

# First Quarter Report 2005

UNIQA Versicherungen AG

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Key figures	1-3/2005 € mill.	1-3/2004 € mill.	Change in %
<b>Premiums written</b>			
Property and casualty	658.7	490.8	34.2
Life	455.9	341.7	33.4
Health	197.0	190.8	3.2
<b>Total</b>	<b>1,311.6</b>	<b>1,023.4</b>	<b>28.2</b>
Savings portion of the premiums from unit-linked and index-linked life insurance	61.5	28.6	114.9
<b>Benefits and claims<sup>1)</sup></b>			
Property and casualty	266.9	209.9	27.1
Life	521.7	451.0	15.7
Health	177.0	167.7	5.6
<b>Total</b>	<b>965.6</b>	<b>828.6</b>	<b>16.5</b>
<b>Operating expenses</b>			
Property and casualty	126.2	100.2	25.9
Life	48.2	50.8	-5.1
Health	28.3	27.2	3.9
<b>Total</b>	<b>202.7</b>	<b>178.2</b>	<b>13.7</b>
<b>Net investment income</b>	<b>201.6</b>	<b>212.0</b>	<b>-4.9</b>
<b>Profit on ordinary activities</b>	<b>41.6</b>	<b>8.6</b>	<b>383.7</b>
<b>Insured capital in life insurance</b>	<b>50,936.5</b>	<b>39,063.8</b>	<b>30.4</b>

Stock market indicators	1-3/2005 €	1-3/2004 €	Change in %
Low	11.04	7.85	
High	14.50	10.78	
Price at 31/3	13.18	10.04	31.3
Market capitalisation at 31/3 (in € mill.)	1,578.7	1,202.6	31.3

## UNIQA shares – technical details

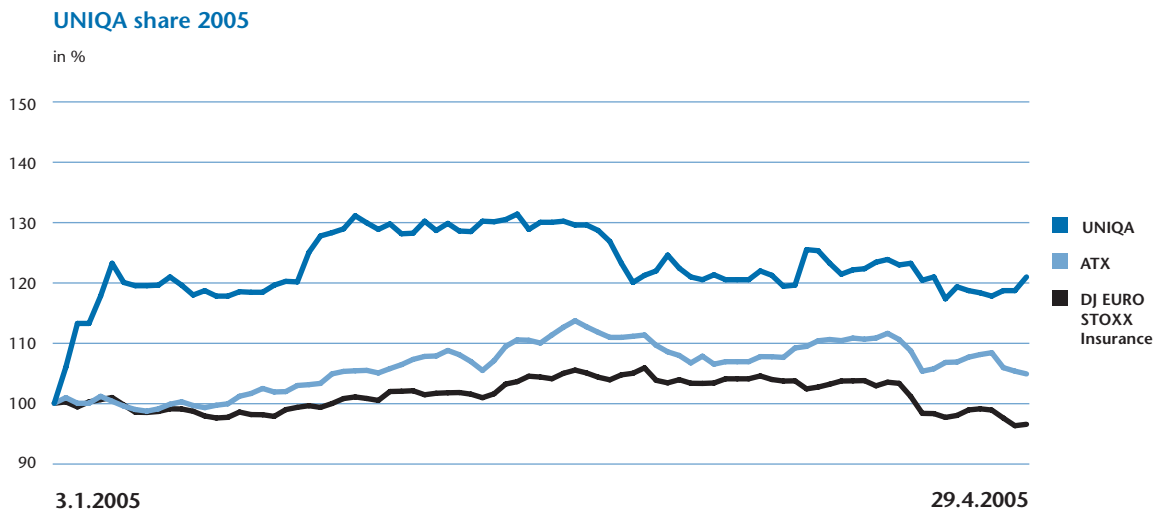
Securities abbreviation	UQA
Reuters	UNIQ.VI
Bloomberg	UQA.AV
ISIN	AT0000821103
Market segment	Prime Market – Vienna Stock Exchange
Trading segment	official trading
Indices	ATX Prime, WBI
Number of shares	119,777,808

