

Strategy

Profitable International Growth

Consistent internationalisation and a sustainable increase in yield – these are the core goals of the UNIQA Group's expansion strategy. The Group continued persistently with this strategy in 2008 despite the fact that the economic environment on the financial markets had become considerably more difficult by the end of the year.

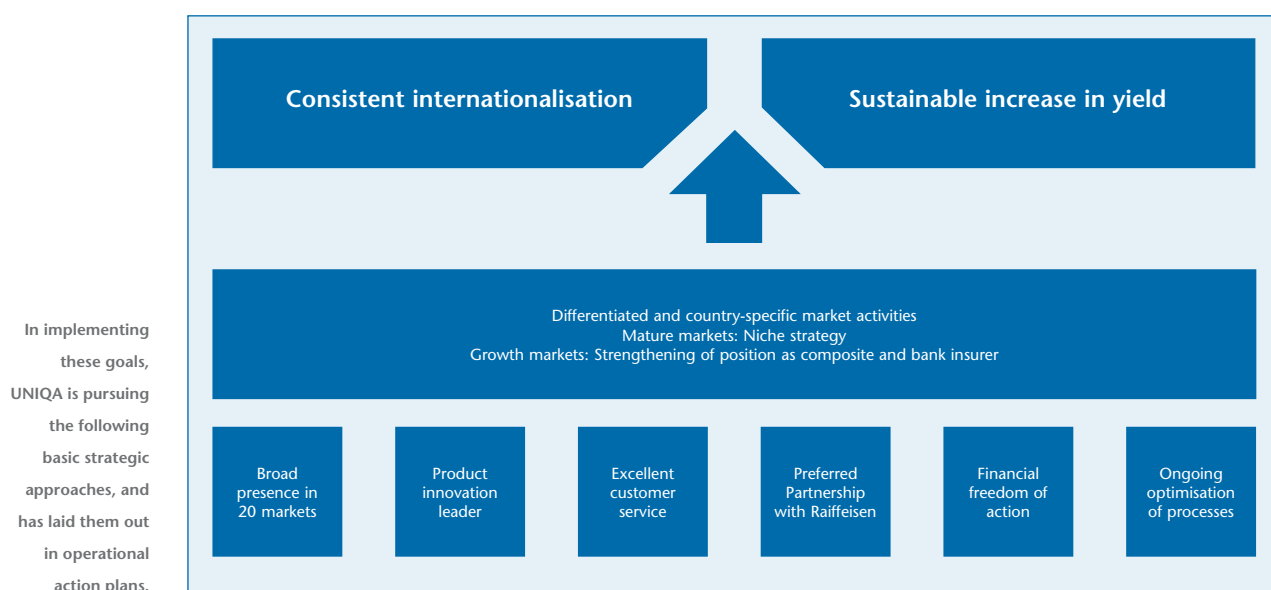
The UNIQA Group continues to pursue its top-level goals – even in the considerably harsher environment since the outbreak of the international financial and economic crisis. Visible proof of the success of our concerted efforts to implement our growth strategy in 2008 was, once again, the above-average growth in premium volume by a total of 10.4% to €5,825 million and above all of the premium revenue in Eastern Europe by 56.7% to €1,279 million. On the other hand, profit (before taxes) sank to €90 million because of the economic crisis and mainly due to the turbulences on the financial markets. Given these developments, the UNIQA Group has also postponed its medium-term forecast until further notice.

■ Targets and core strategies remain unchanged

The central strategic concern of the UNIQA Group is to preserve its strong position in the Central and Eastern European markets in times of tough competition and increasing globalisation. This should make it possible for the Group to operate successfully in the largely saturated markets in Austria and Central Europe while at the same time actively taking advantage of the historic opportunities presented by the exceptionally dynamic regions encompassing 360 million people within and beyond the eastern borders of the EU.

Strong presence in Central, Eastern and South Eastern Europe





The Group defined a target for average (pre-tax) return on equity of at least 20% as a guide to ensure successful implementation of its strategy; up until now, the medium-term forecast for the result was €430 million by 2010. However, in light of the volatile market environment, as already mentioned, this has been postponed until further notice.

