Group Management Report

Economic environment

After the most severe recession since 1945, the global economy showed signs of further recovery in 2010. Often supported by massive fiscal and monetary policy measures, economic activity picked up all over the globe. In the eurozone, overall momentum, partly overshadowed by the problem of escalating national debt, fell short of potential growth (growth with normal capacity utilisation), except in the second quarter. But the trend in the individual member states varied greatly. While Germany, Austria and Finland again experienced an upturn, Spain, Greece and Ireland persisted in a deep recession. Although economic growth in the eurozone economy may not have exceeded 1.7% in 2010, Austria again displayed higher momentum with expected growth of 2.0%. The USA continued to be confronted by high unemployment rates and the strained real estate market situation; however, it did finally pick up on speed.

Stabilisation in CEE

The dependence on exports of the countries in Central and Eastern Europe (CEE) turned out to be a serious disadvantage during the crisis and partially resulted in significant declines in economic output, but it became an advantage in 2010. The CEE countries benefited from the significant increase in economic output, primarily in Germany, and the export sector now provided them significant growth stimuli. Accordingly, a large share of the current growth was derived from exports; however, domestic demand is again expected to provide increasing input in the months to come. The economies of Central Europe, especially Slovakia, Poland and the Czech Republic, displayed a particularly positive development in 2010. However, the countries of South Eastern Europe experienced a decline in GDP. The CEE countries in total recorded a GDP gain which is expected to reach about 3% for 2010.

Premiums up slightly in the insurance industry

After increasing its premium volume by 1.4% to €16.4 billion in 2009 despite the financial crisis, the Austrian insurance industry even saw somewhat greater momentum in 2010 with growth of 2.0% to €16.8 billion. The primary factor in this growth was the life insurance line which gained 1.9% in 2010 after relatively weak growth of 0.7% the year before. The focus was on single premium life insurance policies. With a gain of 2.9%, (2009: +3.6%), the health insurance lines continued to show solid, although somewhat reduced growth.

Property and casualty insurance also recorded strong growth in 2010. Overall, the premiums in this area rose by 1.9% and thus continued to exceed the growth rate of the previous year (2009: +1.8%). Motor vehicle liability insurance again experienced a significant decline which was, however, lower than in the previous year. In view of a continuing decline in average premiums, its revenue decreased by 1.8% (2009: +1.0%); however, this may have represented a bottoming out. Parallel to this, the premium development in motor vehicle comprehensive insurance was positive with a gain of 3.4% (2009: +3.9%). The other market segments of property and casualty insurance recorded a strong gain.

Rather volatile financial markets

The international stock markets were restrained at the start of 2010 because of the consolidation caused by the failure of economic indicators from the USA and from Europe to live up to expectations. Not until the beginning of March did positive corporate data, significant growth in global demand and continued low interest rates trigger a short but significant recovery in the stock markets. Nonetheless, the stock markets were unable to benefit from the increasing momentum of the economic recovery in the second quarter. Concerns about the stability of the euro and the fear of payment difficulties, especially in Greece (but also in other countries of Europe's periphery), dampened sentiment. However, the rescue package instituted for the short term by the EU and IMF for highly indebted eurozone countries as well as efforts towards budget consolidation in most eurozone countries gradually had a calming effect on the markets.

After the turbulence of the first six months, the stock markets experienced relative calm in the third quarter. This easing was partly based on the fact that the recommendations of the Basel Committee on Banking Supervision for equity regulation in the context of Basel III turned out to be less strict and provided longer transition phases than were initially assumed. Another positive signal was the satisfactory performance of most European banks in the stress tests of the European banking regulatory agencies. In the fourth quarter, the stock markets again demonstrated robust performance against the backdrop of sustained low interest rates, good economic data and in part very good corporate data.

Prime rates and money market rates continue at historic lows

The interest rate decreases implemented as part of the economic recovery packages produced historically low interest rates worldwide again in 2010. Already in 2008, the USA had reduced its prime rate de facto to zero in order to secure refinancing of the banks. As in 2009, there was no change in this level in 2010. The same applies to the ECB's main refinancing rate which was lowered to 1.0% in 2009 and was not raised in 2010. Money market rates, which increased somewhat over the course of the year compared to the rate at year-end 2009, are still at a historically low level. For instance, the rate for the three-month EURIBOR at the end of 2010 was 1.03%. The one-month rate was 0.81% and continued to be clearly lower than the prime rate.

