is the central umbrella brand name of the group and will be the leading brand used for our activities abroad. As the brand for the bank insurance line in Austria, Raiffeisen stands for our close connection with the Raiffeisen banking sector. We will meet special regional requirements of our business activities by maintaining strong regional brands, e.g. CARNICA.

By introducing the UNIQA brand, we adopted a new corporate image. The prime objective is to offer a unique quality of services, customer support and products in the future. Closely connected with this commitment is the aim to transform the group from a product-oriented into a solution-oriented enterprise and to stand by our customers during a lifetime.

The individual companies of the UNIQA group complement each other perfectly. Outstanding competence and first-rate know-how in all areas of risk and old-age pension insurance, ranging from indemnity insurance to life insurance, guarantee tailored solutions to the problems of our customers. By offering comprehensive consultation services, we provide a range of services that goes beyond that of traditional insurers.

Quality is the maxim of our business activity. We do not merely want to satisfy the demands of our customers and shareholders in terms of optimum quality of products and services, fair pricing and maximum efficiency in administering investments but it is our declared aim to live up to their highest expectations and to surpass them.

To meet this objective, we require qualified staff and competent intermediaries. Highly qualified staff for the field service and cooperation with top brokers and agencies are indispensable prerequisites to be and remain successful. In the future we will also make increasing use of the promising opportunities offered by direct selling and e-commerce.

We will therefore respond proactively to the challenges of intensifying competition in the financial services market.

- Thanks to our flexible corporate structures, we are able to react speedily to new market trends.
- The size of our enterprise allows us to profit from significant cost advantages.
- Our unique market presentation gives us a high profile. The name UNIQA is a promise in respect of our market position and our programme but it is also a signal of our commitment to quality, customer service and competence.

We are convinced that our repositioning will offer advantages to everybody: sustainable growth and the creation of corporate values for our shareholders, flexible and innovative products for our customers as well as attractive and secure jobs for our employees.

We would like to express our special thanks to all those who participated last year in the restructuring of UNIQA Group Austria under difficult conditions and enormous pressure and thus laid the foundation for a successful future.



Hubert Schatzdorfer



Peter Eichler



Johannes Hajek



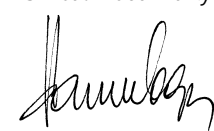
Herbert Schimetschek



Gottfried Wanitschek



Christian Sedlnitzky



Hannes Bogner

Management Board

Chairman

Herbert **SCHIMETSCHKE**, Vienna

Members

Hannes **BOGNER**, Vienna

(deputy member until 30.6.1999, full member as from 1.7.1999)

Peter **EICHLER**, Vienna

(deputy member until 30.6.1999, full member as from 1.7.1999)

Peter **GRABNER**, Vienna (until 30.6.1999)

Johannes **HAJEK**, Vienna

Hubert **SCHATZDORFER**, Klosterneuburg

Christian **SEDLNITZKY**, Vienna

Gottfried **WANITSCHKE**, St. Margarethen

Supervisory Board

Chairman

Christian **KONRAD**, Vienna (as from 17.9.1999)

Walter **ROTHENSTEINER**, Vienna (until 17.9.1999)

Deputy Chairmen

Adolf **BAYER**, Vienna (until 22.6.1999)

Klaus **BRAUNEGG**, Vienna (as from 22.6.1999, 1st deputy chairman as from 17.9.1999)

Walter **ROTHENSTEINER**, Vienna (2nd deputy chairman as from 17.9.1999)

Heinz **KESSLER**, Haid near Ansfelden (3rd deputy chairman as from 17.9.1999)

Walter **PETRAK**, Vienna (4th deputy chairman as from 17.9.1999)

Ewald **WETSCHEREK**, Vienna (5th deputy chairman as from 17.9.1999)

Members

Dietrich **BLAHUT**, Vienna (as from 17.9.1999)

Klaus **BRAUNEGG**, Vienna (until 22.6.1999)

Theodor **DETTNER**, Vienna (as from 17.9.1999)

Konrad **FUCHS**, Maria Enzersdorf (as from 17.9.1999)

Gustav **HARMER**, Vienna (as from 17.9.1999)

Gottfried **HOLZER**, Vienna (as from 17.9.1999)

Manfred **HOLZTRATTNER**, Salzburg (as from 17.9.1999)

Michael **HÜLMBAUER**, Ferschnitz (as from 17.9.1999)

Heinz **KESSLER**, Haid near Ansfelden (as from 22.6.1999 to 17.9.1999)

Christian **KONRAD**, Vienna (until 17.9.1999)

Johannes M. **MARTINEK**, Vienna, (as from 17.9.1999)

Klaus **PEKAREK**, Klagenfurt (as from 17.9.1999)

Peter **PÜSPÖK**, Perchtoldsdorf (as from 17.9.1999)

Friedrich **RAUSCHER**, Langenzersdorf (as from 17.9.1999)

Ludwig **SCHARINGER**, Linz (as from 17.9.1999)

Karl **WALTLE**, Bregenz (as from 17.9.1999)

Georg **WINCKLER**, Vienna (as from 17.9.1999)

Delegated by the central works council (from the company transfer date - 04-11-1999 - onwards)

Thomas **BALDEMAIR**, Vienna (as from 23.11.1999)

Franz **EGGENHOFER**, Vienna (until 23.11.1999)

Erich **GEHRINGER**, Vienna (until 23.11.1999)

Franz **GRUBER**, Obergäu

Hans **HAHNEN**, Mils

Ferdinand **HAMMERER**, Wolfurt

Helmut **HANZLIK**, Vienna

Friedrich **KATSCHNIG**, Vienna (as from 23.11.1999)

Franz Michael **KOLLER**, Graz

Susanne **SCHOBBER**, Vienna

Werner **SCHUSTER**, Maurach (until 23.11.1999)

Franz **WAGNER**, Vienna (as from 23.11.1999)

Walter **ZWIAUER**, Vienna

**Herbert Schimetschek**

- Human resources
- Corporate planning
- Communication/public relations
- Auditing
- Group actuarial department
- General secretariat
- International business

**Hannes Bogner**

- Accounting
- Controlling & statistics
- Investor relations

**Peter Eichler**

- Health insurance
- VitalClub

**Johannes Hajek**

- Property insurance
- Reinsurance

**Hubert Schatzdorfer**

- Exclusive sales
- Broker sales
- Direct sales
- Marketing

**Christian Sedlnitzky**

- Life assurance
- Accident insurance
- Bank sales and marketing

**Gottfried Wanitschek**

- Corporate organisation
- Information systems
- Asset management
- Property management
- Legal affairs
- General administration
- Equity holdings

Report by the Supervisory Board

The Supervisory Board was kept informed on the business development and the current situation of the group/the company on a continuous basis during the year under review by the Management Board. It supervised the conduct of business by the Management Board. In five Supervisory Board meetings held in March, May, September and November the Management Board presented exhaustive quarterly reports as well as other oral and written reports to the Supervisory Board. The reports to the Supervisory Board and the adoption of resolutions by the Supervisory Board in connection with the implementation of the group restructuring and the introduction of »UNIQA« as the group's brand were of particular significance in the last financial year.

To facilitate the work of the Supervisory Board and to improve its efficiency, the following committees were set up in addition to the mandatory Financial Audit Committee: Working Committee, Investment Committee, Staff Committee. The Management Board provided timely and comprehensive information on measures requiring the approval of the Supervisory Board or its Committees.

The annual accounts prepared by the Management Board and the annual report of UNIQA Versicherungen AG as well as the group's financial statements and the group's annual report for 1999 were audited by the KPMG Alpen-Treuhand Wirtschaftsprüfungs- und Steuerberatungs-GmbH and the Securitas Revisions- und Treuhandgesellschaft mbH and awarded the unqualified audit certificate. The Supervisory Board acknowledged and approved the auditing result.

The Supervisory Board approved the annual accounts of UNIQA Versicherungen AG and agreed to the annual report. In accordance with § 125 of the Austrian Stock Corporation Law, the annual accounts were thereby adopted. Furthermore, the Supervisory Board consented to the group's annual accounts and the group's annual report.

The proposed appropriation of earnings submitted by the Management Board to the Supervisory Board was examined and approved by the Supervisory Board. On this basis, a distribution of ordinary dividends of 16% and a profit share distribution of 16% for participating certificates will be proposed to the Shareholders' Meeting on 20. June 2000.

The Supervisory Board thanks the Management Board and all staff members for their commitment and their excellent work.

Vienna, May 2000

On behalf of the Supervisory Board

Christian Konrad

»I provide security to our customers.«

The modern world offers people more opportunities than ever. But risks are growing, too. It is my job to ensure that our customers do not have to worry in their professional and private lives. With the support of a team of specialists, I develop customised solutions for their financial security and their personal pension plans. To make them feel carefree.



Markets & strategies



Accelerating expansion

The overall economic setting remains favourable

The Austrian economy continued on its stable growth path also in 1999. The gross domestic product grew by 2.9% in nominal terms. With an increase in consumer prices by a mere 0.7%, the economic sector expanded by 2.2% in real terms. At the same time the unemployment rate dropped to 4.4%. Private consumption climbed by 2.3% after adjustment for price increases. Gross fixed capital formation even expanded by 3.3% in real terms. Imports grew faster than exports pushing the trade deficit to ATS 86.6 billion. The situation of the government budgets slightly eased during 1999. The budget deficit was cut to 2.1% of the gross domestic product.

The economic outlook for the current year is very promising. The price climate remains favourable despite an insignificant price increase to about 1%. In real terms the growth rate of the Austrian economy is likely to accelerate to 2.8% in 2000. Merchandise exports expansion will exceed imports growth by roughly 7%. Expenditure on private consumption is expected to increase by 2.7% after adjustment for price increases and will thus exceed the level of 1999.

Insurance industry remains the driving force of expansion

As in the years before, also in 1999 the insurance sector recorded an above-average development in Austria. The total premium income improved by 7.3% to ATS 151 billion. The insurance industry was therefore once more one of the growth engines of economic activities. The upward trend was supported especially by the life insurance line due to the high demand for private pension plans. In the current year the total premium income of insurance companies is likely to surge by 6.6%. Thus the industry remains a driving force of the general economic expansion.

Life insurance on a steep growth path

Also in 1999, life insurance was the segment of the Austrian insurance business recording the strongest growth. The volume of premiums soared by 17.9% to ATS 66.6 billion. Products with single-premium contracts contributed decisively to this expansion with an above-average increase in the volume of premiums by 46% to ATS 22 billion.

Among the various life insurance products, pension insurance in the framework of private pension plans became increasingly important in 1999. The respective premium volume grew by no less than 39% to ATS 12.1 billion. More than three-quarters, i.e. ATS 8.8 billion, were contributed by single-premium payments. Contracts with a minimum term of ten years are subject to preferential tax treatment and are therefore increasingly used as an instrument of private retirement schemes. This trend is corroborated by performance indicators. The volume of private pension payments increased by 50% to about ATS 1.1 billion alone in 1999.

Another remarkable trend was the rapidly increasing acceptance of share-linked life insurance. This product combining the functions of risk cover with the opportunities of a more performance-oriented investment is becoming increasingly popular with the average citizen in times of an emerging »shareholding culture«. In 1999 premiums amounting to no less than ATS 4.9 billion were paid for share-linked life insurance contracts; this was 92% more than in the previous year. Their contribution to the total premium volume of life insurance contracts increased significantly, i.e. from 4.5% in 1998 to 7.3% in 1999.

In the current year life insurance will strengthen its position as the growth leader of private insurance in Austria. Due to the continuing debate on the future of the statutory pension system, an increase of the premium income by roughly 13% to more than ATS 75 billion is likely despite the envisaged reduction of the guaranteed interest rate to 3.25% as from 1. July 2000.

New market potential for the health insurance business

Private health insurance recorded a slight increase in the premium volume by 1.6% to ATS 15.6 billion for the first time in 1999 following years of stagnation. This is paralleled by an increase in insurance payments by 0.8% to ATS 11.7 billion.

The situation of the economic sector relaxed to some extent. However, the cost development of the health care system is still unsatisfactory. In most federal provinces it was possible to reduce the costs of so-called »first-class« hospital stays. Nevertheless, insurance payments continued to increase. This is due to the fact that the number of hospital cases was growing, even though the average stay per patient decreased after the introduction of a performance-oriented health-care institution funding system (PHF).

At the same time efforts have to continue to cut the fees for first-class hospital stays through negotiations with the hospital operators. The request by the constitutional court to balance the more comprehensive services of first-class hospital stays and the payments of private health insurers for first-class patients has not been met in all federal provinces.

From the perspective of the private life insurers, the new legislation providing for the opening of statutory health insurance for specific professional groups enacted last year was a first positive step. The provisions that entered into force on 1. January 2000 offer some groups of self-employed persons a free choice of health insurance and thus the option to decide against compulsory membership in the state health insurance system. As a result, many self-employed persons opted for a private health insurance. This market potential offers new growth opportunities to health insurers.

Difficult situation in the indemnity/accident insurance segment

The situation in the Austrian indemnity/accident insurance market continues to be serious. There was no glimmer of hope that the earnings position would improve in 1999. As in the previous years, the premium income was affected by the negative premium trend in the motor vehicle segment. In 1999, the premium income of the motor vehicle liability insurance line decreased by 5.6% to ATS 18.2 billion, while the insurance payments rose by 4.8%.

Since the liberalisation of the motor vehicle liability insurance market in 1994, the level of premiums dropped by a total of 23%. At the same time the compensation in damages – the ratio of payments to premium income – increased from 73% to 86.2%.

The steep growth of claims by 7.4% had a particularly negative effect in 1999. Together with an increase in repair costs by 2% (i.e. markedly above the inflation rate), this led to a drastic price increase of property damages. Given the unsatisfactory situation in the motor vehicle liability insurance business, first steps towards risk-adequate premiums need to be taken. Premium increases are therefore indispensable.

Due to the rising repair costs paralleled by increasing numbers of accidents, the insurers are under pressure also in the motor vehicle full insurance sector. It is therefore necessary to improve the income by adjusting premiums.

The administration of motor vehicle registration formalities was transferred from the public sector to the private insurance business all over Austria. Since late 1999, registration by private insurance companies has become possible in all parts of the country. However, it is a rather unpleasant fact for the customers that the taxes payable to the public sector have risen significantly although motor vehicle registration is handled in a speedy and unproblematic way by private enterprises.

Fewer major damages recorded by the fire insurance sector

The fire insurance sector recorded a premium decrease from 4.1% to ATS 6.8 billion in the year under review. Despite the stiff competition with foreign insurers in the industrial sector, this line of business recovered slightly in 1999. Fewer major damages were registered. Fire insurance damage payments decreased by 20.6% to ATS 4.4 billion. Compensation in damages dropped to 64% from 77% in 1998.

The liability insurance business is still in the red

The information campaigns on possible »millennium failures« of the last two years showed positive results. The much dreaded millennium bug did not occur. This is probably due to the massive investments made in the modernisation of computer-controlled systems to avoid Y2K problems.

The premium income in the insurance lines general liability insurance, legal protection insurance and household insurance grew by roughly 3% in 1999. Experts expect a further increase by 3% to 5% in the current year.

The development of the insurance payments in the legal protection and household insurance lines was more moderate than in 1998. The situation in the burglary insurance business relaxed thanks to higher security standards in financial institutions and other high-risk areas.

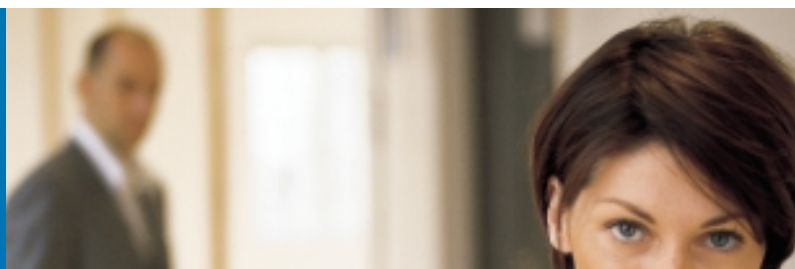
The general liability insurance line remained in the red also in 1999. In individual subsectors such as the health care professions, claims payments exceeded the premium income considerably. The persistent problems in the general liability insurance line, to which no solution has been found so far, are mainly attributable to the drop in premiums as well as the changed claims behaviour of the insured.

Expanding markets in Central Europe

With the remarkable growth acceleration of the economic sector in Euroland and the consolidation of the economic development in the rest of Western Europe, production growth in the Central and Eastern European reform countries picked up significantly during the last year. Despite efforts to dampen the domestic demand, inflation remained relatively high by international comparison.

The economic sector in the Central European reform countries is expected to show an increasingly dynamic development in 2000. Production is likely to climb by more than 3% (after adjustment for price rises), which is more than the double of the rate registered in 1999. At the same time price increases will probably continue their downward trend.

As a result of the progressing privatisation of the economies in countries such as Poland, the Czech Republic, Slovakia, Hungary, Slovenia or Croatia, the share of the private sector in the gross domestic product as well as employment figures have skyrocketed since the early 90s. Moreover, the contribution of the services sector to the aggregate economic performance increased in some cases to more than 60%.



In this positive environment, the internationalisation of our insurance group is progressing speedily in Austria's neighbouring countries of Southern and Eastern Europe. The growth strategy adapted to the specific requirements of the selected target markets is a top priority. A strong corporate expansion abroad reduces the dependency of the domestic market by regional risk spreading.

The strategy of internationalisation ensures a sustainable income trend and increases the shareholder value. By introducing the range of products into foreign markets, it becomes possible to take advantage of economies of scale in competition. Last but not least, the employment potential is considerably increased.

Capital market extremely volatile in 1999

The capital-market interest rate was extremely volatile in 1999. At the end of January the yield of ten-year German federal bonds recorded an all-time low of 3.6%. In the following months the European bond markets were subject to a significant adjustment, which resulted in an increase of yield of long-term bonds by 180 basis points. In April the European Central Bank unexpectedly reduced the key rate by 50 basis points. However, it reversed its monetary policy in November.

Several other factors contributed to an extremely bad year for bonds, which was even more dramatic than 1994: the negative effects of the development in the USA, the weak euro dropping markedly below the EUR-USD parity and last but not least the euro pick-up accelerating towards year-end.

Finally, the relatively high issue volume, particularly in the corporate-bond sector, led to a significant liquidity drain in the secondary market. This resulted in higher yield but also a widening of the swap and credit spreads.

Favourable development in the share markets

The overall development of the international share markets was highly favourable in 1999. The highest profits were however registered towards the beginning and the end of the year.

After the unexpectedly steep rise in market prices in early 1999, later in the first quarter most international stock exchanges recorded a volatile side movement due to the depreciation of the Brazilian currency and fears about a new crisis in the emerging markets. Particularly the USA showed a very differentiated development depending on market sectors and industries. Very positive company results (particularly in the technology and financial sectors) as well as the favourable prospects of cyclical enterprises ensured spells of buoyant mood in the markets.

In Europe the weak earnings performance and revenue adjustments had a dampening effect on many sectors. Nevertheless, the share prices of cyclically oriented enterprises with prospects of significantly improving results in the wake of the economic upswing showed a marked upward trend. Numerous mergers and restructuring activities of American and European enterprises gave fresh impetus to the markets.

In the third quarter fears related to interest rates and severe problems at the millennium turn resulted in highly volatile markets; this triggered major adjustments, especially in the USA. In October the stock exchanges showed firmer trends. Share prices grew exponentially, particularly in Europe. The markets anticipated accelerating economic growth paralleled by low inflation risks, and eventually the millennium fears started to allay.