## Financial calendar for the year 2005

Ex dividend day	6 June 2005
2 <sup>nd</sup> quarterly report 2005	31 August 2005
3 <sup>rd</sup> quarterly report 2005	30 November 2005

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

# UNIQA Group Austria



## UNIQA shares rose by almost 25%

The positive development on the Austrian stock market continued into the beginning of the year 2005 as well. The Austrian Traded Index reached a new all-time high of 2,781.55 points on 7 March 2005. Compared to the end of the year 2004 the ATX rose by 8.3% in the 1<sup>st</sup> quarter of 2005 and was at 2,632.90 points on 31 March 2005. After a slight consolidation the ATX stood at 2,566.00 points at the end of April.

UNIQA shares took off to a fulminating start at the beginning of 2005 and hit a historic high of €14.50 on 28 February 2005. On 31 March 2005 the shares were at €13.18, which was 24.3% higher than at the beginning of the year. UNIQA shares stayed high in April 2005 and were selling at €13.35 at the end of the month.

The DJ Insurance Index went up 4.6% and stood at 211.92 points at the end of the 1<sup>st</sup> quarter of 2005. At the end of April 2005 the European Insurance Index was at 197.28 points.

## Programme for the resale of shares

In the first quarter of 2005 UNIQA made use of the authorisation to resell its own shares and sold 998,048 UNIQA shares on the stock market. In April 2005 an additional 13,182 shares were resold, increasing the free float of UNIQA shares.

At the end of April 2005 UNIQA held 8.1 million of its own shares. This corresponds to a 6.8% portion of the share capital.

## Group of consolidated companies expanded

In the first quarter of 2005 the scope of consolidation of the UNIQA Group was expanded to include the Mannheimer Krankenversicherung AG, acquired at the beginning of 2005. The figures of Claris Vita Assicurazioni S.p.A. are also included in this report. Raiffeisen Osiguranje d.d. in Bosnia and Herzegovina was not yet consolidated in the first quarter of 2005.

## The premium volume written in the 1<sup>st</sup> quarter up 28%

The 1<sup>st</sup> quarter of 2005 was extremely successful for the UNIQA Group. The premium volume written increased compared to the previous year by a clear 28.2% to €1,311.6 million. The Group's companies in Austria contributed €933.5 million (+3.9%) to this, the premiums of the companies in Central Europe amounted to €378.1 million (+203.2%). Organic growth both in Austria and internationally (+5.8%) contributed to this development as much as did the inclusion of recently acquired companies in the scope of consolidation. The premium volume written of the first-time consolidated Italian life insurer, Claris Vita, amounted to €87.3 million in the 1<sup>st</sup> quarter of 2005. The included premium volume written of the Mannheimer Group amounted to €124.0 million.

The Group's premium earned amounted to €1,025.4 million (+25.8%) in the 1<sup>st</sup> quarter of 2005.

### Property and casualty insurance

Premiums written in property and casualty insurance increased in the first three months of 2005 by 34.2% to €658.7 million. The premium increase in the motor vehicle lines was 28.6% for the entire Group. In the other property lines, premiums written during the reporting period could be increased by 38.0% compared to the previous year – in household insurance even by 120.8%.

In Austria property and casualty premiums went up by 5.2% to €423.4 million, international business by 166.2% to €235.3 million due to the new additions to the scope of consolidation.

Premium earned in property and casualty insurance increased in the first quarter of 2005 by 33.3% to €396.2 million.

### Life insurance

The pleasing growth rates in life insurance continued unabatedly in the 1<sup>st</sup> quarter of 2005. While the premium volume written increased by 33.4% to €455.9 million, premiums earned rose by 31.6% to €439.6 million. A major contribution to this development, in addition to the continuing strong demand for pension products, was made by the first-time consolidation of Claris Vita. The premiums from the Group's foreign companies now amount to €123.8 million (1–3/2004: €17.7 million).