Bond yield performance in the reporting period was heavily dependent on the development of the debt crisis in the eurozone, which led to uncertainty again and again, and accordingly to volatility. Yields at year-end 2010 in both Europe and the USA continued to be below the figures for year-end 2009, which were already at historic lows after the slump of 2008. After some significant declines in the early months of the year, the trend was finally reversed to a certain degree, at least in the longer term segment, although at a lower level.

The exchange rate trend of the euro was also strongly influenced by the debt crisis in 2010. After having started the year at rates of €1.45 to the US dollar, the common currency rapidly declined to just under €1.20 per USD 1.00, this having been triggered by events in Greece. The slide did not stop until the EU and the IMF agreed on the rescue package for ailing euro countries. Between June and October the US dollar came under noticeable pressure due to the slowdown of the US economy with the result that the euro climbed back to €1.42 per USD 1.00 in early November before the debt crisis in the eurozone again became more critical. After Ireland was also forced to accept financial aid, concerns about a widening of the problems spread to Spain. As a result, the common currency declined again to €1.34 per USD 1.00 by year-end.

Cautious forecasts for 2011

While the economic recovery which started in 2009 continued and became stronger in 2010, economic analysts expect momentum in the eurozone to let up somewhat in 2011. Specifically, growth in the eurozone, which was primarily supported by a surprisingly sound German economy in 2010, may slow to 1.4%–1.7% in the current year. In Austria as well, GDP growth is expected to soften slightly to 1.9% in 2011; the current forecast for Germany is 2.5%. According to the latest forecasts, the USA, where economic momentum finally picked up noticeably, may significantly outpace the euro region in 2011 with a gain of 3.0% to 3.6%. China will hold its place as the world's major economic mover with expected GDP growth of approximately 10%. Worldwide, economic output should grow by 4.2% in 2011.

A further improvement is expected in Central and Eastern Europe in 2011. The difference in the growth rates of the CEE and the established markets of Western Europe is also expected to continue to increase by approximately 2% per annum in the years to come. In the CEE countries as a whole, economic growth may accelerate somewhat again after an average gain of about 3% in 2011.

Consistent with the slight softening of the economy, somewhat weaker premium growth of 1.7% overall is currently forecast for the Austrian insurance industry in 2011. Health insurance is expected to continue growing by 2.8% while premiums in property and casualty may decline by 2.0%. The negative trend in life insurance will continue with an expected drop in premiums of 1.1%. Motor vehicle insurance should also have positive growth of 0.6% in 2011.

The UNIQA Group

With €6,224 million in premiums written, including the savings portion of unit-linked and index-linked life insurance, UNIQA is one of the leading insurance groups in Central and Eastern Europe. The savings portion of premiums from unit-linked and index-linked life insurance amounting to €845 million is, in accordance with FAS 97 (US-GAAP), balanced out by the changes in the actuarial provision. Premium volume excluding the savings portion from the unit-linked and index-linked life insurance amounts to €5,379 million.

UNIQA in Europe

The UNIQA Group offers its products and services through all distribution channels (salaried sales force, general agencies, brokers, banks and direct sales). UNIQA is active in all types of insurance and operates its direct insurance business in Austria through UNIQA Personenversicherung AG, UNIQA Sachversicherung AG, Raiffeisen Versicherung AG, FINANCE LIFE Lebensversicherung AG, Salzburger Landes-Versicherung AG and CALL DIRECT Versicherung AG.

The listed Group holding company, UNIQA Versicherungen AG, is responsible for Group management, operates the indirect insurance business and is the central reinsurer for the Group's Austrian operational companies. In addition, it carries out numerous service functions for the Austrian and international insurance subsidiaries in order to take best advantage of synergy effects within all the Group companies and to consistently implement the Group's long-term corporate strategy. UNIQA Re AG has its headquarters in Zürich and is responsible for reinsuring the Group's international operational companies. In order to achieve maximum synergy effects, the international activities of the UNIQA Group are managed centrally through Competence Centers as well as the Group's Central Services, and UNIQA International Versicherungs-Holding GmbH is responsible for ongoing monitoring and analysis of the international target markets for acquisitions as well as for integration of acquisitions into the Group.