The Austrian share market started to recover in 1999. It had overcome the low but its performance still lagged behind other European indices.

UNIQA – successful investment strategies

Thanks to additional staffing of the UNIQA Finanz-Service GmbH, we are now able to map a major part of the European financial area in our direct portfolio or the funds managed by third parties and internally. Since an excessive bond share in the phase of low interest rates may not yield the desired return, a new policy was pursued based on state-of-the-art portfolio theories, partly by increasing the ratio of shares and partly by alternative investments.

In this context the management effected a shift away from the high proportion of Austrian shares and towards a European portfolio; simultaneously the share ratio was gradually increased by fresh buying in phases of slack markets. Funds earmarked for investment in the non-European share portfolio are invested mainly via specialised funds; we assume responsibility by a careful selection of managers and effective controlling. Moreover, we cautiously started to build up alternative financial instruments (private equity).

Outlook 2000 – continuing strong international growth

The international economic setting is determined by the strong economic growth in the USA: the US economy will probably record a real expansion of more than 4% at year-end. Expectations of a slump in the first quarter 2000 did not materialise. The economic sector in the eleven countries participating in the European Economic Monetary Union (EEMU) will grow significantly, i.e. by roughly 3% (in real terms).

Although Japan continues its above-average economic development, the total real growth of the industrialised countries is estimated to average 3.5%. A markedly faster rate is forecast for other regions of South-East Asia. The remaining emerging markets are expected to keep pace with the development in the industrialised countries.

Periods of extended growth paralleled by high employment levels are often connected with an accelerated upward trend of prices. A price hike of threatening dimensions is however unlikely from

the present perspective. Although the labour market shows signs of overheating in the USA, inflation rates are not expected to exceed 3% in the USA and 2% in Euroland. Towards year-end even a declining trend seems likely. The core inflation rates (without energy and food prices) remain extremely low. Japan's economy will not record any significant inflation also in the future. There are signs of a relaxation in the crude oil market since the OPEC market stepped up the production quotas significantly and to a higher level than expected.

The aggregate economic setting gives the central banks room to manoeuvre regarding the timing of increases of the key rates. Further interest rate increases by the US Federal and the European Central Bank are not unlikely. However, they are expected to be gradual and moderate. The Bank of Japan will probably cling to its »zero-interest-rate strategy« for a while, although the discussion on monetary tightening has already started.

Slightly decreasing yield in the bond market

The development in the bond market has to be seen from the following perspective: a monetary tightening paralleled by a budget surplus in the USA and sustainable deficit cutting in Euroland results in a levelling off and even an inversion of the interest-rate curve. As this trend will basically continue, stable, long-term and slightly decreasing yield are to be expected in the long run despite the upturn in interest rates on the money market. Japan is an exception in this process: continuing fiscal expansion combined with growing indebtedness will result in steady marginal increases in yield.

The foreign exchange markets are still under the impression of the weak euro. The growth gap between Europe and the USA is bridged more slowly than expected. But the cyclical momentum will probably benefit the euro. In the meantime the capital drain to the US continues so that the significant current account deficit is not exerting any pressure on the US dollar. A recovery of the euro may be expected only in the medium to run. The phase of the strong Japanese yen has not yet come to an end.

The positive demand trend coupled with a high level of domestic issues indicates a favourable performance of the Eastern European bond market. The Euroland high-yield market is affected to some extent by the high issue volume. Further consolidation seems likely in the short run.

Share market about to develop sideways

The positive cyclical development and the key interest rate policy determine the share markets also this year. Following the recovery of the »old economy« instruments, the relative valuation deteriorated but no dramatic setbacks are threatening. Similar as in the USA, side movements are likely: an above-average development as compared to the USA may be expected given the positive economic forecasts. Ongoing restructuring and international investment activities will characterise the share market in Japan, even in the light of an initially weak domestic economy.

For investment management the industry allocation is of higher significance than the »traditional« apportionment by countries. Technology/Telecom shares were subject to major adjustments. In view of the expected key interest rate increases, this »new economy« will record a below-average development in the short run. In the second half of the year a positive performance seems likely again. The same applies to the European growth markets suffering from high valuation levels and shrinking capital inflow. The expected adjustment has already occurred. However, this will not affect the trend of above-average market price opportunities. The ratings for the Austrian market are very favourable. A change in attitude towards value stocks and a privatisation wave will stimulate this market.

Investment strategy 2000: increasing the share portfolio

The term of the entire portfolio of bonds was extended: another dramatic slump as in 1999 is improbable. Yields climbed to an attractive level. Moreover, it can be assumed that central banks made most interest rate increases already during the last year.

The share ratio of our portfolio is cautiously expanded in sluggish market phases. The US positions are consolidated and the investments in emerging markets are stepped up.

For the loan portfolio plans of securitisation have been prepared in order to ensure a favourable exploitation in the future. The proportion of alternative investments in our portfolio is still insufficient. Therefore these assets are increasingly adjusted to the target allocation.



»I explore the markets of tomorrow.«

Insuring and making provisions for the future know no limits. Therefore I want to make people in the countries of Southern and Eastern Europe enthusiastic about our modern and efficient products. I explore the markets abroad and make the future of our customers securer in the age of a globalisation of competition.

Internationalisation





Expansion abroad ensures the Group's long-term growth

Dynamic growth thanks to internationalisation

The globalisation of competition requires also a national market leader like UNIQA – Austria's largest insurance group – to adopt a corporate strategy with an international orientation. The limits of growth resulting from increasing market penetration are overcome by going international and leaving behind national borders.

To take advantage of the opportunities abroad today means to secure survival and expansion tomorrow. We have pursued this goal by employing an internationalisation strategy differentiated by selected markets in Europe and the neighbouring countries of Austria.

Our activities abroad are controlled by UNIQA International Versicherungs-Holding. All foreign subsidiaries and investments in foreign insurance companies are clustered in the intermediate holding company wholly-owned by UNIQA Versicherungen AG. It is responsible for the entire foreign business, including market surveillance in defined target markets, control of subsidiaries and equity investment companies, coordination of branches and service transactions.

We define our target markets abroad depending on the opportunities they are expected to offer based on their respective market maturity. They have to be compatible with the core competencies of the UNIQA Group and are used proactively by expanding existing enterprises or investments, founding new enterprises or branches, in the form of enterprise takeovers or cross-border cooperation with sales partners.

Given the high capital requirements, the opportunities of external growth for our insurance Group by direct investments are limited in the highly developed and mostly mature markets of the European Union and in Switzerland. In these countries we become active only in selected market niches with specialised insurance products falling within the core competence of the Group.

In the Eastern European countries it is possible to realise both strategies of internal growth (by direct investments such as founding composite insurance companies) and strategies of external growth (by acquisitions).

The framework agreement with the EBRD and cooperation with the Raiffeisen banking group in Central and Eastern Europe are of paramount importance for our activities in the Eastern European reform countries.

The internationalisation policy pursued by UNIQA serves several corporate objectives. Dynamic growth abroad creates new opportunities for expansion and reduces dependency on the domestic market due to regional risk spreading. This strategy ensures a sustainable improvement of income, widens the platform for the sale of the product portfolio, benefits from economies of scale to optimise the competitive position and generates international know-how. All these factors help to strengthen the market position of the enterprise at home and abroad, to increase the shareholder value and to enhance the significance of the human capital in the value-added chain.

Based on in-depth analyses, UNIQA set itself clear growth objectives in selected foreign markets.

The objective defined for Central and Eastern Europe is to quadruple the sales within the next five years with the existing enterprises and by expanding services transactions. In addition, expansion is to be pushed by takeovers and majority-owned subsidiaries in markets that were already opened up or direct investments in new markets. We intend to double our sales in those EU member states defined by us as target markets and in Switzerland within the next five years.

A medium-term increase of the foreign business share in the Group's premium income to 15% (from 4.4% in 1998) has been planned.

The strategy of accelerated growth abroad is contributing significantly to sustainable income gains for our insurance Group and increases in the shareholder value.

It is therefore a prerequisite for investments abroad to achieve an adequate yield corresponding to the market risk. The medium-target for our subsidiaries is a result of ordinary business activity of 15% relative to the volume of premiums.

The success of our internationalisation strategy depends largely on the efficient use of UNIQA-specific strengths and the realisation of its development potential. To this end UNIQA International successfully applies the Group's core competence in the fields of marketing and sales as well as human resources management in the foreign target markets.

In the area of product marketing it is crucial to create innovative product packages and to enhance customer services.

The internationalisation strategy relies on the brand image of the UNIQA group in Austria for positioning the enterprise abroad. It is a medium-term objective to standardise the brands of all foreign subsidiaries. The synergies resulting from this will be used for a group-wide uniform presentation in advertising which will however pay due regard to the specific situation of the individual countries.

Finally, an efficient personnel development is a sine qua non for the group's success and growth abroad. It is the basis for appointing UNIQA staff members to executive positions in foreign subsidiaries.

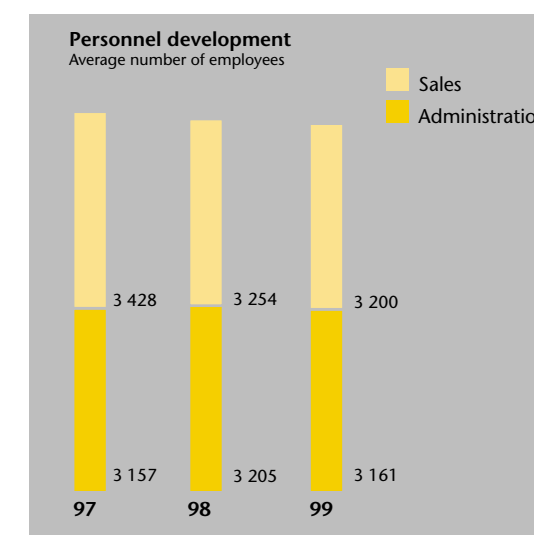
Making the Group fit for Europe

Only highly motivated staff members with state-of-the-art know-how adapted to the specific requirements outside Austria are able to satisfy the growing demands of customers in Europe.

This requires a permanent personnel development and qualification offensive. Its main objectives are to raise awareness for the increasing internationalisation of the Group, higher flexibility and mobility and giving staff the necessary qualifications.

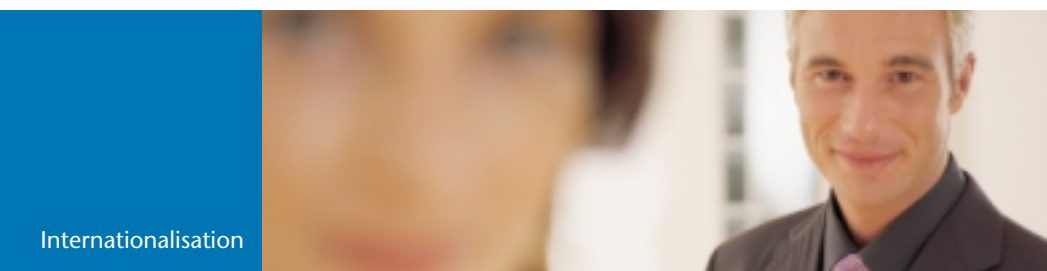
Foreign languages, multicultural understanding and international cooperation have to become firmly rooted in the corporate culture with the help of language courses, integrative management training or inter-European project groups.

Due to the dynamic expansion abroad, particularly in the neighbouring countries, the integration of senior executives in this process of mental transformation is a top priority. It is of decisive importance to promote this development at all levels.



Personnel development and training have to ensure that the staff is prepared for the new challenges arising from the group's going international, that their qualifications are adapted to new job specifications and that they are fit for Europe. For the individual staff member this means life-long learning and in-service training.

The right staff members in the right positions make a valuable contribution to honouring the values of our corporate governance, i.e. quality, respect, unity, flexibility and ethics, in the daily practice of our operations.



»I do everything for our shareholders.«

Our success is to benefit everybody – also the steadily increasing number of our shareholders. Therefore, I do everything to improve the shareholder value and to keep the investors informed about our operational results, especially via the Internet. My motto: UNIQA is to become the top insurance instrument on the Vienna stock exchange also for international investors.

UNIQA share





The leading insurance share

UQA – UNIQA ordinary shares quoted on the Vienna stock exchange

UNIQA Versicherungen AG (previously Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft) is listed as the controlling company of the Group on the Vienna stock exchange. In the course of the restructuring of Austria's biggest insurance group the former preference shareholders of Bundesländer-Versicherung waived their rights of priority and became ordinary shareholders of UNIQA Versicherungen AG.

In autumn 1999 the holders of participation certificates of the Bundesländer-Versicherung were offered an exchange of these participation certificates for ordinary shares of the UNIQA group. Approx. 90% of the participation capital was converted into shares. To exchange the remaining participation certificates into ordinary shares, another exchange offer will be launched in the current year.

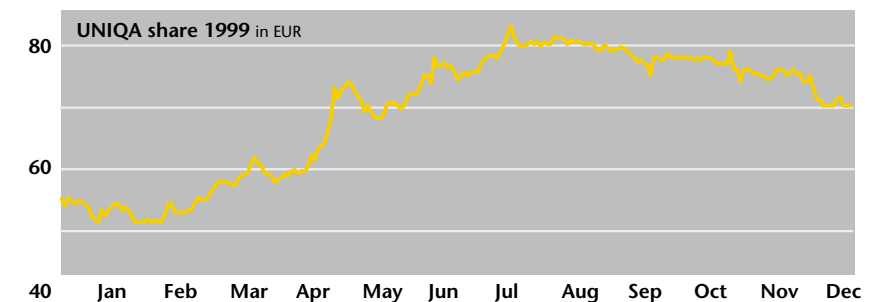
This means that the preference shares and participation certificates of the Bundesländer-Versicherung converted into UNIQA ordinary shares are currently quoted under the code UQA on the Vienna stock exchange. The entire equity capital of UNIQA Versicherungen AG is to be listed on the stock market by autumn 2000. The capital traded on the stock exchange will then increase from currently ATS 269.4 million to ATS 1 495.3 million. Consequently, UNIQA shares will be available to investors in sufficient numbers.

UNIQA – a share with great potential and performance

1999 was not a golden year for financial instruments. Most insurance shares – apart from the rapidly growing life insurance companies – were outshone by the »new economy« shares. Since the beginning of 2000, the picture has been changing. The extremely high stock market rating of shares of the »new economy« and the fear of massive corrective price adjustments triggered a shift in sentiment. Investors are again interested in the financial instruments that had lost their appeal for some time. We therefore believe that the hard times for insurance securities are finally over. The relatively favourable ratings and a significant improvement in the climate for investment make insurance shares more attractive.

With a performance of 17.4% during the last five years and 32.9% in the last three years, the UNIQA ordinary share is one of the most attractive insurance shares in Austria, and a share that stands comparison with other European insurance securities.

The steep rise in market prices of the UNIQA share (previously Bundesländer preference share) in 1998 continued and peaked at EUR 81.5 (i.e. + 50%) in mid-1999. In the second half of the year it was impossible to maintain this level since the conditions for insurance shares had slightly deteriorated. After profit taking, the market price dropped by 16% to EUR 70 by the end of 1999.



UNIQA – the leading insurance share of the Vienna stock exchange

It is our declared aim to make the UNIQA share the leading insurance share on the Vienna stock exchange. A major step towards this objective are the measures envisaged by us to widen the portfolio investment and the shareholder base.

UNIQA – first-rate information for our shareholders

We want to meet the quality standards associated with the UNIQA brand also in our communication with shareholders. We will therefore pay special attention to investor relations. The high-quality, topical and serious information provided to our shareholders has to comply with international standards and is one of our top priorities. The Group's annual accounts for the year 2000 will be prepared in accordance with the International Accounting Standards.



Our communication with shareholders via the Internet has met with great approval. This information channel will be expanded and will be developed into a central element of our information policy.

UNIQA – Changeover to the euro

The annual shareholders’ meeting on 20 June 2000 will be submitted a proposal to convert the shares into individual bearer shares. Furthermore, the shareholders will be requested for their consent to the conversion of the equity capital, the approved capital and all statutory amounts into euro.

1999 key data/per share in euro	
Number of shares (individual share certificates)	14 972 226
All-time high	81.5
All-time low	51.0
Year-end price	70.0

Agenda for the year 2000	
Annual shareholders’ meeting	
Report on the first quarter 2000	20.6.2000
Six-month report 2000	27.9.2000
Report on the third quarter 2000	29.11.2000

»We create long-lived values for everyone.«

We develop tailor-made solutions for the insurance needs and pension problems of our customers. In doing so, we create long-lived values in short-lived times. We make sure that our shareholders and staff participate in our success too, however. Uncompromising customer orientation and comprehensive thinking are the basis for our unique corporate culture. They help to provide security for the future and benefit everyone.



1999 management report UNIQA Group

In view of the extensive corporate restructuring exercises within the UNIQA Group, UNIQA Versicherungen AG, formerly known as Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, was obliged as the new parent company of the Group to prepare consolidated annual accounts in accordance with the Austrian Commercial Code for the first time. Since there have been no major changes in the Group structure, the figures of the consolidated annual accounts of BARC Versicherungs-Holding AG compiled as at 31. December 1998 have been included as the previous year's figures for the sake of comparison.

Development of Group business in 1999

The 1999 financial year for the UNIQA Group Austria was dominated by implementation of the »BARC 2000« concept for restructuring the Group. UNIQA Versicherungen AG, which was formed as a result of the merger between BARC Versicherungs-Holding AG and Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, is now the only group company that is listed on the Vienna stock exchange. The company runs the reinsurance business for the whole of the Group and acts as the administration and marketing organisation for the operating insurance companies.

The corporate structure of the UNIQA Group is now based essentially on the following principles:

1. UNIQA Versicherungen AG, the parent company of the Group, is responsible for the strategic management of all the operating insurance companies.
2. The operating insurance companies no longer have any significant strategic equity interests. This means that those interests cannot have any impact on the company results, while the parent company of the Group is responsible for strategic management of those equity interests.
3. Holdings in foreign insurance operations have been or will be combined in an intermediate holding company. This means that clear responsibilities have been allocated for the insurance business at home and abroad.
4. Equity interests with associated functions have been or will be concentrated in a single company: all the IT companies in UNIQA Software-Service GmbH, the most important financial holdings in UNIQA Beteiligungs-Holding GmbH. The parent company of the Group holds all the other service companies with purely internal operations or insurance-based assignments directly.