The risk premium share of unit-linked and index-linked life insurance included in the first quarter report of 2005 totalled €12.8 million (1–3/2004: €9.6 million). The savings portion of the premiums not included in the consolidated premium revenue of the unit-linked and index-linked life insurance, as laid down in the international accounting standards, amounted to €61.5 million (1–3/2004: €28.6 million). This increase of 114.9% can be explained by the continuing strong demand for these life insurance products. At the end of April 2005 the portfolio amounted to about 210,000 policies including the "state-assisted pension plan".

### Health insurance

The premium volume written in health insurance increased in the reporting period 2005 by 3.2% to €197.0 million.

Earned premium revenue amounted to €189.7 million (+3.2%).

### The rise in loss expenses and benefits paid disproportionately low

The development of loss expenses and benefits in the UNIQA Group was particularly satisfactory in the first quarter of 2005. Insurance benefits rose moderately compared to the previous year – and compared with the increase in premium revenue – by 16.5% to €965.6 million.

### Property and casualty insurance

Loss expenses and benefits paid developed positively during the reporting period and showed a disproportionately low increase of 27.1% to €266.9 million.

### Life insurance

The development of claims including the change in actuarial provision was, with an increase of 15.7% to €521.7 million, considerably below the increase of premium volume written in the comparative period.

### Health insurance

Insurance benefits including the change in actuarial provisions increased during the reporting period by 5.6 % to €177.0 million.

### Group cost ratio reduced

The development of costs in the UNIQA Group during the 1<sup>st</sup> quarter of 2005 was very pleasing. Total operating expenses increased by 13.7% to €202.7 million. The increase in net acquisition costs was disproportionately low compared to business performance: by 11.8% to €144.5 million. Other operating expenses increased, after consideration of the reinsurance commissions received, by 19.0% to €58.2 million.

The cost ratio – the relation of the total operating expenses to the Group's earned premiums – was down in the 1<sup>st</sup> quarter of 2005 to 19.8% (1–3/2004: 21.9%) – a sign that our increased earnings programme has led to sustained cost savings.

### Property and casualty insurance

Total operating expenses in property and casualty insurance increased in the first three months of 2005 by 25.9% to €126.2 million. The increase in acquisition expenses was disproportionately low compared to the overall business performance, by 26.7% to €96.4 million. Other operating expenses (incl. reinsurance commissions received) rose by 23.9% to €29.8 million.

The cost ratio in property and casualty insurance fell in the 1<sup>st</sup> quarter of 2005 to 31.9% (1–3/2004: 33.7%). The combined ratio – the relation of the insurance benefits plus the total operating expenses to the Group's earned premiums in property and casualty insurance – continued to be below 100% in the first three months of 2005.

### Life insurance

In life insurance, total operating expenses in the 1<sup>st</sup> quarter of 2005 were down noticeably by 5.1% to €48.2 million. Acquisition costs even sank by 13.7% to €31.5 million. Other operating expenses (incl. reinsurance commissions received) were up 16.9% to €16.7 million.

The cost ratio in life insurance decreased in the reporting period of 2005 to 11.0% (1–3/2004: 15.2%).

### Health insurance

Operating expenses rose in health insurance by 3.9% to €28.3 million in the 1<sup>st</sup> quarter of 2005, in line with business revenue. Acquisition costs sank by 0.2% to €16.6 million. Other operating expenses (incl. reinsurance commissions received) rose by 10.5% to €11.6 million.

After three months of 2005 the cost ratio of health insurance was still at 14.9%, the same level as in the previous year (1–3/2004: 14.8%).

### Profit on ordinary activities

Profit on ordinary activities in the UNIQA Group in the 1<sup>st</sup> quarter of 2005 amounted to €41.6 million. In Austria the pre-tax result was €29.8 million. In the Central and Eastern European markets UNIQA achieved a profit on ordinary activities of €11.8 million.