Companies included in the IFRS consolidated financial statements

Along with UNIQA Versicherung AG, the 2010 consolidated financial statements of the UNIQA Group include 48 domestic and 82 foreign companies. A total of 37 affiliated companies whose influence on an accurate presentation of the actual financial status of the assets, financial position and profitability was insignificant were not included in the consolidated financial statements. In addition, UNIQA included ten domestic companies as associates according to the equity accounting method. Fifteen associates were of minor importance, and shares held in these companies are recognised at market value.

The scope of the fully consolidated group was not significantly changed in 2010. Details on the consolidated and associated companies are contained in the corresponding overview in the Group notes (p. 74 f). The accounting and valuation methods are also described in the notes to the consolidated financial statements (p. 78 f).

Risk report

The comprehensive risk report of the UNIQA Group is in the notes to the consolidated financial statements 2010 (p. 82 f).

UNIQA Group business development

The following comments to the business development are divided into two sections. The section “Group business development” describes the business performance from the perspective of the Group with fully consolidated amounts. Fully consolidated amounts are also used in the Group management report for reporting on the development of the business segments of “property and casualty insurance”, “health insurance” and “life insurance”.

Group business development

The UNIQA Group provides life and health insurance and is active in almost all lines of property and casualty insurance. With over 16.5 million insurance policies being managed at home and abroad, a gross premium volume written (including the savings portion of the unit-linked and index-linked life insurance) of over €6.2 billion (2009: € 5.7 billion) and capital investments of more than € 24.2 billion (2009: € 22.6 billion), the UNIQA Group is one of the leading insurance groups in Central and Eastern Europe.

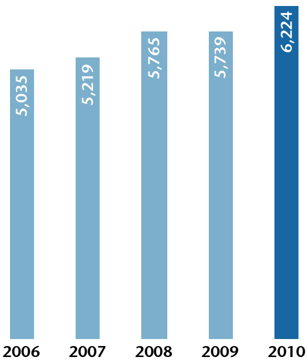
Premium development

Taking into consideration the savings portion of the unit-linked and index-linked life insurance in the amount of €845 million (2009: €728 million), the total premium volume of the UNIQA Group increased in 2010 by a very pleasing 8.4% to € 6,224 million (2009: € 5,739 million), thus surpassing the € 6 billion mark for the first time. The total consolidated premiums written even grew by 7.3% to € 5,379 million (2009: € 5,012 million). Developments were very positive in the area of insurance policies with recurring premium payments in particular, which grew 5.2% to € 5,141 million (2009: 4,885 million). The single premium business grew even more robustly in 2010 with a 26.8% gain to € 1,084 million (2009: € 855 million). The Group premiums earned including the savings portion of the unit-linked and index-linked life insurance (after reinsurance) in the amount of € 823 million (2009: € 704 million) rose by 9.0% to € 5,964 million (2009: € 5,474 million). The retained premiums earned (according to IFRS) increased by 7.8% to € 5,141 million (2009: € 4,770 million).

Premium volume written

Incl. the savings portion of premiums from unit-linked and index-linked life insurance

€ million



In the 2010 financial year, 41.6% (2009: 42.6%) of the premium volume arose in property and casualty insurance, 15.6% (2009: 16.3%) in health insurance and 42.8% (2009: 41.1%) in life insurance.

In Austria, the premium volume written including the savings portion of unit-linked and index-linked life insurance increased in 2010 by 1.9% to €3,829 million (2009: € 3,756 million). Recurring premiums grew by 3.3% to € 3,447 million (2009: € 3,338 million). In contrast, single premium revenue fell by 8.9% to €381 million (2009: € 418 million). Including the savings portion of the unit-linked and index-linked life insurance, the premiums earned rose by 2.0% to €3,749 million (2009: € 3,674 million). The retained premiums earned (according to IFRS) in Austria amounted to € 3,100 million in 2010 (2009: € 3,074 million).