As far as continuing the Group's internationalisation is concerned, UNIQA aims in the medium term to bring the share of international premiums within the entire Group's premium volume up to 50%. Of this amount, a considerable percentage should come from Eastern Europe. In addition, the company has set concrete medium-term targets for the respective market shares in the various growth markets in Central, Eastern and South Eastern Europe.

■ Well-positioned in Central, Eastern and South Eastern Europe

With 40 insurance companies in a total of 20 markets, a premium revenue of €5.8 billion and investments amounting to over €21 billion, UNIQA has managed to position itself in only a few years as one of the leading market players in Central, Eastern and South Eastern Europe. In the past few years, the Group was able to expand its sphere of activities in South Eastern Europe to include Albania, Macedonia and Kosovo. At the same time, by expanding its financial commitment in Bulgaria and Ukraine, it was able to further strengthen its position in these quickly growing markets.

The most recent highlight of this expansion was in November 2008 with the 100% takeover of UNITA, the sixth-largest Romanian property insurer, giving UNIQA a market share of over 7% in one of the largest markets in the European East in one swoop.

■ International business becoming increasingly important

The markets in Central, Eastern and South Eastern Europe currently contribute 22% to the premium revenue of the UNIQA Group; in 2008, the total portion of premiums generated by all international business was over 38% and should be rising even more. With this increasing internationalisation of business volume as well as the Group results, the Group is not only diversifying the risks of its corporate portfolio both regionally and by product groups and distribution channels, it is also laying the foundation for fulfilling its ambitious growth targets.

In the process, the UNIQA Group is pursuing differentiated strategies in the various regions: In **Austria**, UNIQA wants to maintain its strong position with segment-focused qualitative growth and higher returns. The **Western European markets**, characterised by higher insurance density, contributed roughly 16% of the Group premiums in 2008. The Group holds profitable niches in these markets and succeeds through exclusive offerings in individual distribution channels such as bank and broker sales. In **Central, Eastern and South Eastern Europe**, the UNIQA Group is relying not only on the optimisation of its financial commitment but also on a targeted increase of its market shares and on a partnership-oriented acquisition of the majority of its various associated companies.

The "Preferred Partnership" with Raiffeisen International has proven to be very valuable in a number of markets in Eastern and South Eastern Europe.

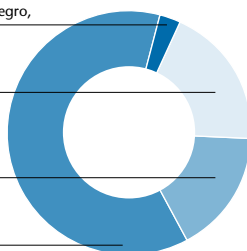


Raiffeisen
INTERNATIONAL
Member of RZB Group

Premium volume 2008 by region

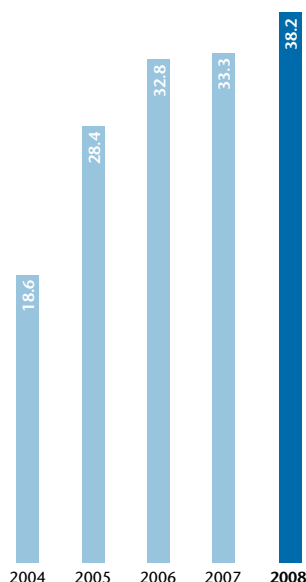
incl. the savings portion of premiums from unit- and index-linked life insurance
in € million

164	Eastern Emerging Markets (Bulgaria, Montenegro, Romania, Serbia, Ukraine)
1,115	Central and Eastern Europe (Bosnia and Herzegovina, Croatia, Poland, Slovakia, Czech Republic, Hungary)
947	Western and Eastern Europe (Germany, Italy, Liechtenstein, Switzerland)
3,599	Austria



Growing share of international business

in %



■ Ongoing expansion of market presence in CEE

In order to expand its position in the new markets in a focused manner, UNIQA launched a series of dynamisation projects in sales. The goal is to increase the various market shares in the non-life sector to between 5% and 7% and in the life insurance sector to 3%. This expansion of market presence is accompanied by a uniform brand and marketing concept throughout the Group as well as shared policies in IT, human resources and management training.