Following the restructuring exercise, the direct insurance business in Austria is operated via the following five insurance companies:

UNIQA Personenversicherung AG
Health, life and accident insurance

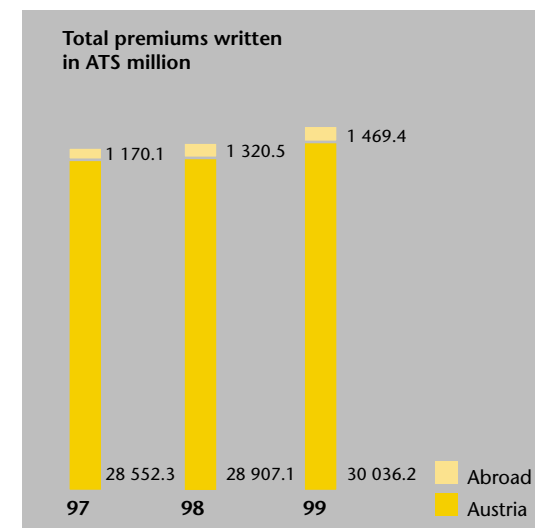
UNIQA Sachversicherung AG
Property/casualty insurance

Raiffeisen Versicherung AG
Life, accident and property/casualty insurance for the Raiffeisen banking operations

Collegialität Versicherung AG
Direct line insurance

Salzburger Landes-Versicherung AG
Regional insurance company

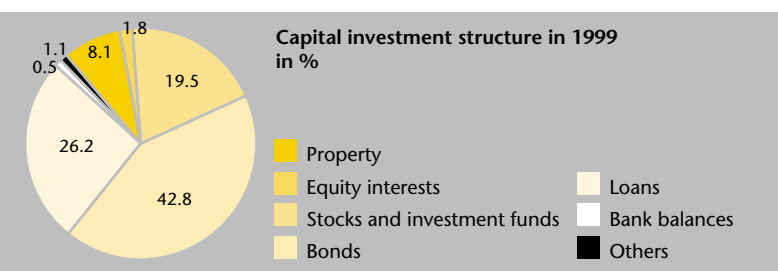
The total consolidated premiums written increased by ATS 1 278.0 million or 4.2% to ATS 31 505.6 million in the year under review. The fully consolidated domestic insurance companies contributed 95.3% of this, with a premium volume of ATS 30 036.2 million. The fully consolidated insurance companies outside Austria increased their share of premium income to the equivalent of ATS 1 469.4 million or 4.7% after 4.4% in 1998. The consolidated premiums earned (net) increased by 4.2% to ATS 28 864.0 million.



Claims incurred in the year under review amounted to ATS 21 417.9 million; this was 4.2% or ATS 870.1 million more than in 1998.

Net operating expenses amounting to ATS 6 572.1 million were incurred. This meant that the ratio of premiums to costs in the UNIQA Group was 22.8% in 1999.

The capital investments increased to ATS 130 943.5 million in 1999 (1998: ATS 123 555.8 million). The Group generated a consolidated net income of ATS 7 865.6 million out of these investments.



The result generated in ordinary business operations in the UNIQA Group amounted to ATS 827.0 million.

The UNIQA Group management was responsible for a total of 6 361 employees in 1999, most of them in Austria; 3 200 of them were sales representatives, while 3 161 had administrative assignments.

Property and accident insurance

The total consolidated premiums recorded in property and accident insurance in 1999 were practically unchanged at ATS 10 451.0 million. This corresponded to 33.2% of the total premiums. The reduction in premiums in the motor vehicle insurance field due to fierce competition continued in the UNIQA

Group to a smaller extent than the industry average, although it was possible to compensate for this by increasing premium income in the other property and accident insurance fields.

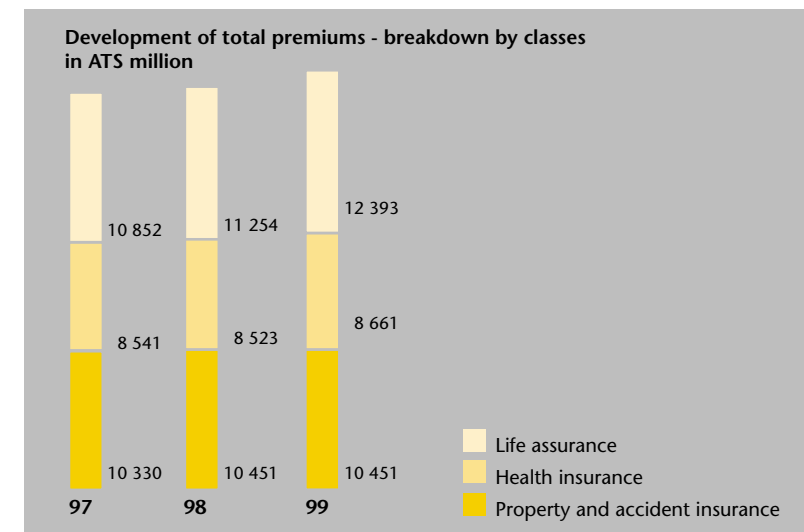
Life assurance

Life assurance achieved the highest growth rate in 1999 and increased its share of Group premium income to 39.3% (1998: 37.2%). With total premiums of ATS 12 393.2 million, life assurance was the most important insurance class in the UNIQA Group.

Health insurance

Total health insurance premiums increased to ATS 8 661.5 million in the year under review (1998: ATS 8 522.5 million). They contributed 27.5% to the Group premium income.

Following three consecutive years of premium decline, the Group succeeded in registering premium growth for the first time again in 1999. Whereas price reductions were made at almost all public hospitals in the preceding years and were passed on to our customers, there were only isolated price reductions at public hospitals in 1999. These reductions could not compensate the increases in private hospital costs and doctors' fees. Premium increases were, however, necessary in 1999 primarily because of further growth in the volume of medical benefits. The operating companies in the UNIQA Group continue to be market leaders in the health insurance field in Austria.



Development of business at the main Group companies in 1999

The figures for the 1999 financial year are not comparable to the figures for the previous year because of the corporate restructuring exercises in 1999 and the changes in reinsurance relationships in the context of this restructuring of the Group. The figures given for 1998 relate to items from the restructuring balance sheets in the case of the companies affected by the restructuring exercises. Changes over the previous year have only been included in the profit and loss account where it was possible to determine accurate enough figures to permit comparison.

UNIQA Personenversicherung AG recorded total premiums written of ATS 12 826.0 million in 1999. This corresponds to a slight decrease of about 1.6% by comparison with the previous year. Health insurance accounted for ATS 7 797.8 million of the total premiums, while life assurance contributed ATS 4 071.2 million and accident insurance ATS 957.0 million.

Premium growth was achieved by the health insurance operations in 1999 for the first time again after three consecutive years in which premium income fell. Total premiums in direct business increased 0.8% to ATS 7 791.0 million.

Total premiums in direct life assurance business amounted to ATS 4 053.7 million. This corresponded to a drop of ATS 139.3 million or 3.3% by comparison with 1998. This decrease is attributable almost exclusively to a reduction in premium income from single-premium life assurance policies. By comparison with the previous year, the premiums from these policies fell by ATS 134.3 million or about 30% to ATS 312.4 million.

The total premiums written in direct accident insurance business in the year under review increased by 0.6% to ATS 953.2 million.

Insurance companies in Austria

UNIQA Personenversicherung AG

UNIQA Personenversicherung AG, which was formed from Austria Collegialität Österreichische Versicherung AG, became the largest company in the Group as a result of the restructuring exercises in the 1999 financial year. The health, life and accident insurance portfolios of Austria Collegialität Österreichische Versicherung AG, Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, Austria Lebensversicherung AG and Austria Schaden- und Unfallversicherung AG were combined in this company.

Claims paid by UNIQA Personenversicherung AG increased by 3.6% to ATS 11 826.0 million, with a small reduction in the number of claims.

Expenditure on health insurance claims (including the change in the provision for insurance claims that have not been settled yet) amounted to ATS 6 396.4 million. This corresponded to a loss ratio of 82.1%.

The expenditure on life assurance claims amounting to ATS 5 070.5 million includes bonus payments of ATS 1 352.0 million.

Expenditure on accident insurance claims after reinsurance amounted to ATS 253.6 million. This corresponds to a loss ratio of 53.5%.

The operating expenses including commission expenditure amounted to ATS 2 364.6 million in the year under review. The cost ratio was therefore 19.3%.

The net financial income of the company amounted in total to ATS 4 014.8 million in 1999. It should be taken into consideration here that an extraordinary depreciation charge for fixed-interest securities of ATS 679.1 million depressed the result due to the large increase in interest rates in the second half of the financial year. An extraordinary depreciation charge of ATS 145.0 million was also made on property assets. Capital investments increased by 2.2% to ATS 61 183.1 million in the past business year. An average return on the capital investments of 6.5% was achieved in spite of the extraordinary charges.

The result generated in ordinary business operations by UNIQA Personenversicherung AG amounted to ATS 307.4 million in the first year of the new group structure. A dividend amounting to 25% of the share capital of ATS 516.3 million is to be distributed from the profit for the year of ATS 130.9 million.

Raiffeisen Versicherung AG

Raiffeisen Versicherung AG sells most of its products via the roughly 2 500 branches of the Raiffeisen bank organisation and is Austria's leading bank insurance company.

The company increased its total premiums substantially in 1999 – by 18.1% or ATS 1 302.6 million to a total of ATS 8 499.6 million. Life assurance premiums increased 18.9%, while property and accident insurance premiums went up 5%. Direct insurance business accounted for ATS 8 482.7 million (1998: ATS 7 186.9 million), whereas indirect insurance business contributed ATS 16.9 million (1998: ATS 10.1 million). Particularly high growth was achieved in single-premium life assurance business, which increased by 54.3% to ATS 1 601.2 million.

Total payments for insurance claims increased by 6.1% to ATS 3 568.4 million in the last financial year by comparison with 1998. Direct business accounted for ATS 3 565.3 million of this, while indirect business contributed about ATS 3.1 million. Raiffeisen Versicherung AG paid for 28 894 claims (1998: 29 740) relating to its portfolio of 1 110 255 directly administered insurance policies.

Total operating expenditure increased by 1.5% to ATS 1 114.1 million in the year under review. This development is attributable primarily to the above-average growth in business. The cost ratio was therefore 13.8% in 1999 following 16.0% in 1998.

In spite of the switch that was made to the strict lower of cost or market principle with the fixed-interest securities in the 1999 financial year, net financial income was increased by 8.0% to a total of ATS 2 976.9 million. It should be taken into account in evaluating the development of the financial income that an extraordinary depreciation charge of ATS 1 158.3 million had to be made in respect of securities due to the large increase in interest rates in the second half of 1999. Despite the large extraordinary depreciation charge, the average yield of all the investments only fell slightly to 6.2% following 6.5% in 1998.

The result generated in ordinary business operations decreased by ATS 49.2 million to ATS 263.5 million in 1999.

UNIQA Sachversicherung AG

UNIQA Sachversicherung AG, which was formed from Austria Schaden- und Unfallversicherung AG, developed into the biggest property/casualty insurance company in the Group as a result of the restructuring exercises in the 1999 financial year. The property/casualty insurance portfolios of Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, and Austria Schaden- und Unfallversicherung AG were combined in this company.

UNIQA Sachversicherung AG reported total gross premiums in direct insurance business of ATS 6 808.0 million (1998: ATS 6 844.2 million) in the 1999 financial year. This corresponds to a slight decrease of 0.5%. The total gross premium in indirect business amounted to ATS 109.7 million. Developments in the car insurance field were once again the reason for the reduction in premium income. The allocated premiums in all types of direct car insurance business were down 5.3% to ATS 3 312.4 million.

A total of ATS 5 032.2 million was paid out for insurance claims in 1999. Direct business accounted for ATS 4 937.8 million, an increase of 15.7% over 1998 (ATS 4 266.1 million). The loss ratio in total direct business increased from 66.9% in 1998 to 73.2%.

Operating expenses including commission payments of ATS 1 499.0 million were incurred in the 1999 financial year. This meant that the cost ratio was 43.3%.

The net financial income of the company was ATS 442.1 million in the year under review. It should be taken into account in evaluating the development of the financial income that an extraordinary depreciation charge of ATS 203.5 million had to be made in respect of fixed-interest securities due to the large increase in interest rates in the second half of 1999. An extraordinary depreciation charge of ATS 71.1 million was also necessary in the property investment field due to developments on the market.

In view of the unfavourable factors on the capital markets, the average yield for all investments was 4.3% in 1999.

The result generated in ordinary business operations in 1999 amounted to ATS – 2.0 million.

Salzburger Landes-Versicherung AG

Salzburger Landes-Versicherung AG succeeded in maintaining its position as a regional composite insurance company with a long tradition in 1999. The service business that has been run in Germany since 1997 was intensified in the year under review.

Premium income in property/casualty insurance grew 0.4% to ATS 918.9 million in 1999. A substantial increase of 14.9% to ATS 107.9 million was recorded in the life assurance field. The company was as a result able to improve total premium income by 1.8% to ATS 1 028.6 million (1998: ATS 1 010.4 million) in 1999.

Expenditure on insurance claims before re-insurance increased by 5% to ATS 716.5 million (1998: ATS 685.4 million). This increase in expenditure is attributable mainly to the claim development in car insurance.

Expenditure on insurance operations increased to ATS 182.9 million (1998: ATS 129.3 million).

The company's net financial income increased to ATS 100.3 million in 1999 (1998: ATS 95.2 million). The capital investments of Salzburger Landes-Versicherung AG decreased to ATS 1 551.4 million (1998: ATS 1 581.9 million) in 1999.

The result generated in ordinary business operations in 1999 (ATS 36.6 million) was lower than in 1998 (ATS 46.3 million).

Salzburger Landes-Versicherung AG had 215 employees in the 1999 financial year, 112 of them sales representatives and 103 in administrative positions.

Collegialität Versicherung AG

Collegialität Versicherung AG increased the total premiums generated in its direct insurance business considerably by ATS 6.5 million or 20.7% to a total of ATS 38.0 million.

The payments made for insurance claims remained unchanged in 1999 at ATS 2.9 million.

The total operating expenditure of the company was reduced by 0.7% in the year under review and amounted to ATS 16.6 million. The cost ratio of 45.8% in 1999 was lower than in 1998 (57.3%).

The net financial income of the company decreased by 4.0% in 1999 to ATS 8.5 million in total. The average yield in the security field was 4.8%.

The result generated in ordinary business operations amounted to ATS – 6.1 million (1998: ATS – 7.7 million).

MLP-Lebensversicherung AG

MLP-Lebensversicherung AG continued the dynamic development of the previous year in 1999. This reflects the strong increase in the acceptance of this type of life assurance on the market. In the year under review, the company succeeded in increasing total premiums by more than 75% to a total of ATS 685.5 million. The number of policies more than doubled to 17 542, with the amount assured totalling ATS 5 465.9 million. The result generated in ordinary business operations increased by 113.4% to ATS 19.4 million.

Allgemeine Rechtsschutzversicherung AG (Austria)

Talks with the German co-owner about a change in the ownership structure of the company began in 1999. In April 2000, an agreement was finally reached in principle that the German company ARAG will be taking over the 50%-stake held by UNIQA Versicherung AG. This transaction will be carried out in the course of 2000. The UNIQA Group Austria will be operating the legal expenses insurance business via UNIQA Sachversicherung AG in future.

Insurance companies outside Austria

UNIQA Versicherungen AG directly or indirectly holds majority interests in five insurance companies outside Austria and minority interests in four insurance companies outside Austria – mainly via its wholly-owned subsidiary UNIQA International Versicherungs-Holding GmbH. Premiums amounting to ATS 1 469.4 million collected by the fully consolidated companies have been included in the consolidated annual accounts; this corresponds to 4.7% of the total Group premium income.

1999 was an extremely satisfactory year for almost all the companies abroad, with above-average growth. The necessary internal platform to run the Group's operations abroad in a coordinated and efficient way was created by establishing UNIQA International Versicherungs-Holding GmbH. Further preparations for entering the Polish market were also made in 1999 on the basis of our growth strategy.

CRP Cesko-Rakouska Pojistovna, a.s., Prague

The Czech company Cesko-Rakouska Pojistovna, a.s. managed to expand at an above-average fast rate in general economic conditions that continued to be difficult. Total premiums increased strongly by 38.7% to CZK 942.9 million. 1999 was dominated by preparations for deregulation of car insurance at the beginning of 2000, which represents new growth potential for CRP. Thanks to the dynamic development of the life assurance business, CRP already holds the eighth place on the Czech insurance market.

The company ended the 1999 financial year with a positive result generated in ordinary business operations of CZK 36.0 million. This was attributable to a large extent to the encouraging loss ratio and the lower personnel and other costs than planned.

The European Bank for Reconstruction and Development (EBRD) acquired an interest of 16.7% in CRP on the basis of the framework agreement concluded between UNIQA Versicherungen AG and the EBRD. The purpose of this equity holding is to safeguard the continued positive development of the company.

Poistovna Otcina, a.s., Bratislava

The Slovak company Otcina Poistovna, a.s. was unable to match completely the remarkable success it achieved in the previous years. It maintained its position on the Slovak insurance market, which is fiercely competitive in the car comprehensive insurance field in particular, in 1999 and increased total premium income by 2.9% to SKK 802.3 million. The company generated a profit of SKK 30 million for the year in spite of external factors that slowed the speed of growth. Further expansion of the company is to be encouraged by sales promotion campaigns.

Austrija Osiguranje d.d., Zagreb

Austrija Osiguranje d.d. was granted a licence to start insurance business on the Croatian market in July 1999. The company began to sell life assurance and property insurance in November. The necessary structures were created in order to make sure that the market can be penetrated successfully in 2000 with the help of an extensive advertising campaign following a change in the company name to UNIQA Osiguranje. 1999 was an incomplete business year that ended with total premiums of HRK 0.4 million and a loss of HRK 1.8 million. The European Bank for Reconstruction and Development (EBRD) acquired an interest of 20% in Austrija Osiguranje in 2000 to act as a strategic partner.

AUSTRIA Versicherungen AG, Geneva

The most important area of operation for Austria Assurances is group health insurance for customers who are not subject to the state social security scheme in Switzerland, such as international organisations or embassies. The company also has a reinsurance business. The premiums written increased by 11.1% and amounted to CHF 62.1 million. The result generated in ordinary business operations in 1999 was CHF 6.5 million.

Austria Assurances holds 100% of the shares of Austria Assicurazioni S.p.A., Milan, and 45% of the Spanish company Cosalud S.A. de Seguros via the company's wholly-owned intermediate holding company Asshold S.A.

AUSTRIA Assicurazioni S.p.A., Milan

Austria Assicurazioni S.p.A., Milan, which almost exclusively sells health insurance, reports an increase in the premiums written of 7.4% to ITL 46.5 billion in its balance sheet for the 1999 financial year. Production increased by 2.4%; the loss ratio was again substantially lower than the average on the Italian market. Following conclusion of the preparatory work on schedule, business operations in the accident insurance field started in 1999 as well.

The result generated in ordinary business operations amounted to ITL 7.1 billion in 1999.

A further important step in the expansion of our operations in the region was taken when more than 72% of the capital of Friuli Venezia Giulia Assicurazioni »La Carnica« S.p.A. in Udine were acquired in April 2000 – a company with a premium income of about ATS 400 million that specialises in property/casualty insurance business in Northern Italy.

Cosalud S.A. de Seguros, Barcelona

Cosalud S.A. de Seguros, which specialises in health insurance, increased its earned premium by 19.7% to ESP 1.25 billion in 1999. Growth in new business was in fact as high as about 31%. The profit for the year improved again in 1999, reaching ESP 263.4 million. A sustainable growth of the company is to be encouraged by selling innovative health insurance policies, primarily in the group insurance and hospital cost fields.

Signal Biztosito Rt., Budapest

Signal Biztosito Rt. increased its premium income in 1999 by 16.5% to HUF 3.27 billion. An above-average growth was achieved above all with life assurance as well as commercial and private property insurance. Claim payments increased by 45.3% to HUF 543.7 million in 1999. Signal reported a balance sheet loss of HUF 428.1 million, primarily because of a large increase in the provision to cover life assurance claims. A major project in the financial year was the conclusion of the costly migration process with the insurance administration software.

Capital Leben Versicherung AG, Vaduz

The premium income of Capital Leben Versicherung AG amounted to as much as CHF 72 million in 1999, more than three times the figure in the previous year. A loss for the year of CHF 0.3 million was recorded due to costs of establishing and organising the company and its operations. Regional expansion of the company's business to include Germany and innovative product developments are to guarantee continued dynamic development of the company.