In the regions of Eastern and South Eastern Europe (CEE & EEM), the premium developments in 2010 were entirely positive and promising. The premium volume written including the savings portion from the unit-linked and index-linked life insurance fell in 2010 by 12.2% to € 1,294 million (2009: € 1,153 million). This put the share of Group premiums coming from CEE & EEM at 20.8% (2009: 20.1%). Recurring premiums grew by 12.8% to € 1,017 million (2009: € 902 million). The single premium business grew by 10.4% in these regions to €277 million (2009: € 251 million). Including the savings portion from the unit-linked and index-linked life insurance, the premiums earned decreased by 12.8% to €1,215 million (2009: €1,077 million). The retained premiums earned (according to IFRS) were € 1,120 million (2009: €1,002 million).

In the Western European countries (WEM) the premium volume written including the savings portion from the unit-linked and index-linked life insurance in 2010 rose by 32.6% to € 1,101 million (2009: € 830 million) primarily due to strong growth in the Italian life insurance business. Recurring premiums grew by 4.8% to € 676 million (2009: € 645 million). The rise in single premiums increased at a significantly more robust rate by achieving growth of 129.6% to €425 million (2009: € 185 million). Overall, the share in Group premiums therefore rose in 2010 to 17.7% (2009: 14.5%). Including the savings portion from the unit-linked and index-linked life insurance, the premiums earned decreased by 38.4% to € 1,001 million (2009: € 723 million). The retained premiums earned (according to IFRS) rose by 32.4% to €920 million (2009: € 695 million).

Development of insurance benefits

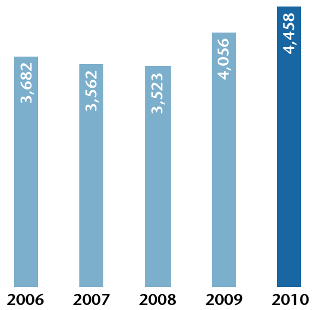
Burdened by an accumulation of major claims, flood events and the severe winter, the insurance benefits paid by the UNIQA Group (before reinsurance) increased in the 2010 financial year by 6.6% to reach €4,566 million (2009: € 4,284 million). In contrast, the consolidated retained insurance benefits rose somewhat more robustly by 9.9% to € 4,458 million in 2010 (2009: € 4,056 million).

While the insurance benefits retained were reduced in Austria in 2010 by 2.7% to € 2,749 million (2009: € 2,825 million), they rose in the Western European markets by 61.9% to €843 million (2009: € 521 million) primarily due to the strong growth in the Italian life insurance line. In the Central and Eastern European regions (CEE & EEM), they also increased by 21.9% to € 866 million (2009: € 710 million).

Insurance benefits

Retention

€ million



Operating expenses

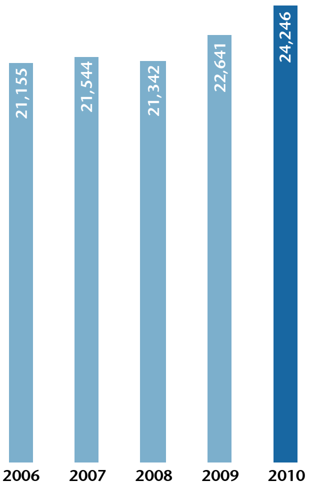
Total consolidated operating expenses (cf. notes to the Group financial statements, no. 37) less reinsurance commissions and profit shares from reinsurance business ceded (cf. notes to the Group financial statements, no. 33) increased in financial year 2010 by 7.4% to € 1,346 million (2009: € 1,252 million). Acquisition expenses rose by 9.6% to € 936 million (2009: € 854 million). In contrast, other operating expenses less reinsurance commissions received increased only slightly by 2.9% to € 410 million (2009: € 398 million).

The cost ratio of the UNIQA Group after reinsurance, i.e. the relation of total operating expenses to the Group premiums earned, including the savings portion from the unit-linked and index-linked life insurance, was increased by 0.3 percentage points to 22.6% during the past year (2009: 22.9%). The cost ratio before reinsurance was 22.0% (2009: 22.1%).