■ Successful partnership with Raiffeisen

In penetrating the new insurance markets, the "Preferred Partnership" with the Raiffeisen bank group has proved to be very valuable. The cooperation is an efficient sales channel that now covers 13 countries in Eastern and South Eastern Europe; all of these areas are still highly underdeveloped, both in insurance and banking. This means that both partners profit from the co-operation, which also promises to continue bringing above-average growth levels in the future. Since 2004, the first year of this cooperation, the premium volume generated together has increased to over €380 million in the year 2008.

■ Innovative leadership ensures a competitive advantage

As it expands, the UNIQA Group will continue to persistently leverage its strengths as a product pioneer and innovation leader. The company will continue its approach of laying claim to certain topics of the future, thereby confirming its reputation as a trendsetter over the long term.

UNIQA can look back on a long tradition of innovative product design, giving it an obvious competitive advantage on the market. Recent examples of this are the first kilometre-dependent motor vehicle insurance with additional safety features and a highly innovative product for long-term old-age pensions, which blends elements of classic and unit-linked life insurance with a



Konstantin Klien
Chairman of the Management Board

“International growth and a sustainable increase in yields made possible by excellent performance, innovative leadership and ongoing optimisation; these are our central goals – yesterday, today and tomorrow.”

completely new level of flexibility so that it can be adapted at any time to the current needs of the customer. As market leader in health insurance, UNIQA set new standards by combining extensive medical insurance protection with effective preventive measures and useful assistance services. Innovative services for premium category customers, customised offers for children and packages for expatriates round off the portfolio.

■ Promoting customer loyalty with differentiated products

Innovative products are supplemented by a broad range of service instruments that create an attractive added value for customers, binding them more strongly to the company. In this way, UNIQA proves its high level of expertise in developing products with additional value and unique selling points in the market. This reinforces the brand's image and aids both the acquisition of new customers and targeted cross-selling in the sense of a “total customer” strategy. Offers such as the extensive information service **UNIQA Companion**, the **UNIQA QualityPartnership** and the extremely popular **weather warnings** by SMS and e-mail have all been very well received.

As an additional success factor, UNIQA cultivates the capability of its employees to find innovative solutions by providing ongoing training as part of its customised staff development programmes. The outstanding quality of the Group's human capital on all levels is essential for the successful implementation of its corporate strategy, which is why it is constantly refined and developed through aggressive personnel management. This includes flexibility and mobility across country borders.

■ EBRD expands financial options

An important factor in UNIQA's expansion in Eastern Europe is provided by the European Bank for Reconstruction and Development (EBRD). In 2007, the EBRD increased the scope of its financial cooperation with the Group from the previous €70 million to the current €150 million. This provides UNIQA with noticeably more funds for minority investments by the EBRD in UNIQA companies in Central and Eastern Europe.

■ Consistent process optimisation

Further potential for sustainable expansion has been created with UNIQA's third Profit Improvement Programme 2007–2010. It should bring a clear improvement in the profit on ordinary activities by 2010. To this end, UNIQA has developed concrete action plans, making an effort to noticeably lower the claim and cost ratios even further, to compress structures, eliminate redundant work in the corporation and save money by outsourcing certain tasks to international Group companies.