### The capital investment portfolio continues to grow

The sum of the investments of the UNIQA Group continued to increase in the first three months of 2005 and amounted to €17,684.8 million on 31 March 2005. Compared to the same period of the preceding year this corresponds to an increase of 27.9% or €3,858.7 million. Investments held on account and at risk of the life insurance policyholders increased by 137.1%, to €1,164.4 million.

The net investment income amounted to €201.6 million over the reporting period. This corresponds to a slight drop of 4.9% compared to the previous year. The reason for this was the increase in expenses for currency hedging.

### Foreign Group companies

Premiums written from the international markets of the UNIQA Group Austria continued to develop excellently in the 1<sup>st</sup> quarter of 2005. Altogether the premium volume of the Group companies in Central Europe tripled, amounting to €378.1 million on 31 March 2005. That was €253.4 million or 203.2% more than in the comparative period of the previous year. Thus the share of the foreign companies in the total Group premium volume written already amounted to 28.8%. For the total year 2005 we expect a foreign premium volume of over €1 billion.

The insurance benefits increased in accordance with the premium development by €152.8 million to €222.1 million.

Profit on ordinary activities in the Group's foreign companies in the 1<sup>st</sup> quarter of 2005 amounted to €11.8 million. The foreign share of the Group results thus amounted to 28.5%.

### Outlook

#### Involvement in Central Europe will continue to grow

UNIQA will also be further expanding its market position in the Central European area in the near future. The successful conclusion of the takeover of 94% of Raiffeisen Osiguranje in Bosnia and Herzegovina is right around the corner and business operations will be taken up at mid-year in Slovenia in cooperation with the Raiffeisen bank group.

In the Eastern European countries in which UNIQA is already active, the Group will invest in 2005 in the expansion of sales capacity and will also consider further acquisitions to round off the portfolio. As a potential new market, the future EU member states Rumania and Bulgaria are naturally also being continuously observed.

For UNIQA the sale of insurance products across the bank counter as part of the Preferred Partnership with Raiffeisen plays a particularly important strategic role in the expansion of our market position in Eastern Europe. The Raiffeisen banks' strong position in this region is the foundation of the future development of the Eastern emerging markets beyond the EU's present borders.

### Preview 2005

For the business year 2005 the management of the UNIQA Group expects a further improvement in the technical results due to the current increased earnings programme. If the capital market at least remains flat and there are no unusual events on an actuarial level UNIQA is counting on about a 25% higher profit of approximately €150 million.

## Quarterly Statement

Consolidated Balance Sheet – Assets	31.3.2005 € mill.	31.12.2004 € mill.
<b>A. Intangible assets</b>		
I. Goodwill	216.4	209.4
II. Other intangible assets	45.2	45.5
	<b>261.6</b>	<b>254.9</b>
<b>B. Investments</b>		
I. Land and buildings	1,045.7	1,050.4
II. Shares in affiliated and associated companies	188.0	187.6
III. Loans	1,201.7	998.1
IV. Other securities		
1. Held to maturity	0	0
2. Available for sale	11,818.5	11,580.1
3. Held for trading	1,060.2	560.4
V. Other investments	1,206.2	1,156.4
	<b>16,520.3</b>	<b>15,533.0</b>
<b>C. Investments held on account and at risk of life insurance policyholders</b>	<b>1,164.4</b>	<b>1,064.9</b>
<b>D. Receivables</b>	<b>696.8</b>	<b>695.6</b>
<b>E. Liquid funds</b>	<b>300.9</b>	<b>355.4</b>
<b>F. Deferred acquisitions costs</b>	<b>766.2</b>	<b>738.0</b>
<b>G. Deferred tax assets</b>	<b>57.7</b>	<b>53.4</b>
<b>H. Other assets</b>	<b>176.3</b>	<b>167.0</b>
<b>Total assets</b>	<b>19,944.3</b>	<b>18,862.2</b>