InterRisk Internationale Versicherungs AG, Wiesbaden

In view of the strategic positioning of the UNIQA Group on markets outside Austria, the boards of UNIQA Versicherungen AG decided to sell the 50%-stake in InterRisk to the current co-owners. This transaction will be carried out in the first half of 2000.

Further major equity interests in Austria and other countries

UNIQA Beteiligungs-Holding GmbH

UNIQA Beteiligungs-Holding GmbH, which is wholly owned by UNIQA Versicherungen AG, holds 25% of BIBAG Bauindustrie Beteiligungs AG. BIBAG in turn owns 50% plus one share of the voting capital of both Bau-Holding AG and Strabag AG. With consolidated sales of about ATS 74 billion, BIBAG thus acts as the holding company for the fifth-largest building company in Europe. Bau-Holding AG is one of the leading building companies in Europe that has a stock market quotation.

UNIQA Beteiligungs-Holding GmbH also owns 29.6% of Medial Beteiligungs-Holding GmbH, which in turn holds 29.9% of Casinos Austria AG. As a result of the ongoing positive development of its operations, Casinos Austria AG is one of the most successful Group holdings – as far as both its value and its yield are concerned. Legislation about gambling at national and international level and the development of the Internet are two factors that may prove to be very important regarding the future value of Casinos Austria AG and thus of Medial too.

Another major interest owned by UNIQA Beteiligungs-Holding GmbH is the 25%-stake in Medicur Holding GmbH. The other shares are held indirectly by Raiffeisen Landesbank

Niederösterreich/Vienna and Raiffeisen Zentralbank Österreich AG. Medicur owns about 68% of the capital of Netway AG (Internet applications) that is a »new economy« company. Netway is one of the leading Internet providers in Austria and should strengthen this top position by entering the landline telephone business. A competitive edge is anticipated from integration of Netway in the Group thanks to the potential synergy benefits in connection with the bank, insurance and media operations.

Medicur has an indirect interest of about 44% in Kurier Zeitungsverlag und Druckerei GmbH. The economic development of this company is currently determined to a very large extent by the success of the two daily newspapers »Kurier« and »Krone« as well as by the tough price war on the magazine market, which is affecting the magazine »Profil«.

The 50% interest UNIQA Beteiligungs-Holding GmbH owns in PKB Privatkliniken Beteiligungs-GmbH is also of strategic importance. PKB acts as a holding company for a total of five sanatoriums, two of them in Vienna (Privatklinik Josefstadt and Döbling) and one in Graz, Salzburg and Klagenfurt. In its capacity as the largest private health insurance company in Austria, UNIQA Personenversicherung AG is in a position to obtain important know-how through the interests held in these sanatoriums and can thus have an indirect positive effect on the quality of the services provided by the sanatoriums.

UNIQA Versicherungen AG has the following major equity holdings apart from those already outlined: Austria Österreichische Hotelbetriebs-AG and Austria Österreichische Hotel-Betriebs-Beteiligungs-GmbH, in which UNIQA Versicherungen AG directly or indirectly holds interests of almost 100%. The companies own or lease a total of ten hotels, seven of them in Austria (Vienna, Baden and Eisenstadt) and three in the Czech Republic (Prague and Brno). The most recent sales figures reported by Austria Österreichische Hotelbetriebs-AG amounted to about ATS 320 million. The result generated in ordinary business operations totalled ATS 26.0 million in the 1998/99 financial year following ATS 11.4 million in the previous business year.

UNIQA Versicherungen AG holds about 39% of ÖPAG Pensionskassen AG, too. ÖPAG succeeded in strengthening the leading position it holds in the pension fund field in the past financial year. At the end of 1999, it had concluded a total of 2 766 pension fund contracts and administered assets of about ATS 15.1 billion. This means that ÖPAG has a market share of 31% (in relation to the number of pension contracts) or 20% (in relation to the assets managed) as one of the seven inter-company pension funds operating in Austria. The 9% interest held by UNIQA Versicherungen AG in BVP-Pensionskassen AG, which is also developing encouragingly well, should be mentioned in this context as well.

In view of the size of the capital investment involved, attention should also be drawn here to the approximately 2.5% interest held by UNIQA Versicherungen AG in Raiffeisen Zentralbank Österreich AG and the 100% interest in UNIQA Immobilien-Besitz AG, which owns office and commercial property worth more than ATS 2.5 billion.

Additions and disposals in the 1999 financial year

There were no major additions and disposals in the Group financial holdings during the past financial year. UNIQA Versicherungen AG only acquired an interest of 44% in Humanomed Krankenhaus Management GmbH, the core business of which is the management of hospitals, and 100% of Bellevue Plaza GmbH, Budapest, which owns a commercial and office property in Budapest via another company.

With regard to the equity holding in Allgemeine Baugesellschaft A. PORR AG, agreement was reached with Wiener Städtische Allgemeine Versicherung AG about acquisition of the shares held by UNIQA Versicherungen AG. The shares were transferred at the beginning of 2000.

Spin-off in accordance with § 17 a of the Austrian Insurance Supervisory Act

The accounting, financial controlling and asset management functions (including management of the equity holdings) were hived off in 1999 to form UNIQA Finanz-Service GesmbH.

Current financial year and prospects for 2000

In connection with the creation of the UNIQA Group Austria, the main assignment for us in the current financial year is what is known as the »Proof Project«. The foundations for an extensive quality programme that is to take several years to complete were laid under this project name in January 2000. The objective is to implement the quality goals that we have set for our company. The project ranges from specification of quality standards for all areas of the company's operations to monitoring compliance with these quality standards.

In a new UNIQA advertising campaign during the first half of 2000, we will in addition be focussing all our communication activities on these quality standards as well as on our efficient satisfaction of our customers' specific requirements.

A particularly important move for the UNIQA Group Austria is the supplementation of the range of insurance products supplied by Raiffeisen Versicherung AG by property insurance products of its own. Raiffeisen Versicherung AG has been offering its customers household and legal expenses insurance policies of the highest quality since April. Customers of Raiffeisen Versicherung AG will also be able to obtain car insurance cover from this company from 1. June onwards. This means that Raiffeisen Versicherung AG as the leading bank insurance company in Austria will then be a source of comprehensive risk cover for its customers.

In the life assurance field, the maximum possible basic interest rate of 4% is about to be reduced to 3.25% in the middle of the year. This is being done to meet a requirement made for all insurance companies by the Austrian Ministry of Finance. We launched our special product »Single-premium insurance 2000 – limited edition« on the market successfully in the first quarter of 2000. This extremely attractive product is proving to be very popular with our customers.

The emphasis in our health insurance operations is on intensification of our activities in the area of medical assistance service. We consider the expansion of our medical assistance service as a crucial factor on which the success of our health insurance business depends. We are also offering our customers the concept of a personal »Vital« coach, a new idea in the health promotion and wellness field.

In property/casualty insurance measures to improve the results in car insurance are of central importance. In addition to the gradual withdrawal of the discount possibilities granted to the distribution channels, it can be expected that price increases will be made in the course of the first half of the year. All in all, we anticipate that the difficult competitive situation will be continuing in all forms of property/casualty insurance. We are responding to this challenge by developing creative and service-oriented products and have as an initial step introduced our new all-risk insurance product.

Our activities abroad in 2000 are being concentrated on entering the Polish market. Negotiations about taking over POLONIA have already been in progress for quite a long time now. With a premium volume of about ATS 1 000 million, this company is one of the six biggest companies in Poland. It is our goal to acquire a substantial majority of the POLONIA property/casualty insurance and life assurance businesses by the autumn of 2000. In accordance with our outline agreement with the European Bank for Reconstruction and Development (EBRD), the intention is to involve the bank in the acquisition of POLONIA as a minority shareholder. Conversion to the UNIQA brand at our subsidiaries in Switzerland, the Czech Republic, the Slovak Republic and Croatia is a very important project, too.

A further important step in the expansion of our operations in Northern Italy was taken in April this year with the acquisition by Austria Assicurazioni S.p.A., Milan, of more than 72% of Friuli Venezia Giulia Assicurazioni »La Carnica« S.p.A. in Udine – a company that specialises in business with property/casualty insurance in Northern Italy and has premium income of about ATS 400 million.

Premium development at all the Group companies in Austria and abroad was extremely encouraging in the first quarter of 2000. The earned premiums collected by the Austrian Group companies in direct business increased by almost 19% or ATS 1 374.2 million to ATS 8 541.1 million. The earned premiums collected by the Group companies abroad were 7.3% higher at ATS 353.8 million.

This meant that the total earned Group premiums in the first quarter increased by 18.3% to ATS 8 894.9 million. The fastest growth was recorded in life assurance, with an increase of ATS 1 132.3 million or 36.0%. This positive development is attributable primarily to single-premium products that increased by ATS 1 084.2 million.

The proportion of total premium income accounted for by the Group companies abroad amounted to 3.9% in the first quarter. With the exception of Otcina in the Slovak Republic, that is having to come to terms with the difficult economic conditions in the Slovak Republic, all the other Group companies outside Austria have achieved encouraging premium growth. The Czech company CRP reported the fastest growth in the first quarter: an increase of 37.4% in premiums. The subsidiaries in Switzerland and Italy also developed very positively, however, with premium growth of 6.3% and 11.9% respectively.

1999 management report UNIQA Versicherungen AG

The figures for the 1999 financial year are not comparable to the figures for the previous year because of the corporate restructuring exercises in 1999 and the changes in reinsurance relationships in the context of this restructuring of the Group. The figures given for 1998 have been taken from the restructuring balance sheets.

Development of business in 1999

The 1999 financial year for UNIQA Versicherungen AG was dominated by implementation of the »BARC 2000« concept for restructuring the Group. The contracts required for this purpose received the approval of the Supervisory Board of the company on 22. June 1999 and were approved by the extraordinary shareholders' meeting held on 17. September 1999. The insurance supervisory authorities approved the restructuring exercises in the form submitted in their official notification dated 24. September 1999.

UNIQA Versicherungen AG, which was formed as a result of the merger between BARC Versicherungs-Holding AG and Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, is now the only company at the top of the Group that is listed on the stock exchange.

The company runs the reinsurance business for the whole of the Group and acts as the administration and marketing organisation for the operating insurance companies. All of the Group personnel deployed in domestic insurance operations is employed by the Group holding company.

Five insurance companies are now responsible for direct insurance business in Austria:

- UNIQA Personenversicherung AG
Health, life and accident insurance
- UNIQA Sachversicherung AG
Property insurance
- Raiffeisen Versicherung AG
Life, accident and property insurance for the Raiffeisen banking operations
- Collegialität Versicherung AG
Direct line insurance
- Salzburger Landes-Versicherung AG
Regional insurer

The interests held in Group insurance companies outside Austria as well as financial equity holdings of the Group have each been combined in an intermediate holding company owned by UNIQA Versicherungen AG. UNIQA Versicherungen AG also holds all the shares in the Group service companies UNIQA Finanz-Service GmbH, UNIQA Software-Service GmbH and UNIQA Immobilien-Service GmbH.

Reinsurance business

UNIQA Versicherungen AG acts as the central reinsurer for the Group companies. The company reinsured a total premium volume of ATS 4 802.6 million from the Group in the 1999 financial year. The total premiums for reinsurance underwritten for companies outside the Group amounted to ATS 755.4 million. A proportion of the underwritten risk is retroceded to selected reinsurance companies. The reinsurance premiums ceded amounted to ATS 1 812.8 million in 1999.

Payments for insurance claims from within the Group of ATS 1 679.6 million and from companies outside the Group of ATS 56.9 million were made. The share attributable to reinsurers amounts to ATS 403.9 million. UNIQA Versicherungen AG generated profits of ATS 190.5 million from the ceded reinsurance business in the year under review.

Income from capital investments less investment charges

The net financial income of the company amounted to ATS 480.3 million in the year under review. All of the capital investments in the security field were valued applying the lower of cost or market principle in 1999.

Capital investments

The capital investments of UNIQA Versicherungen AG increased by 1.7% to a total of ATS 12 532.0 million in the year under review. They include deposits with ceding companies of ATS 1 014.1 million.

There were additions to land and buildings of ATS 539.3 million; scheduled depreciation amounted to ATS 28.7 million. The book value on 31.12.1999 was ATS 1 319.7 million. Most of the new additions were the result of acquisitions within the Group. All the property is located in Austria.

The capital investments in affiliated companies and equity holdings totalled ATS 9 336.4 million at the end of 1999 and were therefore ATS 670.9 million higher than at the end of 1998. ATS 150.0 million of this amount were used to strengthen the own funds of subsidiaries. A table of the equity holdings and further details can be found in the Notes. Agreement was reached in the equity holdings field before the end of the past financial year on sale of the interest held in Allgemeine Baugesellschaft - A. Porr AG to the Wiener Städtische Group.

The other capital investments decreased by ATS 655.7 million to ATS 861.9 million in the year under review.

Technical provisions

The technical provisions net of reinsurance increased by 47.3% to ATS 4 418.7 million in 1999.

The life insurance provision, which is shown in the property and accident insurance accounting section, increased by ATS 34.3 million to ATS 404.5 million net of reinsurance.

The provision for outstanding claims increased to a total of ATS 2 574.5 million net of reinsurance (1998: ATS 1 170.0 million).

The claim equalisation provision is determined in accordance with the stipulations of the regulation issued by the Austrian Minister of Finance (BGBl No. 545/1991) and/or the instructions given by the insurance supervisory authorities. Claim equalisation provisions amounting to ATS 344.3 million were released in the 1999 financial year. The claim equalisation provision now amounts to ATS 832.6 million. Motor TPL insurance accounted for ATS 323.9 million of this.

Equity capital, result generated in ordinary business operations and profit for the year

The share capital of UNIQA Versicherungen AG amounted to ATS 1 495.7 million on 31.12.1999, while the participation capital totalled ATS 3.1 million. Own funds (including untaxed reserves) increased to ATS 6 083.7 million. The relevant own funds of ATS 5 592.2 million exceeded the legal requirement according to § 73 b of the Austrian Insurance Supervisory Act of ATS 613.8 million by 811.1% at the end of 1999. The result generated in ordinary business operations in the 1999 financial year amounted to ATS 332.6 million. The profit for the year amounted to ATS 239.6 million.

Employees

The company had 4 909 employees on average in the 1999 financial year (1998: 5 107). 2 443 of them had administrative assignments (1998: 2 586), while 2 466 were sales representatives (1998: 2 521). 37 apprentices were also in the process of training to become clerical employees in the insurance field. All of the staff deployed in insurance operations are employed by UNIQA Versicherungen AG.

Spin-off in accordance with § 17 a of the Austrian Insurance Supervisory Act

The accounting, financial controlling and asset management functions (including management of the equity holdings) were hived off in 1999 to form UNIQA Finanz-Service GesmbH.

Current financial year and prospects for 2000

The introduction of the new Group brand UNIQA in corporate operations and further measures in connection with the Group restructuring project are important features of business activities in the current financial year as well.

The necessary preparations for extension of the stock market quotation for UNIQA Versicherungen AG to cover the entire share capital of the company have almost been completed.

The holders of participation certificates will in addition be given another opportunity to swap their certificates for UNIQA ordinary shares. As was already the case in the swap implemented in the autumn of 1999, our participation certificate holders are being offered an attractive chance to be able to influence the future development of the Group by changing their certificates for ordinary shares at a ratio of 1:1. With the approval of the Annual Shareholders' Meeting on 20. June 2000, all the participation

certificates that remain after the swap period has ended are to be withdrawn. Our aim is to have a single share category – the UNIQA ordinary share – quoted on the Vienna stock exchange.

Talks about a change in the ownership structure of BV-ARAG Allgemeine Rechtsschutzversicherung AG (Austria) have led to agreement being reached in 2000. The German company ARAG will be acquiring our stake in BV-ARAG. We will be operating the legal expenses insurance business independently within the framework of UNIQA Sachversicherung in future.

Consolidated balance sheet of UNIQA Versicherungen AG

as at 31. December 1999

Consolidated
annual accounts

Assets

	31.12.1999 in ATS	31.12.1998 in ATS	31.12.1999 in EUR
A. Intangible assets			
Other intangible assets	291 448 131.98	423 015 606.32	21 180 361.76
B. Tangible assets			
I. Land and buildings	10 680 663 651.88	10 994 350 712.55	776 194 098.38
II. Assets in affiliated companies			
1. Shares in affiliated companies			
a) Associate companies	269 040 825.58	25 506 820.83	19 551 959.30
b) Other	2 850 498.28	659 636 611.57	207 153.79
2. Debt securities issued by, and loans to affiliated companies	166 214 299.52	2 742 893 697.32	12 079 264.23
3. Participating interests			
a) Associate companies	887 452 353.53	770 645 477.29	64 493 677.72
b) Other	1 161 074 979.13	680 080 233.90	84 378 609.41
4. Debt securities issued by and loans to companies with which an insurance company is linked by virtue of a participating interest	13 553 894.35	22 354 013.65	984 999.92
III. Other financial investments			
1. Shares and other variable yield securities	25 525 969 107.16	24 117 512 754.18	1 855 044 519.90
2. Debt securities and other fixed income securities	55 885 297 672.60	41 512 375 571.14	4 061 342 970.18
3. Loans guaranteed by mortgages	273 936 852.72	476 091 816.18	19 907 767.47
4. Loans on policies	155 550 879.46	166 394 689.46	11 304 323.27
5. Other loans	34 006 519 014.78	38 537 778 569.37	2 471 350 116.99
6. Deposits with credit institutions	626 993 391.93	1 834 093 888.76	45 565 386.80
7. Other	555 040 087.43	159 140 000.00	40 336 336.23
IV. Deposits with ceding companies	733 377 417.39	627 988 132.81	53 296 615.44
	130 943 534 925.74	123 555 842 989.01	9 516 037 799.01
C. Debtors			
I. Debtors arising out of direct insurance operations			
1. Policyholders	958 928 666.12	809 986 607.69	69 688 063.93
2. Intermediaries	150 688 712.29	76 772 534.47	10 950 975.80
3. Insurance companies	74 271 241.10	37 576 079.20	5 397 501.59
II. Debtors arising out of reinsurance operations	268 505 933.21	391 566 017.53	19 513 087.16
III. Other debtors	494 992 572.18	463 896 112.60	35 972 513.11
	1 947 387 124.90	1 779 797 351.49	141 522 141.59
D. Accrued interest and rent	3 038 081 905.97	2 954 642 582.26	220 786 022.54
E. Other assets			
I. Tangible assets (other than land and buildings) and stocks	406 329 705.23	371 168 596.89	29 529 131.29
II. Cash at credit institutions, cheques and cash in hand	1 806 990 052.35	2 075 819 444.84	131 319 088.42
III. Own shares	0.00	10 984 160.00	0.00
IV. Other	152 167 352.69	75 680 265.80	11 058 432.79
	2 365 487 110.27	2 533 652 467.53	171 906 652.49
F. Prepayments and accrued income	179 034 815.11	241 543 300.67	13 010 967.43
	138 764 974 013.97	131 488 494 297.28	10 084 443 944.82