Investment results

Total investments including land and buildings used by the Group, real estate held as investments, shares in associates and investments of unit-linked and index-linked life insurance increased again in 2010 by 7.1%, or € 1,605 million, to reach € 24,246 million (31 December 2009: € 22,641 million).

Investments
€ million



Due to the positive developments on the financial markets, the net investment income less financing costs increased by 17.3% to € 841 million (2009: € 717 million). A detailed description of the investment income can be found in the Group notes (no. 34).

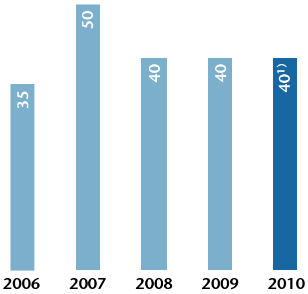
Group pre-tax results at €153 million

In the 2010 financial year, the profit on ordinary activities of the UNIQA Group (before consideration of the Hungarian special tax for the financial sector) increased massively primarily due to the improved investment results and rose by 52.8% to €153 million (2009: € 100 million). With consideration of the Hungarian special tax, the profit on ordinary activities came to € 146 million). Net profit grew by 70.8% in 2010 to € 95 million (2009: € 56 million). Group profit grew by 80.9% in 2010 to €46 million (2009: € 26 mil-lion). The Management Board will nevertheless propose to the Supervisory Board and the Annual General Meeting a dividend distribution that remains unchanged from the previous year at 40 cents per share.

Own funds and total assets

The UNIQA Group's total equity decreased slightly in 2010 by 1.8% to € 1,536 million (31 December 2009: € 1,565 million). This included shares in other companies amounting to € 245 million (31 December 2009: € 232 million). The pre-tax return on equity – the ratio of profit on ordinary activities to average total equity (without taking into consideration the included net profit for 2010) – increased in the past financial year to 9.6% (2009: 6.7%). The total assets of the Group increased in the past financial year by € 1,302 million and totalled €28,695 million on 31 December 2010 (31 December 2009: € 27,393 million).

Dividend
cent



[1)] Proposal to the Annual General Meeting

Cash flow

The cash flow from operating activities in 2010 was € 925 million (2009: € 1,137 million). Cash flow from investing activities of the UNIQA Group amounted to €–1,125 million (2009: € –912 million). The financing cash flow was €–64 million (2009: € –42 million). A total of € 57 million were spent on the dividends for the 2009 financial year. The amount of liquid funds changed in total by € –264 million (2009: € 183 million). At the end of 2010, funds amounting to €533 million (2009: €798 million) were available.

Employees

The average number of employees in the UNIQA Group was reduced slightly in 2010 to 15,066 (2009: 15,107). Of these, 6,148 (2009: 6,345) were employed in sales and 8,918 (2009: 8,762) in administration. In the Eastern Emerging Markets (EEM), UNIQA employed a staff of 3,701 in the 2010 financial year (2009: 4,048), 3,541 people (2009: 3,246) in Central Eastern Europe (CEE) and 1.023 (2009: 987) in the Western European markets (WEM). In Austria, 6,801 staff were employed (2009: 6,826). Including the employees of the general agencies working exclusively for UNIQA, the total number of people working for the UNIQA Group amounts to just about 20,000.

52% of the administrative staff employed in Austria in 2010 were women, 19.3% (2009: 18.7%) of the employees were part-time. The average age in the past year remained 42 years (2009: 42 years). In total, 11.7% (2009: 11.3%) of the employees participated as managers in UNIQA's performance-related remuneration system – a variable payment system that is tied both to the success of the company and to personal performance. In addition, UNIQA offers young people in training the opportunity to get to know foreign cultures and make international contacts. Currently, 61 apprentices are being trained. 34 new apprentices were accepted in 2010.