Consolidated Balance Sheet – Equity and Liabilities	31.3.2005 € mill.	31.12.2004 € mill.
<b>A. Shareholders' equity</b>		
I. Subscribed capital and capital reserves	206.3	206.3
II. Revenue reserves	389.4	373.2
III. Revaluation reserves	84.9	77.2
IV. Group total profit	52.8	26.4
	<b>733.4</b>	<b>683.1</b>
<b>B. Minority interests in shareholders' equity</b>	<b>182.6</b>	<b>177.1</b>
<b>C. Subordinated liabilities</b>	<b>325.0</b>	<b>325.0</b>
<b>D. Technical provisions (net)</b>		
I. Provision for unearned premiums	479.1	300.1
II. Actuarial provision	12,789.2	12,215.6
III. Provision for outstanding claims	1,508.6	1,473.8
IV. Provision for profit-unrelated premium refund	25.8	24.2
V. Provision for profit-related premium refund, i.e. policyholders' profit participation	711.7	673.7
VI. Other technical provisions	31.5	32.3
	<b>15,545.8</b>	<b>14,719.7</b>
<b>E. Technical provisions for life insurance policies where the investment risk is borne by policyholders</b>	<b>888.1</b>	<b>824.7</b>
<b>F. Other provisions</b>	<b>741.2</b>	<b>707.3</b>
<b>G. Liabilities</b>	<b>1,280.6</b>	<b>1,176.3</b>
<b>H. Deferred tax liabilities</b>	<b>241.3</b>	<b>236.7</b>
<b>I. Other liabilities</b>	<b>6.3</b>	<b>12.3</b>
<b>Total equity and liabilities</b>	<b>19,944.3</b>	<b>18,862.2</b>

## Quarterly Statement

**Consolidated Income Statement**

	1-3/2005 € mill.	1-3/2004 € mill.
Gross premiums written	1,311.6	1,023.4
Premiums earned	1,025.4	815.0
Net investment income	201.6	212.0
Other income	9.2	6.7
<b>Total income</b>	<b>1,236.2</b>	<b>1,033.7</b>
Insurance benefits (net)	-965.6	-828.6
Operating expenses	-202.7	-178.2
Other expenses	-24.9	-15.0
Amortisation of goodwill	-1.4	-3.4
<b>Total expenses</b>	<b>-1,194.6</b>	<b>-1,025.2</b>
<b>Profit on ordinary activities</b>	<b>41.6</b>	<b>8.6</b>
Income taxes	-10.6	-7.1
<b>Net profit for the period</b>	<b>31.0</b>	<b>1.5</b>
Minority interests	-4.7	2.7
<b>Consolidated net profit</b>	<b>26.4</b>	<b>4.2</b>
Earnings per share (in €)	0.24	0.04
Average number of shares in circulation	111,119,812	110,619,898

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

**Cash Flow Statement**

	1-3/2005 € mill.	1-3/2004 € mill.
<b>Cash and cash equivalents of 1.1.</b>	<b>355.4</b>	<b>388.1</b>
Net cash flow from operating activities	442.4	497.1
Net cash flow used in investing activities	-510.2	-466.0
Net cash flow used in financing activities	13.4	0.0
Change in cash and cash equivalents	-54.4	31.1
<b>Cash and cash equivalents of 31.3.</b>	<b>300.9</b>	<b>419.2</b>

**Changes in Group Equity**

	1-3/2005 € mill.	1-3/2004 € mill.
<b>Situation as at 1.1.</b>	<b>860.2</b>	<b>649.4</b>
Foreign currency translation	-0.1	2.3
Dividends	-6.9	-6.9
Own shares	13.4	0.0
Net profit for the period	31.0	1.5
Unrealised capital gains and losses and other	18.4	33.5
<b>Situation as at 31.3.</b>	<b>916.0</b>	<b>679.8</b>