Liabilities and stockholders' equity

	31.12.1999 in ATS	31.12.1998 in ATS	31.12.1999 in EUR
A. Capital and reserves			
I. Share capital			
Nominal amount	1 495 723 500.00	58 465 400.00	108 698 465.88
II. Participating capital	3 125 500.00	0.00	227 138.94
III. Share premium account			
1. Restricted	3 733 780 363.31	325 118 084.00	271 344 401.16
2. Unrestricted	965 586.01	3 162 657 117.19	70 171.87
IV. Revenue reserves			
1. Statutory reserve acc. § 130 Aktiengesetz	7 888 728.28	7 032 976.16	573 296.24
2. Other reserves under the articles of association	0.00	1 033 753.96	0.00
3. Voluntary reserves	1 415 173 805.53	2 134 221 210.85	102 844 691.29
minus capitalised differential amounts acc. § 254 Abs. 3 HGB	- 1 167 505 711.18	- 1 071 148 837.86	- 84 845 948.94
V. Profit account	240 240 397.45	117 477 195.37	17 458 950.56
Derived from profit brought forward	674 879.37	985 153.31	49 045.40
VI. Minority interests in shareholders' funds	1 245 203 746.44	2 944 416 720.03	90 492 485.37
	6 974 595 915.84	7 679 273 619.70	506 863 652.38
B. Technical provisions			
I. Unearned premiums			
1. Gross amount	4 333 041 567.51	4 085 507 435.12	314 894 411.28
2. Reinsurance amount	- 341 982 622.91	- 219 242 508.58	- 24 852 846.44
II. Life assurance provision			
1. Gross amount	99 528 627 957.38	92 976 900 360.40	7 233 027 474.50
2. Reinsurance amount	- 370 511 728.98	- 775 888 283.17	- 26 926 137.44
III. Claims outstanding			
1. Gross amount	15 041 673 036.75	14 304 701 792.99	1 093 121 010.21
2. Reinsurance amount	- 2 128 958 611.41	- 1 907 323 697.75	- 154 717 456.12
IV. Provisions for bonuses and rebates			
1. Gross amount	127 591 200.86	121 205 921.20	9 272 414.18
2. Reinsurance amount	- 4 126 000.00	0.00	- 299 848.11
V. Provisions for profit participation			
1. Gross amount	5 248 528 503.04	3 981 588 324.15	381 425 441.53
2. Reinsurance amount	- 500 000.00	- 200 000.00	- 36 336.42
VI. Equalisation provision	1 793 764 645.61	2 318 738 533.97	130 357 960.63
VII. Other technical provisions			
1. Gross amount	262 351 345.83	309 956 984.34	19 065 815.85
2. Reinsurance amount	- 11 296 469.00	- 43 878 581.22	- 820 946.42
	123 478 202 824.68	115 152 066 281.45	8 973 510 957.22
C. Provisions for other risks and charges			
I. Provisions for termination or severance payments	1 069 105 375.29	1 101 727 710.35	77 694 917.65
II. Provisions for pensions	2 469 714 616.00	2 324 471 461.00	179 481 160.73
III. Provisions for taxation	224 963 525.52	186 496 557.47	16 348 736.98
IV. Other provisions	1 021 920 812.85	1 036 309 477.16	74 265 881.76
	4 785 704 329.66	4 649 005 205.98	347 790 697.13
D. Deposits received from reinsurers	559 991 663.72	1 054 796 267.40	40 696 181.31
E. Creditors			
I. Creditors arising out of direct insurance operations			
1. Policyholders	687 836 039.73	897 150 266.96	49 986 994.45
2. Intermediaries	479 717 480.76	535 359 883.20	34 862 428.93
3. Insurance companies	23 310 291.71	27 464 804.84	1 694 024.96
II. Creditors arising out of reinsurance operations	371 628 798.07	339 347 284.77	27 007 318.01
III. Amounts owed to credit institutions	326 959.58	762 122.28	23 761.08
IV. Other creditors	1 223 786 906.61	981 389 647.34	88 936 062.92
	2 786 606 476.46	2 781 474 009.39	202 510 590.35
F. Accruals and deferred income	179 872 803.61	171 878 913.36	13 071 866.43
	138 764 974 013.97	131 488 494 297.28	10 084 443 944.82
Other contingent liabilities	42 000.00	167 000.00	3 052.26

Consolidated profit and loss account of
UNIQA Versicherungen AG – insurance
against loss or damage and accident insurance

for the period from 1. January 1999 to 31. December 1999

	in ATS	in ATS	1999 in ATS	1998 in ATS	1999 in EUR
I. TECHNICAL ACCOUNT					
1. Earned premiums			16 683 631 365.99	16 820 722 979.17	1 212 446 775.58
a) Premiums written		16 735 847 065.20		16 761 477 220.79	1 216 241 438.43
aa) Gross	19 112 434 107.48			18 973 307 790.47	1 388 954 754.44
ab) Outward reinsurance premiums	- 2 376 587 042.28			- 2 211 830 569.68	- 172 713 316.01
b) Change in premium accruals		- 52 215 699.21		59 245 758.38	- 3 794.662.85
ba) Gross	- 71 481 800.96			21 775 823.80	- 5 194 785.07
bb) Reinsurer's share	19 266 101.75			37 469 934.58	1 400 122.22
2. Allocated investment return			908 547 625.25	1 034 690 630.32	66 026 730.90
3. Other technical income			45 765 218.14	83 902 802.25	3 325 888.11
4. Claims incurred			- 12 866 152 084.68	- 12 751 583 901.76	- 935 019 736.83
a) Claims paid		- 12 522 981 444.63		- 12 140 024 569.29	- 910 080 553.81
aa) Gross	- 13 955 023 802.43			- 13 331 067 097.77	- 1 014 151 130.60
ab) Reinsurer's share	1 432 042 357.80			1 191 042 528.48	104 070 576.79
b) Change in the provisions for claims		- 343 170 640.05		- 611 559 332.47	- 24 939 183.02
ba) Gross	- 626 236 444.58			- 693 101 647.78	- 45 510 377.29
bb) Reinsurer's share	283 065 804.53			81 542 315.31	20 571 194.27
5. Increase in other technical provisions			- 1 125 028 422.78	- 869 550 793.87	- 81 759 004.00
a) Life assurance provision		- 1 125 571 301.73		- 862 195 194.51	- 81 798 456.55
aa) Gross	- 1 234 799 109.54			- 917 666 827.19	- 89 736 350.92
ab) Reinsurer's share	109 227 807.81			55 471 632.68	7 937 894.36
b) Other technical provisions		542 878.95		- 7 355 599.36	39 452.55
ba) Gross	312 478.95			- 15 408 965.38	22 708.73
bb) Reinsurer's share	230 400.00			8 053 366.02	16 743.82
6. Expenses for bonuses and rebates			- 108 453 696.60	- 97 548 725.71	- 7 881 637.51
a) Gross		- 108 571 431.60		- 99 138 657.71	- 7 890 193.64
b) Reinsurer's share		117 735.00		1 589 932.00	8 556.14
7. Expenses for profit participation and/or bonuses for policyholders			- 45 000 000.00	- 203 000 000.00	- 3 270 277.54
Gross		- 45 000 000.00		- 203 000 000.00	- 3 270 277.54
8. Operating expenses			- 4 492 917 766.50	- 4 282 215 586.35	- 326 513 067.77
a) Acquisition costs		- 3 101 823 686.19		- 3 622 715 301.23	- 225 418 318.36
b) Administrative expenses		- 2 004 098 007.98		- 1 345 541 114.64	- 145 643 482.19
c) Reinsurance commissions and profit participation		613 003 927.67		686 040 829.52	44 548 732.78
9. Other technical charges			- 271 194 666.23	- 282 962 905.64	- 19 708 485.01
10. Change in the equalisation provision			524 933 923.21	65 475 225.28	38 148 435.95
11. Technical result			- 745 868 504.20	- 482 070 276.31	- 54 204 378.12
II. NON TECHNICAL ACCOUNT					
1. Technical result			- 745 868 504.20	- 482 070 276.31	- 54 204 378.12
2. Investment income			2 820 074 427.35	2 430 097 662.52	204 942 801.20
a) Income from participating interests		134 547 346.43		101 322 337.24	9 777 936.99
share derived from associated companies		(94 787 136.67)		(66 061 544.16)	(6 888 449.86)
share derived from affiliated companies		(24 484 004.76)		(10 014 068.81)	(1 779 322.02)
b) Income from land and buildings		358 091 655.77		287 921 810.19	26 023 535.52
c) Income from other investments share derived from affiliated companies		1 661 604 348.71		1 748 803 259.85	120 753 497.29
d) Income from value readjustments		65 213 940.00		0.00	4 739 281.85
e) Gains from the realisation of investments		400 232 230.27		221 379 730.16	29 086 010.50
f) Other income		200 384 906.17		70 670 525.08	14 562 539.06
3. Investment charges			- 1 044 714 290.32	- 373 463 250.14	- 75 922 348.37
a) Investment management charges		- 165 577 202.81		- 107 760 317.58	- 12 032 964.60
b) Value adjustments on investments		- 759 393 969.47		- 245 592 429.84	- 55 187 312.01
c) Interest charges		- 77 828 615.76		- 6 640 240.54	- 5 656 026.09
d) Losses on the realisation of investments		- 18 298 798.19		- 10 445 078.57	- 1 329 825.53
e) Other charges from investments		- 23 615 704.09		- 3 025 183.61	- 1 716 220.15
4. Allocated investment return transferred to the technical account			- 908 547 625.25	- 1 034 690 630.32	- 66 026 730.90
5. Other non-technical income			29 199 416.59	37 838 616.63	2 122 004.36
6. Other non-technical charges			- 63 603 356.61	- 40 413 830.71	- 4 622 236.19
7. Profit on ordinary activities			86 540 067.56	537 298 291.67	6 289 111.98

Consolidated profit and loss account of
UNIQA Versicherungen AG – Life assurance

for the period from 1. January 1999 to 31. December 1999

Consolidated
annual accounts

	in ATS	in ATS	1999 in ATS	1998 in ATS	1999 in EUR
I. TECHNICAL ACCOUNT					
1. Earned premiums			12 180 384 517.21	10 879 763 523.73	885 183 064.12
a) Premiums written		12 364 866 358.06		11 163 222 534.15	898 589 882.35
aa) Gross	12 393 169 594.27			11 254 337 009.77	900 646 758.74
ab) Outward reinsurance premiums	- 28 303 236.21			- 91 114 475.62	- 2 056 876.39
b) Change in premium accruals		- 184 481 840.85		- 283 459 010.42	- 13 406 818.23
ba) Gross	- 177 339 753.53			- 287 987 223.25	- 12 887 782.50
bb) Reinsurer's share	- 7 142 087.32			4 528 212.83	- 519 035.73
2. Allocated investment return			6 090 266 148.59	5 771 107 473.26	442 596 901.85
3. Other technical income			2 032 896.27	5 261 039.19	147 736.33
4. Claims incurred			- 8 551 711 961.15	- 7 796 224 977.92	- 621 477 145.20
a) Claims paid		- 8 387 137 137.84		- 7 760 465 366.21	- 609 517 026.36
aa) Gross	- 8 435 624 283.03			- 7 844 150 174.83	- 613 040 724.62
ab) Reinsurer's share	48 487 145.19			83 684 808.62	3 523 698.26
b) Change in the provisions for claims		- 164 574 823.31		- 35 759 611.71	- 11 960 118.84
ba) Gross	- 114 949 792.90			- 36 379 268.54	- 8 353 727.24
bb) Reinsurer's share	- 49 625 030.41			619 656.83	- 3 606 391.61
5. Increase in other technical provisions			- 3 560 539 924.40	- 3 867 739 470.73	- 258 754 527.47
a) Life assurance provision		- 3 559 539 924.40		- 3 870 739 470.73	- 258 681 854.64
aa) Gross	- 3 877 252 165.40			- 3 863 073 647.50	- 281 770 903.64
ab) Reinsurer's share	317 712 241.00			- 7 665 823.23	23 089 049.00
b) Other technical provisions		- 1 000 000.00		3 000 000.00	- 72 672.83
Reinsurer's share	- 1 000 000.00			3 000 000.00	- 72 672.83
6. Expenses for profit participation and/or bonuses for policyholders			- 3 297 000 000.00	- 2 271 500 000.00	- 239 602 334.25
Gross		- 3 297 000 000.00		- 2 271 500 000.00	- 239 602 334.25
7. Operating expenses			- 2 079 157 372.72	- 2 119 799 730.94	- 151 098 258.96
a) Acquisition costs		- 1 468 297 716.71		- 1 659 045 759.90	- 106 705 356.48
b) Administrative expenses		- 612 897 730.71		- 466 772 725.50	- 44 541 015.15
c) Reinsurance commissions and profit participation		2 038 074.70		6 018 754.46	148 112.66
8. Other technical charges			- 59 191 299.20	- 76 235 581.08	- 4 301 599.47
9. Technical result			725 083 004.60	524 632 275.51	52 693 836.95
II. NON TECHNICAL ACCOUNT					
1. Technical result			725 083 004.60	524 632 275.51	52 693 836.95
2. Investment income			8 131 583 680.05	5 999 762 286.02	590 945 232.30
a) Income from participating interests		0.00		9 056 200.00	0.00
b) Income from land and buildings		119 288 648.49		122 781 929.49	8 669 044.17
c) Income from other investments		5 894 641 012.46		5 603 664 048.15	428 380 268.78
d) Gains from the realisation of investments		1 780 010 633.38		191 424 882.95	129 358 417.58
e) Other income		337 643 385.72		72 835 225.43	24 537 501.78
3. Investment charges			- 2 041 317 531.46	- 228 654 812.76	- 148 348 330.45
a) Investment management charges		- 18 052 082.47		- 44 570 702.21	- 1 311 896.00
b) Value adjustments on investments		- 1 871 219 035.93		- 114 796 753.40	- 135 986 790.69
c) Interest charges		- 8 824 485.50		- 30 077 695.40	- 641 300.37
d) Losses on the realisation of investments		- 6 577 461.64		- 65 677.60	- 478 002.78
e) Other charges from investments		- 136 644 465.92		- 39 143 984.15	- 9 930 340.61
4. Allocated investment return transferred to the technical account			- 6 090 266 148.59	- 5 771 107 473.26	- 442 596 901.85
5. Other non-technical income			15 942 219.00	4 335 197.02	1 158 566.24
6. Other non-technical charges			- 522 388.05	- 1 944 836.35	- 37 963.42
7. Profit on ordinary activities			740 502 835.55	527 022 636.18	53 814 439.77

Consolidated profit and loss account of
UNIQA Versicherungen AG – Total

for the period from 1. January 1999 to 31. December 1999

Consolidated
annual accounts

	in ATS	1999 in ATS	1998 in ATS	1999 in EUR
NON TECHNICAL ACCOUNT				
1. Result generated in ordinary business operations		827 042 903.11	1 064 320 927.85	60 103 551.75
a) Excluding life assurance	86 540 067.56		537 298 291.67	6 289 111.98
b) Life assurance	740 502 835.55		527 022 636.18	53 814 439.77
2. Extraordinary expenditure = extraordinary result		0.00	- 1 460 245.68	0.00
3. Tax on profit or loss		- 296 474 020.04	- 209 527 248.81	- 21 545 607.29
4. Profit for the financial year (before changes in reserves)		530 568 883.07	853 333 433.36	38 557 944.45
5. Proportion of the net income for the year due to minority shareholders		- 147 890 681.78	- 381 611 342,0	- 10 747 634.99
6. Transfer to reserves		- 143 112 683.21	- 355 230 048.70	- 10 400 404.29
a) Transfer to the legal reserve in accordance with § 130 of the Austrian Companies Act	0.00		- 2 746 240.11	0.00
b) Transfer to voluntary reserves	- 143 112 683.21		- 352 483 808.59	- 10 400 404.29
7. Profit for the financial year		239 565 518.08	116 492 042.06	17 409 905.17
8. Profit brought forward		674 879.37	985 153.31	49 045.40
9. Profit account		240 240 397.45	117 477 195.37	17 458 950.56

I. General information

The consolidated annual accounts as per 31.12.1999 have been prepared in accordance with the provisions of the current version of the Austrian Commercial Code (HGB) and of the current version of the Austrian Insurance Supervisory Act (VAG).

In view of the extensive corporate restructuring exercises within the UNIQA Group, UNIQA Versicherungen AG, formerly known as Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, was obliged as the new parent company of the Group to prepare consolidated annual accounts in accordance with the Austrian Commercial Code for the first time. Since there have been no major changes in the Group structure, the figures of the consolidated annual accounts of BARC Versicherungs-Holding AG compiled as per 31. December 1998 have been included as the previous year's figures for the sake of comparison. The equity capital figures are not comparable because of the changes in the ownership structure at the parent company and the effects of first-time consolidation.

The balance sheet and profit and loss account of the non-insurance companies have been adapted to the format prescribed by the VAG.

The Group transacts both direct and indirect insurance business in all its operations.

II. Consolidation principles

Capital consolidation is carried out by applying the book value method. This is done at the date when the companies concerned are included in the consolidated annual accounts for the first time or at the date when the shares are acquired. Negative differences arising from the first-time consolidation totalling ATS 1 430 314 000 have been added to the other reserves in accordance with § 262 (2), line 2

of the HGB. Positive differences totalling ATS 1 167 506 000 that cannot be allocated have been charged openly to the revenue reserves.

Minority interests in the equity capital are shown in the adjustment item for shares owned by other shareholders.

Untaxed reserves have been added to the equity capital as revenue reserves, if necessary less deduction of deferred taxes.

Associated companies are valued »at equity« on the basis of the book value method. The capital consolidation exercise led to positive differential amounts of ATS 505 849 000 that have been charged openly to the revenue reserves and negative differential amounts of ATS 43 942 that have been included in the revenue reserves. Adjustments to uniform valuation have not been made in the case of the companies consolidated by the equity method. The annual accounts as per 31. December 1998 have been used as the basis, with the exception of Medicur-Holding Gesellschaft mbH, for which consolidated annual accounts as per 30. June 1998 are available, and Austria Österreichische Hotelbetriebs-Aktiengesellschaft, for which annual accounts as per 30. June 1999 are available.

It was not necessary to eliminate intercompany profits amounting to ATS 259 560 000 generated by the sale of property in accordance with § 85 b paragraph 2 of the VAG, because the business transaction was carried out at fair market conditions and legal claims of the policyholders were therefore upheld. In view of the extremely small size involved and their consequent insignificance as far as the presentation of a true and fair view of the group's assets, liabilities, financial position and earnings position are concerned, further intercompany results have not been eliminated either.

III. Currency translation

The following rules are applied when translating the currencies of the subsidiaries abroad:

- Assets, liabilities and the calculation of the net income/loss for the year at the mean exchange rate on the balance sheet date,
- The profit and loss account at the average exchange rate for the year,
- Equity capital (excluding the net income/loss for the year) on a historic basis.

IV. Disclosure and explanation of the accounting and valuation principles

All of the annual accounts of the companies included in the consolidated annual accounts have been prepared in accordance with consistent accounting and valuation principles.

Assets

The positive differential amounts arising from full consolidation have been charged to reserves. The Group acquisition cost for Salzburger Landes-Versicherung AG amounts to ATS 363 513 000, because of which a capitalisation of a differential amount of ATS 418 174 000 is not allowed in accordance with § 254 paragraph 1 penultimate sentence of the HGB. The hidden reserves of Austria Versicherungen AG derive essentially from the shares in Asshold S.A., Lausanne, which are also fully consolidated and therefore are not available for a capitalisation of differential amounts of ATS 393 065 000.

The other intangible assets have been included at cost less deduction of scheduled depreciation (between 10% and 33.33% p.a.).