Business lines

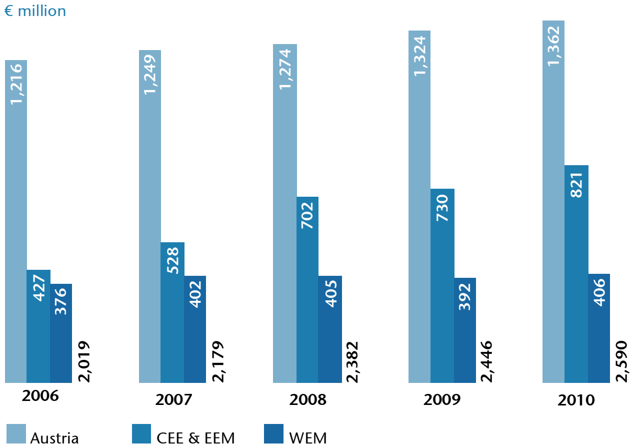
Property and casualty insurance

Premium development

In property and casualty insurance, the UNIQA Group was able to continue the positive developments of the previous year again in 2010, increasing the premiums written by 5.9% to €2,590 million (2009: €2,446 million). As in 2009, the premium volume in Austria rose at a significantly higher rate than the market average by 2.9% to €1,362 million (2009: €1,324 million). In the Central and Eastern European regions (CEE & EEM), the growth of the previous years continued. The premiums written grew by 12.5% to €821 million (2009: €730 million), thereby contributing 31.7% (2009: 29.9%) to the Group premiums in property and casualty insurance. The premium volume in the Western European markets also increased in 2010: The premium volume written increased by 3.7% to €406 million (2009: €392 million). Overall, the international share of Group premiums in property and casualty insurance amounted to 47.4% (2009: 45.9%).

Premium volume written in property and casualty insurance

€ million



Details on premium volume written in the most important risk classes can be found in the Group notes (no. 31).

The retained premiums earned (according to IFRS) in casualty and property insurance totalled €2,433 million in the reporting year (2009: €2,290 million) after growth of 6.3%.

Property and casualty insurance	2010 € million	2009 € million	2008 € million	2007 € million	2006 € million
Premiums written	2,590	2,446	2,382	2,179	2,019
Share CEE & EEM	31.7%	29.9%	29.5%	24.2%	21.1%
Share WEM	15.7%	16.0%	17.0%	18.5%	18.6%
International share	47.4%	45.9%	46.5%	42.7%	39.7%
Premiums earned (net)	2,433	2,290	2,214	1,858	1,716
Net investment income	74	97	42	258	141
Insurance benefits (net)	–1,741	–1,552	–1,412	–1,251	–1,130
Net loss ratio (after reinsurance)	71.5%	67.8%	63.8%	67.3%	65.9%
Gross loss ratio (before reinsurance)	69.2%	69.7%	62.4%	68.1%	63.9%
Other operating expenses less reinsurance commissions	–820	–789	–740	–606	–569
Cost ratio (net after reinsurance)	33.7%	34.4%	33.4%	32.6%	33.2%
Net combined ratio (after reinsurance)	105.3%	102.2%	97.2%	99.9%	99.0%
Gross combined ratio (before reinsurance)	101.7%	102.6%	94.4%	99.0%	95.4%
Profit on ordinary activities	–43	8	113	238	129
Net profit	–46	–10	104	193	104

Development of insurance benefits

Burdened by an accumulation of major claims primarily in Germany, Italy, Hungary and Poland, by flood claims in Poland, Hungary, Slovakia and the Czech Republic and claims caused by the severe winter in Poland and the Czech Republic (gross burden of approximately €114 million; approximately €103 million after reinsurance), total retained insurance benefits increased in 2010 by 12.1% to €1,741 million (2009: €1,552 million). In Austria on the other hand, insurance benefits decreased by 6.5% to €905 million (2009: €968 million); in the Western European markets they increased by 70.6% to €277 million (2009: €162 million). In the Central and Eastern European regions (CEE & EEM), the insurance benefits rose by 32.3% to €559 million (2009: €422 million).

As a result of this development, the net loss ratio (retained insurance benefits relative to premiums earned) rose by 3.7 percentage points to 71.5% (2009: 67.8%). The gross loss ratio (before reinsurance) at year-end 2010 was 69.2% (2009: 69.7%) and thus improved by half a percentage point. In contrast, the net loss ratio in Austria fell to 67.6% in 2010 (2009: 74.3%) due to the good loss trend.