Hannes Bogner
Member of the
Management Board

Andreas Brandstetter
Member of the
Management Board

Konstantin Klien
Chairman of the
Management Board

Karl Unger
Member of the
Management Board

Gottfried Wanitschek
Member of the
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Hannes Bogner	Andreas Brandstetter	Konstantin Klien	Karl Unger	Gottfried Wanitschek
Member of the Management Board	Member of the Management Board	Chairman of the Management Board	Member of the Management Board	Member of the Management Board
<div><div><div><div><div></div><div>Born in 1959</div></div><div><div></div><div>Academic background: Business administration</div></div></div></div></div>	<div><div><div><div><div></div><div>Born in 1969</div></div><div><div></div><div>Academic background: Political science and history</div></div></div></div></div>	<div><div><div><div><div></div><div>Born in 1951</div></div><div><div></div><div>Academic background: Economics</div></div></div></div></div>	<div><div><div><div><div></div><div>Born in 1953</div></div><div><div></div><div>Academic background: Actuarial mathematics</div></div></div></div></div>	<div><div><div><div><div></div><div>Born in 1955</div></div><div><div></div><div>Academic background: Law</div></div></div></div></div>
<p>Hannes Bogner has been with the UNIQA Group since 1994 and was appointed to the Management Board in 1998. Prior to this, he worked at THS Treuhand Wirtschaftsprüfungsgesellschaft in Salzburg and at PwC PricewaterhouseCoopers in Vienna. Mr. Bogner became a tax consultant in 1988 and a chartered accountant in 1993.</p>	<p>Dr. Brandstetter joined the Group in 1997 and was responsible for the restructuring of UNIQA Versicherungen AG in 1999; he was appointed to the Management Board in 2002. Before that, he was head of the EU office of the Austrian Raiffeisenverband in Brussels and completed the MBA programme at the California State University.</p>	<p>Dr. Klien joined the UNIQA Group in October 2000 as Vice Chairman of the Management Board. Since 1 January 2002, he has been Chairman of the Management Board and CEO of UNIQA Versicherungen AG. Dr. Klien began his professional career at Arthur Andersen and transferred to Nordstern Versicherung in 1978, where he was appointed to the Management Board in 1986. In 1991, he became Chairman of the Board of the holding company AXA Austria and also exercises executive functions for the AXA companies in Central Europe since 1995.</p>	<p>Karl Unger began his professional career in 1979 as an actuary at Volksfürsorge Versicherung. He later transferred to Nordstern Versicherung, where he was appointed to the Management Board in 1994 and took over the life insurance department. In 1999, Karl Unger took on responsibility for Central Europe within the AXA Group. He switched to UNIQA in 2001 as head of the administrative department for corporate planning and joined the Management Board of UNIQA Versicherungen AG in 2002.</p>	<p>Dr. Wanitschek started working in the insurance business back in the eighties and was first head of the legal office and later secretary general of Raiffeisen Versicherung AG. From 1991 until he was appointed to the Management Board of UNIQA Versicherungen AG in 1997, he was director of Beteiligungsholding Leipnik-Lundenburger Industrie AG, managing director of Kurier GmbH, member of the executive management at Mediaprint and director of Zeitschriften-Verlagsbeteiligungs-AG.</p>
<div><div><div><div><div></div><div>Responsible for: Group accounting, planning and controlling, asset management (back office), investor relations, industry customers and reinsurance policy</div></div><div><div></div><div>Country responsibility: Germany, Italy, Poland, Switzerland</div></div></div></div></div>	<div><div><div><div><div></div><div>Responsible for: New markets, mergers & acquisitions, bank sales policy</div></div><div><div></div><div>Country responsibility: Albania, Bulgaria, Kosovo, Macedonia, Montenegro, Romania, Russia, Serbia, Slovenia, Ukraine</div></div></div></div></div>	<div><div><div><div><div></div><div>Responsible for: Group management, sales, planning and controlling, human resources, marketing, communications, investor relations, internal auditing</div></div><div><div></div><div>Country responsibility: Austria</div></div></div></div></div>	<div><div><div><div><div></div><div>Responsible for: Private customer business, IT, company organisation, customer service, Group actuarial office, risk management</div></div><div><div></div><div>Country responsibility: Liechtenstein, Hungary, Slovakia</div></div></div></div></div>	<div><div><div><div><div></div><div>Responsible for: Asset management (front office), equity holdings, property management, legal affairs, general administration, internal auditing</div></div><div><div></div><div>Country responsibility: Bosnia and Herzegovina, Croatia, Czech Republic</div></div></div></div></div>