Land has been included at cost, while buildings and other tangible assets have been valued at cost less deduction of scheduled depreciation. Scheduled depreciation is determined on the basis of the relevant asset's ordinary useful life. Minor-value assets have been depreciated in full in their year of acquisition.

Shares in non-consolidated affiliated companies that have not been valued by the equity method and equity holdings as well as shares and other non-fixed-interest-bearing securities have been valued at the lower of cost or market. The lower of cost or market principle has also been applied in the valuation of debentures and other fixed-interest securities.

Loans given to equity holdings, mortgage receivables, policy loans and other loan receivables have been valued with the nominal amount of the outstanding claims. The discount that is spread throughout the term of the other loan receivables has been shown in the deferred income item.

The other receivables and the pro rata interest have been included at their nominal value. Sufficiently large individual provisions have been made for doubtful debts, these provisions being deducted from the nominal amounts. Only the provisions recorded for premium receivables have been shown in the other technical provisions (cancellation provision).

The other loans that are not secured by insurance contracts relate essentially – ATS 32 852 485 000 (1998: ATS 36 492 475 000) – to receivables from public institutions.

Equity and liabilities

The minority interest in shareholder's equity amounts to ATS 1 245 204 000 (1998: ATS 2 944 417 000).

The valuation of the technical provisions has been taken unchanged from the individual annual accounts compiled on the basis of the rules that apply in the country where the company concerned in each case is registered, in accordance with § 85 b paragraph 1 of the VAG.

A provision for deferred taxes amounting to ATS 68 640 000 (1998: ATS 37 186 000) has only been made for the equity capital share of the untaxed reserves.

The size of the other non-actuarial provisions has been determined in accordance with probable actual requirements. These provisions take account of all the apparent risks as well as liabilities where the amount involved is not yet definite.

The provisions for severance payments have been calculated in accordance with § 211 paragraph 2 of the HGB in the accounting year on the basis of the actuarial method, applying an interest rate of 6% (entry age method/Pagler&Pagler tables), and amount to ATS 1 069 105 000 (1998: ATS 1 101 728 000). The size of the provision formed satisfies the requirements of commercial law.

The pension provisions for 1999 have been calculated in accordance with § 211 paragraph 2 of the HGB with an interest rate of 6% by applying the Pagler&Pagler mortality tables and amount to ATS 2 469 715 000 (1998: ATS 2 324 471 000). The entry age method has been used to determine all future pension benefit rights.

The liabilities have been included with their probable repayment amount, making sure that a cautious approach is adopted. All of the receivables, pro rata interest, liabilities and provisions in foreign currencies have been included in the accounts at the mean exchange rate; where countries that are members of the EEMU are involved, such items have been translated at the euro exchange rates specified irrevocably on 31. December 1998. Securities in foreign currencies have been included in the accounts at the specified euro exchange rate or at the mean exchange rate in previous years or at acquisition cost. Most incoming invoices issued in foreign currencies have been translated at the buying rate.

The technical items in underwritten reinsurance business (technical provisions, technical income and expenditure) and the retrocession charges associated with them have been posted either immediately or with a delay of one year.

The contingent liabilities amounted to ATS 42 000 (1998: ATS 167 000) and are shown below the line on the balance sheet.

V. Explanatory notes about the items in the balance sheet

The basic value of the property assets amounts to ATS 2 289 974 000 (1998: ATS 3 008 531 000) (= book value).

The balance sheet value (book value) of company-occupied property amounts to ATS 1 301 632 000 (1998: ATS 1 407 024 000).

Commitments from the use of tangible assets not shown in the balance sheet:

	1999 ATS '000	1998 ATS '000
Commitments in the following financial year	46 360	75 758
Commitments in the following five financial years	152 298	261 311

The balance sheet figures for the items intangible assets, land and buildings, capital invest-

ments in affiliated companies and participating interests have developed as follows:

	Intangible assets ATS '000	Land and buildings ATS '000	Shares in affiliated companies ATS '000	Debt securities issued by and loans to affiliated companies ATS '000	Participating interests ATS '000	Debt securities issued by and loans to companies in which a participating interest is held ATS '000
1.1.1999	388 379	10 656 281	276 794	25 848	2 158 258	15 042
Additions	67 117	782 926	1 449	168 000	296 555	0
Disposals	- 2 472	- 213 828	- 6 352	- 27 634	- 406 286	- 1 488
Depreciation	- 161 576	- 544 715	0	0	0	0
31.12.1999	291 448	10 680 664	271 891	166 214	2 048 527	13 554

The current values of the capital investments can be broken down as follows:

	31.12.1999 ATS '000	31.12.1998 ATS '000
Land and buildings	15 988 605 4)	
Capital investments in affiliated companies and equity holdings		
1. Shares in affiliated companies	271 891 1)	934 736 1)
2. Debt securities issued by and loans to affiliated companies	166 214 3)	2 918 523 3)
3. Participating interests		
Associated companies	887 452 2)	770 645 2)
Others	1 279 105 2)	583 186 2)
4. Debt securities issued by and loans to companies in which a participating interest is held	13 554 3)	22 354 3)
Other capital investments		
1. Shares and other variable yield securities	28 145 399 3)	26 235 601 3)
2. Debt securities and other fixed income securities	57 068 196 3)	44 600 330 3)
3. Loans guaranteed by mortgages	273 937 3)	476 092 3)
4. Loans on policies	155 551 3)	166 394 3)
5. Other loans	34 006 516 3)	38 537 780 3)
6. Deposits with credit institutions	626 993 3)	1 821 423 3)
7. Other financial investments	555 040 3)	159 140 3)
Deposits with ceding companies	733 377 3)	627 988 3)

1) The shares in affiliated companies have been recorded at their book value, because there were no major differences from transaction prices and/or from the relevant share of their equity. Associated companies are valued »at equity«.

2) The value of the other participating interests has been determined on the basis of transaction prices wherever they existed. The book values or – in the case of a large difference between the book value and the rele-

vant share of their equity – the latter have been included in all other cases. Associated companies are valued »at equity«.

3) Based on market or stock exchange values; nominal values have been used in the absence of them.

4) The value of land and buildings in 1999 has been determined on the basis of the relevant real and income values, taking the Austrian Property Valuation Act into account.

As far as the share capital is concerned, reference is made to the Notes on the individual annual accounts of UNIQA Versicherungen AG.

The provision for performance-based premium refunds and/or bonuses for policyholders in life assurance and health insurance business has developed as follows:

	Life assurance		Health insurance	
	1999 ATS '000	1998 ATS '000	1999 ATS '000	1998 ATS '000
1.1. of the financial year	3 087 158	3 670 609	894 158	908 524
Transfer to the life assurance provision	- 1 689 988	- 2 741 394	0	0
Advance dividend for term insurance	- 176 547	- 113 657	0	0
Payment in the financial year	0	0	- 199 138	- 217 366
Subtotal	1 210 623	815 558	695 020	691 158
Appropriation	3 298 513	2 271 500	45 000	203 000
31.12. of the financial year	4 509 136	3 087 058	740 020	894 158

The cost deduction in the unearned property and accident insurance premiums amounts to ATS 199 980 000 (1998: ATS 187 382 000).

The other liabilities item includes tax liabilities amounting to ATS 418 757 000 (1998: ATS 443 873 000) and social security liabilities amounting to ATS 77 031 000 (1998: ATS 76 272 000).

VI. Explanatory notes about items in the profit and loss accounts

The total premiums in property and accident insurance business can be broken down as follows:

	1999 ATS '000	1998 ATS '000
Direct business		
Fire and business interruption insurance	882 047	965 275
Household insurance	704 626	669 932
Other property insurance	1 152 531	1 125 534
Motor TPL insurance	2 440 989	2 574 890
Other motor insurance	1 520 423	1 485 967
Accident insurance	1 427 173	1 385 484
Liability insurance	1 014 334	942 978
Legal expenses insurance	82 531	74 473
Marine, aviation and transport insurance	159 839	186 249
Traffic service insurance	0	50
Other insurance	210 521	102 261
Total	9 595 014	9 513 093
Indirect business		
Marine, aviation and transport insurance	27 786	82 663
Other insurance	828 177	855 031
Total	855 963	937 694
Total direct and indirect business	10 450 977	10 450 787

There were no unit-linked life assurance operations.

The total premiums in life assurance and health insurance can be broken down as follows:

	Life assurance		Health insurance	
	1999 ATS '000	1998 ATS '000	1999 ATS '000	1998 ATS '000
Direct business	12 366 289	11 177 369	8 512 054	8 393 280
Indirect business	26 881	76 968	149 403	129 241
	12 393 170	11 254 337	8 661 457	8 522 521

The proportion of the total premiums in direct property/casualty insurance and life assurance business accounted for by the member states of the EEA and other countries outside Austria amounts to less than 5%. The total direct premiums in Switzerland amount to ATS 533 511 000 in health insurance.

The items expenditure on insurance claims, expenditure on insurance operations, other technical expenditure, expenditure on capital investments and other non-technical expenditure include the following amounts:

	1999 ATS '000	1998 ATS '000
Wages and salaries	2 307 408	2 351 906
Expenditure on severance payments	166 670	217 352
Expenditure on pensions	339 047	305 556
Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions	754 473	752 176
Other social security expenditure	53 367	53 871

Commission amounting to ATS 2 250 919 000 (1998: ATS 2 293 611 000) was incurred in direct insurance business in the 1999 financial year. Capitalisable deferred taxes of ATS 168 000 000 (1998: ATS 103 563 000) were not included in the balance sheet.

In accordance with § 16 of the regulation about accounting by companies in the insurance industry (RLVVU) that was issued by the Austrian Minister of Finance on 4. December 1992 (BGBl 757/1992), all of the capital income in life assurance and health insurance and the deposit interest from indirect business in property and accident insurance have been transferred from the non-technical account to the technical account.

VII. Personnel information

See the Notes on the individual annual accounts of UNIQA Versicherungen AG.

Average number of employees	1999	1998
Total	6 361	6 459
of which: Sales	3 200	3 254
Administration	3 161	3 205
Personnel expenditure	1999 ATS '000	1998 ATS '000
Sales	1 322 649	1 683 115
Administration	2 151 012	1 997 747

ATS 64 369 000 of the expenditure on severance payments and pensions were accounted for by severance payment and pension expenditure for members of the Management Board and senior executives as defined in § 80 paragraph 1 of the Austrian Companies Act, while ATS 441 348 000 were attributable to other employees. Both of these figures also include expenditure for pensioners and surviving dependants.

The members of the Management Board receive payment solely from the parent company of the Group, UNIQA Versicherungen AG. Management Board remuneration amounted to ATS 31 123 000 (1998 at BARC Versicherungs-Holding AG: ATS 31 988 000). ATS 29 563 000 of this amount were charged to the operating subsidiaries.

Payments to the members of the Supervisory Board amounted to ATS 2 809 000 (1998: ATS 3 012 000); former members of the Supervisory Board did not receive any payments.

VIII. List of the companies consolidated in 1999

Company	Type	Registered office	%
UNIQA Versicherungen Aktiengesellschaft	Full	1020 Vienna	
UNIQA Sachversicherung Aktiengesellschaft	Full	1020 Vienna	100.0
UNIQA Personenversicherung Aktiengesellschaft	Full	1020 Vienna	63.4
Salzburger Landes-Versicherung Aktiengesellschaft	Full	5020 Salzburg	100.0
Raiffeisen Versicherung Aktiengesellschaft	Full	1020 Vienna	100.0
Collegialität Versicherung AG	Full	1020 Vienna	100.0
Austria Versicherungen AG	Full	Switzerland, Geneva	100.0
Austria Assicurazioni S.p.A.	Full	Italy, Milan	100.0
OTCINA Versicherung AG	Full	Slovak Republic, Bratislava	99.4
Tschechisch-Österreichische Versicherungsgesellschaft, AG	Full	Czech Republic, Prague	83.3
Austrija Osiguranje d.d.	Full	Croatia, Zagreb	100.0
UNIQA financno svetovanje, d.o.o.	Full	Slovenia, Ljubljana	100.0
UNIQA Immobilien-Service GmbH	Full	1020 Vienna	100.0
UNIQA Immobilien-Besitz Aktiengesellschaft	Full	1020 Vienna	100.0
Steigengraben-Gut Ges.m.b.H.	Full	1020 Vienna	100.0
Versicherungsmarkt-Servicegesellschaft m.b.H.	Full	1060 Vienna	100.0
Verges Verwaltung von Versicherungsverträgen für die Abfertigungsvorsorge im Bereich der Wirtschaft Gesellschaft m.b.H.	Full	1020 Vienna	61.8
Agenta Risiko- und Finanzierungsberatung Gesellschaft m.b.H.	Full	1010 Vienna	100.0
Risikodienst und Schadensberatung Gesellschaft m.b.H.	Full	1020 Vienna	100.0
Dr. E. Hackhofer EDV-Software-Beratung Gesellschaft m.b.H.	Full	1070 Vienna	51.0
UNIQA Software-Service GmbH	Full	1020 Vienna	100.0
SYNTEGRA Softwarevertrieb und Beratung Gesellschaft m.b.H.	Full	1020 Vienna	100.0
UNIQA Küchen-Service GmbH	Full	1020 Vienna	100.0
TA-BE Taxibetriebsgesellschaft m.b.H.	Full	7001 Eisenstadt	100.0
UNIQA Finanz-Service GmbH	Full	1020 Vienna	100.0
Austria Österreichische Hotel-Betriebs-Beteiligungs Gesellschaft m.b.H.	Full	1010 Vienna	90.0
ÖBW Bildungsmanagement für die Wirtschaft Ges.m.b.H.	Full	1030 Vienna	80.0
UNIQA Beteiligungs-Holding GmbH	Full	1020 Vienna	100.0
UNIQA International Versicherungs-Holding Gesellschaft mbH	Full	1020 Vienna	100.0
ASSHOLD S.A.	Full	Switzerland, Lausanne	100.0
Syntegra Szolgaltato es Tanacsado KFT	Full	Hungary, Budapest	100.0
Grand Hotel Bohemia s.r.o.	Full	Czech Republic, Prague	90.0
Bellevue Plaza Irodahaz KFT	Full	Hungary, Budapest	100.0

Company	Type	Registered office	%
H-Projekt III. Ingatlanf Ejlesztö KFT	Full	Hungary, Budapest	100.0
Fundus Praha s.r.o.	Full	Czech Republic, Prague	63.4
CRP Reality s.r.o.	Full	Czech Republic, Prague	83.3
Otcina Real s.r.o.	Full	Slovak Republic, Bratislava	99.4
BV-Beteiligungsverwaltung Slovensko s.r.o.	Full	Slovak Republic, Bratislava	99.4
InterRisk-Internationale Versicherungsholding Ges.m.b.H.	Equity	1020 Vienna	50.0
Allgemeine Rechtsschutzversicherungs AG	Equity	1013 Vienna	50.0
SK Versicherung AG	Equity	1020 Vienna	25.0
MLP-Lebensversicherung AG	Equity	1020 Vienna	50.0
Signal Biztosito	Equity	Hungary, Budapest	21.6
Cosalud Societat anonima de seguros	Equity	Spain, Barcelona	45.0
Allrisk-SCS-Versicherungsdienst Ges.m.b.H.	Equity	2334 Vösendorf-Süd	37.5
Interiura Schadenregulierungsges.m.b.H.	Equity	1013 Vienna	50.0
»CALL US« Internationale Gesellschaft für die Organisation von personen- und sachbezogenen Hilf- und Dienstleistungen in aller Welt Ges.m.b.H.	Equity	1090 Vienna	31.0
EBV Leasing Ges.m.b.H.	Equity	1061 Vienna	50.0
ÖPAG Pensionskassen Aktiengesellschaft	Equity	1203 Vienna	39.1
Medial Beteiligungsges. m.b.H.	Equity	1010 Vienna	29.6
MEDICUR-Holding Gesellschaft m.b.H.	Equity	1020 Vienna	25.0
Austria Österreichische Hotelbetriebs-Aktiengesellschaft	Equity	1010 Vienna	99.5
BIBAG Bauindustrie Beteiligungs Aktiengesellschaft	Equity	1220 Vienna	25.0
DIANA-BAD Errichtungs- und Betriebsges.m.b.H.	Equity	1020 Vienna	33.0
PKB Privatkliniken Beteiligungsgesellschaft m.b.H.	Equity	1010 Vienna	50.0
Sanatorium Villach Ges.m.b.H. & Co KG	Equity	5020 Klagenfurt	35.00

The affiliated companies Alopex Organisation von Geschäftskontakten GmbH, InsData s.r.o., Racio s.r.o., InsService s.r.o., Obertauern Liegenschafts-Betriebs- und Verwertungsgesellschaft m.b.H., DCS Data Center Services GmbH have not been included in the companies consolidated because they are of minor importance.

Austria Österreichische Hotelbetriebs-Aktiengesellschaft has been valued »at equity« in view of the inclusion rules stipulated by § 248 of the HGB.

Sanatorium Wehrte GmbH has not been valued »at equity« because of its minor importance.

Auditor's certificate

We have audited the consolidated financial statements and the group management report of UNIQA Versicherungen Aktiengesellschaft for the year ended 31. December 1999 which have been set up in accordance with the Austrian Commercial Code. We conducted our audit in accordance with Austrian GAAS. After completion of our audit of the unabridged consolidated financial statements established in German language for the 12-month period ended on 31. December 1999 of UNIQA Versicherungen

Aktiengesellschaft, Vienna, Austria we render the following unqualified opinion according to Article 274 section 1 HGB (Austrian Commercial Code):

»As a result of our due audit we can certify that the accounting records and the financial statements give a true and fair view of the group's assets, liabilities, financial position and earnings position in conformity with generally accepted accounting principles. The group management report corresponds with the financial statements.«

Vienna, 23. May 2000

KPMG Alpen-Treuhand
Wirtschaftsprüfungs- und
Steuerberatungs-GmbH

Walter Knirsch
Austrian Chartered
Accountant

Erich Heiß
Austrian Chartered
Accountant

Securitas Revisions- und
Treuhandgesellschaft mbH

Michael Schlenk
Austrian Chartered
Accountant

Friedrich Unterkircher
Certified Accountant

Balance sheet of UNIQA Versicherungen AG

as per 31. December 1999

Annual accounts

Assets

	31.12.1999 in ATS	31.12.1998 in ATS	31.12.1999 in EUR
A. Intangible assets			
Other intangible assets	251 731 975.00	363 442 629.00	18 294 076.07
B. Tangible Assets			
I. Land and buildings	1 319 725 432.46	809 146 762.00	95 908 187.50
II. Assets in affiliated companies			
1. Shares in affiliated companies	8 065 506 775.70	7 635 415 148.56	586 143 236.39
2. Debt securities issued by, and loans to affiliated companies	0.00	100 000 000.00	0.00
3. Participating interests	1 270 865 513.98	930 066 989.65	92 357 398.75
III. Other financial investments			
1. Shares and other variable yield securities	42 820 264.76	668 763 848.76	3 111 870.00
2. Debt securities and other fixed income securities	815 750 981.26	748 848 293.00	59 282 935.78
3. Other loans	3 293 061.38	0.00	239 316.10
4. Deposits with credit institutions	0.00	100 000 000.00	0.00
IV. Deposits with ceding companies	1 014 074 043.85	1 303 606 683.92	73 695 634.82
	12 532 036 073.39	12 295 847 722.89	910 738 579.35
C. Debtors			
I. Debtors arising out of reinsurance operations	1 757 027 788.73	551 127 868.00	127 688 189.12
II. Other debtors	1 076 189 801.01	197 995 539.88	78 209 762.94
	2 833 217 589.74	749 123 407.88	205 897 952.06
D. Accrued interest and rent	19 455 355.47	21 540 669.75	1 413 875.82
E. Other assets			
I. Tangible assets (other than land and buildings) and stocks	252 811 394.07	162 113 286.65	18 372 520.52
II. Cash at credit institutions, cheques and cash in hand	30 694 758.76	147 536 547.53	2 230 675.11
III. Other	81 155 056.38	35 695 436.94	5 897 767.95
	364 661 209.21	345 345 271.12	26 500 963.58
F. Prepayments and accrued income	149 330 297.82	211 153 527.68	10 852 255.97
	16 150 432 500.63	13 986 453 228.32	1 173 697 702.86

Liabilities and stockholder's equity

	31.12.1999 in ATS	31.12.1998 in ATS	31.12.1999 in EUR
A. Capital and reserves			
I. Share capital			
Nominal amount	1 495 723 500.00	1 456 870 800.00	108 698 465.88
II. Participating capital	3 125 500.00	41 978 200.00	227 138.94
III. Share premium account			
1. Restricted	3 733 780 363.31	3 733 780 363.31	271 344 401.16
2. Unrestricted	965 586.01	965 586.01	70 171.87
IV. Revenue reserves			
1. Statutory reserve acc. § 130 Aktiengesetz	7 888 728.28	7 888 728.28	573 296.24
2. Voluntary reserves	529 510 444.05	442 510 444.05	38 481 024.69
V. Profit account	240 240 397.45	674 879.37	17 458 950.56
Derived from profit brought forward	674 879.37	674 879.37	49 045.40
	6 011 234 519.10	5 684 669 001.02	436 853 449.35
B. Tax allowed reserves			
I. Reserves from additional capital allowances	58 646 752.34	60 674 200.76	4 262 025.71
II. Other tax allowed reserves	13 862 450.18	5 696 998.00	1 007 423.54
	72 509 202.52	66 371 198.76	5 269 449.25
C. Technical provisions			
I. Unearned premiums			
1. Gross amount	779 159 475.38	313 541 939.00	56 623 727.34
2. Reinsurance amount	- 252 608 981.27	- 112 347 907.00	- 18 357 810.61
II. Life assurance provision			
1. Gross amount	598 621 057.00	846 499 580.00	43 503 488.80
2. Reinsurance amount	- 194 127 342.00	- 476 346 100.00	- 14 107 784.13
III. Claims outstanding			
1. Gross amount	3 852 688 422.42	2 147 235 951.23	279 985 786.82
2. Reinsurance amount	- 1 278 164 847.57	- 977 255 502.28	- 92 887 862.01
IV. Provisions for bonuses and rebates			
1. Gross amount	0.00	4 024 000.00	0.00
2. Reinsurance amount	0.00	- 2 012 000.00	0.00
V. Equalisation provision	832 612 000.00	1 176 885 778.11	60 508 273.80
VI. Other technical provisions			
Gross amount	80 500 000.00	80 500 000.00	5 850 163.15
	4 418 679 783.96	3 000 725 739.06	321 117 983.18
D. Provisions for other risks and charges			
I. Provisions for termination or severance payments	991 880 310.00	1 033 060 990.00	72 082 753.28
II. Provisions for pensions	2 389 306 412.00	2 250 045 321.00	173 637 668.66
III. Provisions for taxation	0.00	33 257 081.18	0.00
IV. Other provisions	812 086 493.23	578 279 088.00	59 016 627.05
	4 193 273 215.23	3 894 642 480.18	304 737 048.99
E. Deposits received from reinsurers	242 945 971.00	537 127 436.00	17 655 572.26
F. Creditors			
I. Creditors arising out of reinsurance operations	244 851 160.35	266 767 573.00	17 794 027.77
II. Other creditors	876 492 054.03	393 420 123.01	63 697 161.69
	1 121 343 214.38	660 187 696.01	81 491 189.46
G. Accruals and deferred income	90 446 594.44	142 729 677.29	6 573 010.36
	16 150 432 500.63	13 986 453 228.32	1 173 697 702.86

Profit and loss account of
UNIQA Versicherungen AG

for the period from 1. January 1999 to 31. December 1999

	in ATS	in ATS	1999 in ATS	1998 in ATS	1999 in EUR
I. TECHNICAL ACCOUNT					
1. Earned premiums			3 718 185 097.25	12 809 268 794.68	270 211 048.97
a) Premiums written		3 745 173 297.51		12 755 977 759.71	272 172 357.98
aa) Gross	5 558 001 863.16			14 160 824 173.25	403 915 747.71
ab) Outward reinsurance premiums	- 1 812 828 565.65			- 1 404 846 413.54	- 131 743 389.73
b) Change in premium accruals		- 26 988 200.26		53 291 034.97	- 1 961 309.01
ba) Gross	- 55 354 507.66			32 173 381.13	- 4 022 768.96
bb) Reinsurer's share	28 366 307.40			21 117 653.84	2 061 459.95
2. Allocated investment return			27 260 529.09	2 502 540 922.02	1 981 099.91
3. Other technical income			19 093 060.13	29 476 728.41	1 387 546.79
4. Expenses for claims incurred			- 2 854 398 999.86	- 10 739 323 015.26	- 207 437 265.16
a) Claims paid		- 1 521 901 996.21		- 10 277 503 306.48	- 110 600 931.39
aa) Gross	- 2 411 799 508.68			- 11 032 892 00.33	- 175 272 305.74
ab) Reinsurer's share	889 897 512.47			755 388 702.85	64 67 374.35
b) Change in the provisions for claims		- 1 332 497 003.65		- 461 819 708.78	- 96 836 333.77
ba) Gross	- 1 736 442 573.43			- 505 874 789.90	- 126 192 203.18
bb) Reinsurer's share	403 945 569.78			44 055 081.12	29 355 869.41
5. Increase/decrease in other technical provisions			- 67 820 096.00	- 191 956 706.46	- 4 928 678.59
a) Life assurance provision		- 67 820 096.00		- 194 524 706.46	- 4 928 678.59
aa) Gross	- 195 779 883.00			- 179 807 158.23	- 14 227 878.97
ab) Reinsurer's share	127 959 787.00			- 14 717 548.23	9 299 200.38
b) Other technical provisions		0.00		2 568 000.00	0.00
ba) Gross	0.00			- 1 123 200.00	0.00
bb) Reinsurer's share	0.00			3 691 200.00	0.00
6. Expenses for profit participation			0.00	- 830 000 000.00	0.00
Gross		0.00		- 830 000 000.00	0.00
7. Expenses for bonuses and rebates			2 012 000.00	- 90 616 701.77	146 217.74
a) Gross		4 024 000.00		- 90 616 701.77	292 435.48
b) Reinsurer's share		- 2 012 000.00		0.00	- 146 217.74
8. Operating expenses			- 1 165 266 723.99	- 3 867 353 199.41	- 84 683 235.40
a) Acquisition costs		- 1 648 103 260.70		- 3 142 591 997.56	- 119 772 334.96
b) Administrative expenses		- 62 439 326.46		- 1 166 765 004.91	- 4 537 642.82
c) Reinsurance commissions and profit participation		545 275 863.17		442 003 803.06	39 626 742.38
9. Other technical charges			- 121 484 829.53	- 311 131 819.47	- 8 828 646.87
10. Change in the equalisation provision			344 273 778.11	72 904 671.01	25 019 351.18
11. Technical result			- 98 146 184.80	- 616 190 326.25	- 7 132 561.43

Profit and loss account of
UNIQA Versicherungen AG

for the period from 1. January 1999 to 31. December 1999

Annual accounts

	in ATS	1999 in ATS	1998 in ATS	1999 in EUR
II. NON-TECHNICAL ACCOUNT				
1. Technical result		- 98 146 184.80	- 616 190 326.25	- 7 132 561.43
2. Investment income		556 387 639.49	3 578 831 606.24	40 434 266.65
a) Income from participating interests	334 921 679.32		387 331 228.10	24 339 707.66
share derived from affiliated companies	300 762 488.01		358 586 810.00	21 857 262.42
b) Income from land and buildings	47 356 116.64		130 466 467.89	3 441 503.21
c) Income from other investments	63 866 297.47		2 909 850 796.23	4 641 344.84
share derived from affiliated companies	0.00		95 709 042.95	0.00
d) Income from value readjustments	65 213 940.00		0.00	4 739 281.85
e) Gains from the realisation of investments	8 044 127.91		89 388 985.96	584 589.57
f) Other income from investments and interest yield	36 985 478.15		61 794 128.06	2 687 839.52
3. Investment charges		- 76 130 978.53	- 241 054 989.48	- 5 532 653.98
a) Investment management charges	- 3 370 192.43		- 47 752 843.93	- 244 921.44
b) Value adjustments on investments	- 55 523 639.58		- 171 980 908.40	- 4 035 060.25
c) Interest charges	- 8 058 315.45		- 17 948 141.20	- 585 620.62
d) Losses on the realisation of investments	- 283 345.90		- 1 200 707.17	- 20 591.55
e) Other charges from investments	- 8 895 485.17		- 2 172 388.78	- 646 460.12
4. Allocated investment return transferred to the technical account		- 27 260 529.09	- 2 502 540 922.02	- 1 981 099.91
5. Other non-technical income		18 210 227.97	10 946 181.29	1 323 388.88
6. Other non-technical charges		- 40 415 328.70	- 14 123 907.51	- 2 937 096.48
7. Profit on ordinary activities		332 644 846.34	215 867 642.27	24 174 243.73
8. Tax on profit		58 675.50	- 4 993 838.96	4 264.11
9. Profit for the financial year (before changes in reserves)		332 703 521.84	210 873 803.31	24 178 507.84
10. Releases of reserves		2 030 978.62	137 453 567.00	147 596.97
a) Release of reserves from additional capital allowances	2 027 448.42		292 017.00	147 340.42
b) Release of other tax allowed reserves	3 530.20		161 550.00	256.55
c) Release of voluntary reserves	0.00		137 000 000.00	0.00
11. Transfer to reserves		- 95 168 982.38	- 196 656 766.00	- 6 916 199.67
a) Transfer to risk reserve acc. § 73 a VAG			- 1 656 766.00	- 593 663.10
b) Transfer to other tax allowed reserves	- 8 168 982.38			
c) Transfer to voluntary reserves	- 87 000 000.00		- 195 000 000.00	- 6 322 536.57
12. Profit for the financial year		239 565 518.08	151 670 604.31	17 409 905.14
13. Profit brought forward		674 879.37	124 275.06	49 045.41
14. Total profit		240 240 397.45	151 794 879.37	17 458 950.55

I. General information

The annual accounts as per 31.12.1999 have been prepared in accordance with the provisions of the current version of the Austrian Commercial Code (HGB) and of the current version of the Austrian Insurance Supervisory Act (VAG).

The company has indirect property/casualty insurance and life assurance business operations. The entire insurance business is shown in the property/casualty insurance accounting section.

II. Restructuring exercise in 1999

The concept for restructuring the Group (BARC 2000 concept) was implemented in 1999. In order to make sure that the objectives were reached, a restructuring plan was signed by the managements of all the companies affected on 21. June 1999. The qualifying date for the restructuring exercise was 31. December 1998. The individual stages in the restructuring exercise were agreed on the condition that the previous stage in the restructuring process was completed in each case. The stages affecting the company are explained in this order, too.

Various participating interests were separated from Austria-Collegialität Österreichische Versicherung AG in order to be incorporated in BARC Versicherungs-Holding AG. This separation process was carried out on a disproportionate basis; the separated assets were allocated exclusively to BARC Versicherungs-Holding AG, so that a capital increase was not made at the acquiring company.

BARC Versicherungs-Holding as the transferring company was merged with Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, as the acquiring company in accordance with the provisions of §§ 219 ff of the Austrian Companies Act and Article I of the Austrian Company Restructuring Act, involving a share capital increase. The equity capital changed by ATS 913 534 744.24 as a result.

The life assurance, health insurance and accident insurance operations of Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, were incorporated in Austria-Collegialität Österreichische Versicherung AG, while the property insurance operations were incorporated in Austria Schaden- und Unfallversicherung AG – in both cases in accordance with the provisions of Article III of the Austrian Company Restructuring Act and involving a capital increase. The equity capital changed by ATS – 2 171 046 795.34 and ATS 3 406 565 255.70 respectively as a result.

BV-Versicherungsholding GmbH and BV-Beteiligungsverwaltung GmbH as the transferring companies were in addition merged with Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, as the acquiring company in accordance with the provisions of Article I of the Austrian Company Restructuring Act. In the course of the restructuring exercise, shares in Versicherungsanstalt der österreichischen Bundesländer, Versicherungsaktiengesellschaft, which was taken over

during the restructuring period by BARC Versicherungs-Holding AG, were passed on to the shareholders of the transferring company.

The equity capital changed by a total of ATS – 45 742 709.94 as a result. Following the stages in the restructuring process, the breakdown of the equity capital is as follows:

	Before restructuring ATS	Change ATS	After restructuring ATS
I. Share capital			
Par value	902 521 800.00	554 349 000.00	1 456 870 800.00
II. Participation capital	41 978 200.00	0.00	41 978 200.00
III. Capital reserves			
Committed	2 161 594 898.72	1 572 185 464.60	3 733 780 363.32
IV. Revenue reserves			
1. Legal reserve acc. to § 130 of the Austrian Companies Act	7 888 728.28	0.00	7 888 728.28
2. Other reserves	466 700 000.00	– 24 189 555.95	442 510 444.05
V. Profit account (after distribution for 1998)	674 879.37	0.00	674 879.37
	3 581 358 506.37	2 103 310 494.66	5 684 669 001.03

The contracts required to carry out the stages in the restructuring process were concluded on 22. June 1999, subject to their approval by the Annual Shareholders' Meetings and the insurance supervisory authorities. These approvals were given at the Annual Shareholders' Meetings on 15. and 17. September 1999 and with the official notification issued by the insurance supervisory authorities on 24. September 1999. Europa Treuhand Ernst & Young Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH

carried out the merger audit in accordance with § 220 b of the Austrian Companies Act, the audits of the capital increases by contributions in kind and the residual assets audits in accordance with § 3 paragraph 4 of the Austrian Company Division Act.

In the course of the restructuring exercise, the Articles of Association of the individual companies were also revised, while the company names were changed to include the word

UNIQA. The company is now known as UNIQA Versicherungen AG. As a result of these different stages in the restructuring process, the figures for the financial year are not comparable to the figures for the previous year. All the figures given for the previous year in the balance sheet and the relevant explanatory notes relate to data in the restructuring balance sheets. The figures in the profit and loss accounts are those of the legal predecessor. Comparison is not therefore possible.

III. Disclosure and explanation of the accounting and valuation principles

The annual accounts have been prepared in compliance with the principles of proper book-keeping and with the general objective of providing a true and fair view of the company's assets, liabilities, financial position and earnings position. The principle of individual valuation has been observed in the valuation of the assets and debts on the basis of the company as a going concern. The principle of appropriate prudence has been followed in that profits have only been shown that had been realised on the balance sheet date, while all apparent risks and contingent losses have been taken into account in the balance sheet.

Assets

The other intangible assets have been valued at cost less deduction of scheduled depreciation of 20% to 25% p.a. The other intangible assets include EDP software with a book value of ATS 118 922 000 (1998: 306 190 000) bought from affiliated companies.

Land has been included at cost. Buildings have been valued at acquisition or production cost less deduction of scheduled depreciation. Scheduled depreciation has been calculated at the rates of 2% to 4% allowed under tax law. Repair and maintenance expenditure on buildings that are rented to tenants who are not company employees for residential purposes is depreciated over a period of ten years.

The shares in affiliated companies and the participating interests have been included at the book values specified in the contracts on contribution in kind or at acquisition cost. The shares in affiliated companies, the participating interests and all securities have been valued at the lower of cost or market. In the course of the restructuring exercise, financial investments were combined that were in some cases (fixed-interest securities) valued by different methods. From 1999 onwards, these investments have been valued consistently by the principles outlined above.

The credit balances at banks, the receivables and the pro rata interest have been included in the accounts at their nominal value.

The other tangible assets have been valued at cost less deduction of scheduled depreciation. Scheduled depreciation is made according to the ordinary useful life. Minor-value assets have been depreciated in full in the year of their acquisition.

Liabilities

Indirect business

The provisions for unearned premiums, life assurance reserves and outstanding claims which have been formed in connection with the reinsurance of contracts in indirect business are based on the reports submitted by the cedents on the qualifying date 31.12.1998 or 31.12.1999 with immediate posting. The claim reserves reported have been supplemented by additional allowances if this was considered to be necessary because of past experience. Provisions after reinsurance of ATS 80 500 000 (1998: ATS 80 500 000) have been formed in the other technical provisions in the financial year to cover further potential charges relating to indirect business.

The claim equalisation provision has been calculated in accordance with the stipulations of the regulation issued by the Austrian Ministry of Finance (BGBL No. 545/1991) and/or the instructions issued by the insurance supervisory authorities (§ 81 m, paragraph 5 of the VAG).

Other liabilities

The provisions for severance payments have been valued by the entry-age method on the basis of an interest rate of 5% or 6% for holders of special contracts (Pagler&Pagler tables). The pension provisions have been calculated by the entry-age method on the basis of an interest rate of 6% (Pagler&Pagler mortality tables). The provisions for severance payments amounted to ATS 991 880 000, while the pension provisions total ATS 2 389 306 000.

The provisions for severance payments and pensions included in the accounts correspond to the cover required according to the actuarial calculations as per 31.12.1999.

The other personnel provisions of ATS 491 756 000 include the provision for anniversary payments, that has also been determined actuarially on the basis of an interest rate of 6% (Pagler&Pagler tables) in accordance with the entry-age method, the provisions for unused holiday entitlements, the provisions for credit hours and the provisions for pending severance payments.

The size of the other non-actuarial provisions has been determined by probable actual requirements. They take account of all the apparent risks as well as liabilities where the amount involved is not yet definite.

The liabilities have been included with their probable repayment amount, making sure that a cautious approach is adopted.

Other information

All of the receivables, pro rata interest, liabilities and provisions in foreign currencies have been valued in the accounts at the mean exchange rate; where countries that are members of the EEMU are involved, such items have been translated at the euro exchange rates specified on 31. December 1998.

Securities in foreign currencies have been included in the accounts at the specified euro exchange rates or at the mean exchange rate in previous years or at acquisition cost. Most incoming invoices issued in foreign currencies have been translated at the buying rate.

The technical items in underwritten reinsurance business (technical provisions, technical income and expenditure) and the retrocession charges associated with them have been posted immediately for affiliated companies in property/casualty insurance. The other underwritten items and the retrocession charges associated with them are generally included in the annual accounts with a delay of one year. The balance of the statements submitted by the cedents for 1999 that had been received by 31.12.1999 after deduction of the retrocession statements compiled by this date includes technical expenditure of ATS 31 551 000 and technical income of ATS 90 436 000 that have been shown in

the prepaid expenses/deferred income items. The indirect life assurance business is posted to some extent immediately and to some extent with a delay of one year. ATS 639 071 of the allocated premiums in indirect property/casualty insurance business have been included in the profit and loss account with a delay of one year. ATS 4 605 986 000 have been posted immediately. The earned premiums posted immediately in life assurance amounted to ATS 147 469 000, while the earned premiums posted with a delay of one year totalled ATS 110 121 000.

III. Explanatory notes about items in the balance sheet

The balance sheet figures for the items intangible assets, land and buildings, capital investments in affiliated companies and participating interests have developed as follows:

	Intangible assets ATS '000	Land and buildings ATS '000	Shares in affiliated companies ATS '000	Debt securities issued by affiliated companies ATS '000	Participating interests ATS '000
1.1.1999	363 443	809 147	7 635 415	100 000	930 067
Brought forward	38 229				
Additions	2 182	539 277	1 203 205		143 123
Transfers			– 440 019	– 100 000	440 019
Disposals	– 2 316		– 333 094		– 307 557
Write-ups					65 214
Depreciation	– 149 805	– 28 699			
31.12.1999	251 733	1 319 725	8 065 507	0	1 270 866

The current values of the capital investments can be broken down as follows:

	31.12.1999 ATS '000	31.12.1998 ATS '000
Land and buildings	1 424 061 ³⁾	
Capital investments in affiliated companies and participating interests		
1. Shares in affiliated companies	22 800 323 ¹⁾	22 370 232 ¹⁾
2. Participating interests	1 538 651 ¹⁾	1 197 853 ¹⁾
Other capital investments		
1. Other variable-yield securities	42 820 ²⁾	669 986 ²⁾
2. Debt securities and other fixed-income securities	820 105 ²⁾	870 806 ²⁾
3. Other loans	3 293 ²⁾	0
Deposits with ceding companies	1 014 074 ²⁾	1 303 607 ²⁾

1) The values of the shares in affiliated companies and of the participating interests have been determined on the basis of valuation reports and market/transaction prices. All the main participating interests have been covered by these valuation methods. When no market or transaction prices were available, participating interests of minor importance have been valued at adjusted acquisition cost – using the relevant share of their equity if there is a large difference between the book value and the appropriate share of their equity.

2) Based on market or stock exchange values; nominal values (taking unscheduled depreciation into account) have been used in the absence of them.

3) The value of land and buildings in 1999 has been determined on the basis of the relevant real and income values, taking the Austrian Property Valuation Act into account.

The basic value (book value) of land with and without buildings amounts to ATS 282 082 000.

The balance sheet value (book value) of company-occupied property amounts to ATS 494 267 000.

	1999 ATS '000	1998 ATS '000
Holiday entitlements that have not been used yet	265 872	254 542
Anniversary payments	178 786	174 199
Customer relations and marketing	252 430	55 136

ATS 39 142 000 of the other liabilities are accounted for by tax liabilities, while ATS 66 706 000 of them are social security liabilities.

	Affiliated companies 1999 ATS '000	Companies in which an interest is held 1999 ATS '000
Deposits with ceding companies	403 885	250 282
Debtors arising out of reinsurance operations	1 702 569	22 058
Other debtors	825 478	4 989
Creditors arising out of reinsurance operations	5 415	38 802
Other creditors	376 224	4

The other receivables include income from dividends of ATS 315 577 000 that are not due for payment until after the balance sheet date.

The other provisions include the following major items:

The balance sheet items listed below included the following amounts on 31.12.1999 that are attributable to charges relating to affiliated companies and companies in which an interest is held:

IV. Explanatory notes about items in the profit and loss account

The total premiums, the earned premiums, the expenditure on insurance claims, the expend-

iture on insurance operations and the reinsurance balance in property and casualty insurance in 1999 can be broken down as follows:

	BEFORE REINSURANCE				Reinsurance balance ATS '000
	Total premiums ATS '000	Earned premiums ATS '000	Expenditure on insurance claims ATS '000	Expenditure on insurance operations ATS '000	
Indirect business					
Marine, aviation and transport insurance	115 639	114 750	88 812	37 423	19 664
Other insurance	5 145 967	5 130 307	3 971 722	1 673 120	168 324
Total indirect business	5 261 606	5 245 057	4 060 534	1 710 543	187 988

Premiums, insurance payments, commission and bonuses are included in the reinsurance balances shown.

In indirect life assurance business the total premiums amounted to ATS 296 395 000, while the earned premiums were ATS 257 590 000 and the expenditure on insurance claims was ATS 87 708 000. The reinsurance balance in life assurance from the cession of indirect

business in the financial year was positive for the company (ATS 2 486 000). This is shown in the property/casualty insurance accounting section.

In accordance with § 16 of the RLVVU, the deposit interest income from indirect business totalling ATS 27 261 000 has been transferred to the technical account.

The items operating expenses, other technical charges and investment charges include the following amounts:

	Total 1999 ATS '000	Charged 1999 ATS '000	Retained 1999 ATS '000
Wages and salaries	1 990 808	1 966 638	24 170
Expenditure on severance payments	158 064	158 064	0
Expenditure on old-age pensions	337 341	242 478	94 863
Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions	661 454	652 825	8 629
Other social security expenditure	46 603	45 935	668
	3 194 270	3 065 940	128 330

ATS 1 951 698 000 of the total personnel costs are accounted for sales operations, while ATS 1 242 572 000 are attributable to administrative operations. A total of ATS 3 065 940 000 of this amount was charged to UNIQA Personenversicherung AG, UNIQA Sachversicherung AG, Raiffeisen Versicherung AG, Salzburger Landesversicherung AG, Collegialität Versicherung AG, UNIQA Finanz-Service GmbH, UNIQA Beteiligungs-Holding GmbH and UNIQA International Versicherungs-Holding GmbH.

All of the personnel costs retained at UNIQA Versicherungen AG are accounted for by administrative operations.

Apart from pension expenditure for retired staff, most of the other technical charges are attributable to deposit and balance interest from ceded reinsurance.

The interest income consists mainly of deposit and balance interest from indirect business.

The untaxed reserves developed as follows in the year under review:

	1.1.1999 ATS '000	Addition ATS '000	Release ATS '000	31.12.1999 ATS '000
Valuation reserve because of special depreciation according to § 12 of the Austrian Income Tax Act	60 674	0	- 2 027	58 647
Investment allowance/1997 according to § 10 of the Austrian Income Tax Act	5 147	0	0	5 147
Investment allowance/1998 according to § 10 of the Austrian Income Tax Act	550	0	- 3	547
Investment allowance/1999 according to § 10 of the Austrian Income Tax Act	0	8 169	0	8 169
Total	66 371	8 169	- 2 030	72 510

The valuation reserve because of special depreciation in accordance with § 12 of the Austrian

Income Tax Act relates to the following balance sheet items:

	1.1.1999 ATS '000	Release ATS '000	31.12.1999 ATS '000
Land and buildings	1 068	- 57	1 011
Shares in affiliated companies	59 528	- 1 970	57 558
Participating Interests	78	0	78

The reserve according to § 10 of the Austrian Income Tax Act that is shown in the balance sheet as per 31.12.1999 can be broken down as follows:

	Investment allowance according to § 10 of the Austrian Income Tax Act ATS
1997	5 146 831.00
1998	546 636.80
1999	8 168 982.38
Total	13 862 450.18

Due to tax-deductible income from equity holdings, only the minimum corporation tax expenditure of ATS 75 000 was incurred in the year under review. Capitalisable deferred taxes amounting to ATS 164 376 000 have not been included in the balance sheet.

V. Information about legal structures and equity holdings

In its capacity as the top insurance parent company, the company is required to prepare consolidated annual accounts. It is not included in any other consolidated annual accounts. The consolidated annual accounts are available from the registered office of the company in Vienna.

The total share capital of 1 495 723 000 is made up of 14 957 235 ordinary shares (registered shares) with a par value of ATS 100 each. Due to a conditional capital increase, it changed by ATS 38 853 000 over the previous year. Approved capital amounting to ATS 3 126 000 is available to exchange further participation certificates for ordinary shares.

There are the following insurance relationships to affiliated companies:

UNIQA Sachversicherung AG:

Underwriting of reinsurance relating to property and casualty insurance

UNIQA Personenversicherung AG:

Underwriting of reinsurance relating to accident insurance and life assurance, ceding of reinsurance relating to life assurance

Raiffeisen Versicherung AG:

Underwriting of reinsurance relating to property/casualty insurance and life assurance

Salzburger Landes-Versicherung AG:

Underwriting of reinsurance relating to property/casualty insurance and life assurance

Cesko-Rakouska Pojistovna a.s.:

Underwriting of reinsurance relating to property/casualty insurance and life assurance

Poistovna OTCINA a.s.:

Underwriting of reinsurance relating to property/casualty insurance and life assurance

Austrija Osiguranje d.d.:

Underwriting of reinsurance relating to property/casualty insurance and life assurance

Austria Assicurazioni S.P.A.:

Underwriting of reinsurance relating to property/casualty insurance

Collegialität Versicherung AG:

Underwriting of reinsurance relating to property/casualty insurance

There are also relationships to other affiliated companies:

The accounting, financial controlling, asset management and asset investment functions (including management of the equity holdings) have been hived off to form UNIQA Finanz-Service GesmbH.

The following losses were assumed on the basis of single-entity arrangements with subsidiaries and/or profit-sharing agreements:

	1999 ATS '000
AGENTA Risiko- und Finanzierungsberatung GmbH	22 976
Collegialität Versicherung AG	6 375
UNIQA Küchen-Service GmbH	2 127

Equity interests amounting to at least one-fifth of the capital were held in the following companies on 31.12.1999:

Name and registered office of the company	Capital interest %	Last annual accounts	Equity capital ¹⁾ ATS '000	Net income/loss for the year ¹⁾ ATS '000
Affiliated companies				
Austria				
UNIQA Personenversicherung AG, Vienna	63.39	1999	2 427 589	206 170
UNIQA Sachversicherung AG, Vienna	100.00	1999	719 605	1 034
Raiffeisen Versicherung AG, Vienna	100.00	1999	1 477 243	108 552
Collegialität Versicherung AG, Vienna	100.00	1999	100 000	- 6 158
Salzburger Landes-Versicherung AG, Salzburg	100.00	1999	304 407	29 124
UNIQA Beteiligungs-Holding GmbH, Vienna	100.00	1999	1 005 242	14 350
UNIQA International Versicherungs-Holding GmbH, Vienna	100.00	1999	351 530	- 2 141
UNIQA Software-Service GmbH, Vienna	100.00	1999	9 119	2 714
TA-BE Taxibetriebsgesellschaft m.b.H., Eisenstadt	100.00	1999	685	181
UNIQA Finanz-Service GmbH, Vienna	100.00	1999	2 669	108
UNIQA Immobilien-Besitz AG, Vienna	100.00	1999	316 169	- 14 006
UNIQA Küchen-Service GmbH, Vienna	100.00	1999	502	- 57
AGENTA Risiko- und Finanzierungsberatung GmbH, Vienna	100.00	1999	2000	- 22 976
ÖBW Bildungsmanagement für Wirtschaftsunternehmen GmbH, Vienna	80.00	1999	4 020	673
Risikodienst und Schadenberatung GmbH, Vienna	100.00	1999	717	209
Verges Verwaltung von Versicherungsverträgen für die Abfertigungsvorsorge im Bereich der Wirtschaft GmbH, Vienna	61.82	1999	2 039	91
Austria Österreichische Hotelbetriebs-Aktiengesellschaft, Vienna	99.50	1999	275 879	10 040

Name and registered office of the company	Capital interest %	Last annual accounts	Equity capital ¹⁾ ATS '000	Net income/loss for the year ¹⁾ ATS '000
Austria				
AUSTRIA Österreichische Hotel-Betriebs-Beteiligungs GmbH, Vienna ²⁾	65.00	1999	133 730	1 674
UNIQA Immobilien-Service GmbH, Vienna	100.00	1999	3 532	858
Other countries				
Austria Versicherungen AG, Geneva	100.00	1999	628 490	40 848
Austrija Osiguranje d.d., Zagreb ³⁾	20.00	1999	68 282	- 3 226
Bellevue Plaza Kft., Budapest	100.00	1999	2 416	- 1 433
Equity holdings				
Austria				
Allgemeine Rechtsschutz Versicherung AG, Vienna	50.00	1998	114 189	34 107
MLP-Lebensversicherung AG, Vienna	50.00	1998	53 374	8 982
SK Versicherung AG, Vienna	24.96	1998	79 396	3 725
Call us Assistance International GmbH, Vienna	31.00	1999	6 832	2 074
EBV Leasing Gesellschaft m.b.H., Vienna	50.00	1999	173	- 257
Humanomed Krankenhaus Management GmbH, Vienna	44.00	1998	4 020	3 074
INTERIURA SchadenregulierungsgesmbH, Vienna	50.00	1998	4 589	1 546
Privatklinik Wehrle Gesellschaft m.b.H., Salzburg	50.00	1998	9 464	- 2 925
ÖPAG Pensionskassen AG, Vienna	39.08	1999	139 683	1 742

1) Translation of amounts in foreign currencies to their equivalent in ATS at the mean foreign exchange rate at the end of 1999.

2) Total interest 90% (65% held directly and 25% held indirectly via ASSHOLD S.A.).

3) Total interest 100% (20% held directly and 80% held via UNIQA International Versicherungs-Holding GmbH).

VI. Personnel information

Management Board:

Chairman:

Herbert Schimetschek, Vienna

Members:

Hannes Bogner, Vienna
(deputy member up to 30.6.1999, full member
from 1.7.1999 onwards)

Peter Eichler, Vienna
(deputy member up to 30.6.1999, full member
from 1.7.1999 onwards)

Peter Grabner, Vienna (up to 30.6.1999)

Christian Sedlnitzky, Vienna

Hubert Schatzdorfer, Klosterneuburg

Christian Sedlnitzky, Vienna

Gottfried Wanitschek, St. Margarethen

Supervisory Board:

Chairman:

Christian Konrad, Vienna
(from 17.9.1999 onwards)

Walter Rothensteiner, Vienna (up to 17.9.1999)

Deputy Chairmen:

Adolf Bayer, Vienna (up to 22.6.1999)

Klaus Braunegg, Vienna (from 22.6.1999
onwards, 1st deputy chairman from 17.9.1999
onwards)

Walter Rothensteiner, Vienna, (2nd deputy
chairman from 17.9.1999 onwards)

Heinz Kessler, Haid near Ansfelden (3rd deputy
chairman from 17.9.1999 onwards)

Walter Petrak, Vienna (4th deputy chairman
from 17.9.1999 onwards)

Ewald Wetscherek, Vienna (5th deputy chair-
man from 17.9.1999 onwards)

Members:

Dietrich Blahut, Vienna (from 17.9.1999
onwards)

Klaus Braunegg, Vienna (up to 22.6.1999)

Theodor Detter, Vienna (from 17.9.1999
onwards)

Konrad Fuchs, Maria Enzersdorf (from
17.9.1999 onwards)

Gustav Harmer, Vienna (from 17.9.1999
onwards)

Gottfried Holzer, Vienna (from 17.9.1999
onwards)

Manfred Holztrattner, Salzburg (from
17.9.1999 onwards)

Michael Hülmbauer, Ferschnitz (from
17.9.1999 onwards)

Heinz Kessler, Haid near Ansfelden (from
22.6.1999 to 17.9.1999)

Christian Konrad, Vienna (up to 17.9.1999)

Johannes M. Martinek, Vienna (from
17.9.1999 onwards)

Klaus Pekarek, Klagenfurt (from 17.9.1999
onwards)

Peter Püspök, Perchtoldsdorf (from 17.9.1999
onwards)

Friedrich Rauscher, Langenzersdorf (from
17.9.1999 onwards)

Ludwig Scharinger, Linz (from 17.9.1999
onwards)

Karl Waltle, Bregenz (from 17.9.1999 onwards)

Georg Winckler, Vienna (from 17.9.1999
onwards)

Delegated by the central works council (from
the company transfer date – 4.11.1999 –
onwards):

Thomas Baldemair, Vienna (from 23.11.1999
onwards)

Franz Eggenhofer, Vienna (up to 23.11.1999)

Erich Gehringer, Vienna (up to 23.11.1999)

Franz Gruber, Obergäu

Hans Hahnen, Mils

Ferdinand Hammerer, Wolfurt

Helmut Hanzlik, Vienna

Friedrich Katschnig, Vienna (from 23.11.1999
onwards)

Franz Michael Koller, Graz

Susanne Schober, Vienna

Werner Schuster, Maurach (up to 23.11.1999)

Franz Wagner, Vienna (from 23.11.1999
onwards)

Walter Zwiauer, Vienna

The average number of employees was 4 909 (1998: 5 107); 2 443 of them had administrative positions (1998: 2 586), while 2 466 were sales representatives (1998: 2 521). All of the staff are employed by UNIQA Versicherungen AG; none of the other operating companies employ any staff.

As in the previous years, the members of the Management Board received remunerations solely from the parent company of the Group, UNIQA Versicherungen AG. Management Board remuneration amounted to ATS 31 123 000 (1998 at BARC Versicherungs-Holding AG: ATS 31 988 000). ATS 29 563 000 of this amount were charged to the operating subsidiaries. Expenditure of ATS 28 533 000 was incurred

in pension payments to former members of the Management Board and their surviving dependants in the year under review.

Expenditure on severance payments and pensions amounted in total to ATS 495 405 000. ATS 64 369 000 of this were accounted for by Management Board members and senior executives as defined in § 80 (1) of the Austrian Companies Act. Both of these figures also include expenditure for pensioners and surviving dependants. ATS 401 848 000 of the total amount of ATS 495 405 000 were charged to the operating subsidiaries.

Payments to the members of the Supervisory Board amounted to ATS 2 809 000 (1998: ATS 3 012 000); former members of the Supervisory Board did not receive any payments.

Vienna, May 2000



Hubert Schatzdorfer



Peter Eichler



Johannes Hájek

The Management Board:



Herbert Schimetschek



Gottfried Wanitschek



Christian Sedlnitzky



Hannes Bogner

Auditor's certificate

We have audited the financial statements and the management report of UNIQA Versicherungen Aktiengesellschaft for the year ended 31 December 1999 which have been set up in accordance with the Austrian Commercial Code. We conducted our audit in accordance with Austrian GAAS. After completion of our audit of the unabridged financial statements established in German language for the 12-month period ended on 31. December 1999 of UNIQA Versicherungen Aktiengesellschaft, Vienna, Austria

Vienna, 8. May 2000

KPMG Alpen-Treuhand
Wirtschaftsprüfungs- und
Steuerberatungs-GmbH

Walter Knirsch
Austrian Chartered
Accountant

Erich Heiß
Austrian Chartered
Accountant

Securitas Revisions- und
Treuhandgesellschaft mbH

Michael Schlenk
Austrian Chartered
Accountant

Friedrich Unterkircher
Certified Accountant

we render the following unqualified opinion according to Article 274 section 1 HGB (Austrian Commercial Code):

»As a result of our due audit we can certify that the accounting records and the financial statements give a true and fair view of the company's assets, liabilities, financial position and earnings position in conformity with generally accepted accounting principles. The management report corresponds with the financial statements.«

Profit appropriation proposal

The Management Board proposes to the Annual Shareholders' Meeting that the total profit for 1999 amounting to

ATS 240 240 397.45

is appropriated as follows:

Distribution of a dividend of ATS 16 for each of the 14 957 235 ordinary shares with a par value of ATS 100.00 each that had been issued on 31.12.1999

ATS 239 315 760.00

Distribution of a dividend of ATS 16 for the participation certificates and the ordinary shares that had replaced participation certificates as per the value date 22. May 2000 – a total of 31 255 with a par value of ATS 100.00 each

ATS 500 080.00

The remaining amount of

ATS 424 557.45

is to be carried forward to the new account.

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