Operating expenses, combined ratio

Total operating expenses in property and casualty insurance less reinsurance commissions and profit shares from reinsurance business ceded rose by 4.0% to €820 million (2009: €789 million). In the process, acquisition costs rose in line with premium income by 4.6% to €543 million (2009: €519 million), while other operating expenses increased only moderately by 2.9% to €278 million (2009: €270 million).

The cost ratio in property and casualty insurance fell in the past financial year to 33.7% (2009: 34.4%) as a result of this development. The net combined ratio increased due to the rise in the loss ratio and was at 105.3% in 2010 (2009: 102.2%). Without taking into consideration the aforementioned extraordinary burdens, the net loss cost ratio was 101.0%. The combined ratio before reinsurance improved to 101.7% (2009: 102.6%) or 97.2% without considering the special effects.

Investment results

Net investment income less financing costs rose in the past year by 23.9% to €74 million (2009: €97 million). In contrast, the capital investments in property and casualty insurance increased slightly by 0.4% to €3,200 million (2009: €3,189 million).

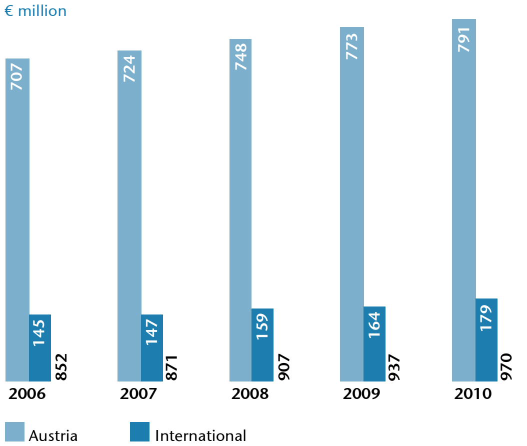
Profit on ordinary activities, net profit

Burdened by an accumulation of major claims – primarily in Germany, Italy, Hungary and Poland – and claims due to floods and the severe winter in Eastern Europe, the profit on ordinary activities was negative in 2010 and amounted to €–43 million (2009: €8 million). Net profit declined to €–46 million (2009: €–10 million).

Health insurance

Premium development
In comparison to the previous year, premiums written in health insurance increased by 3.5% to €970 million (2009: €937 million). In Austria, where UNIQA was once again the clear market leader in health insurance in 2010, premium volume was up by 2.3% from €791 million (2009: €773 million). In the WEM region, the premiums written increased by as much as 8.3% to €162 million (2009: €150 million). In the countries of Eastern and South Eastern Europe, the premiums in health insurance grew by 16.4% to reach €17 million (2009: €14 million). Overall, the international share in the total health insurance premiums in 2010 was 18.4% (2009: 17.5%).

Premium volume written in health insurance
€ million



In 2010, the retained premiums earned in health insurance (according to IFRS) rose by 3.5% to reach €966 million at the end of the year (2009: €934 million).

Health insurance	2010 € million	2009 € million	2008 € million	2007 € million	2006 € million
Premiums written	970	937	907	871	852
International share	18.4%	17.5%	17.6%	16.9%	17.0%
Premiums earned (net)	966	934	906	869	849
Net investment income	127	94	14	134	114
Insurance benefits (net)	–839	–812	–783	–776	–772
Other operating expenses less reinsurance commissions	–141	–126	–133	–128	–135
Cost ratio (net after reinsurance)	14.6%	13.5%	14.7%	14.7%	15.9%
Profit on ordinary activities	112	88	3	96	54
Net profit	83	67	–1	72	35

Development of insurance benefits
The retained insurance benefits increased in 2010 by 3.4% to €839 million (2009: €812 million). The loss ratio after reinsurance thus remained stable compared to the previous year at 86.9% (2009: 86.9%). In Austria, insurance benefits grew by 2.3% to €682 million (2009: €667 million). The insurance benefits in the international markets increased by 8.5% in 2010, totalling €157 million (2009: €145 million).

Operating expenses
Total operating expenses in health insurance less reinsurance commissions and profit shares from reinsurance business ceded rose in 2010 in by 12.3% to €141 million (2009: €126 million). Acquisition expenses increased by 13.0% to €89 million (2009: €79 million). Other operating expenses increased by 11.1% to €52 million (2009: €47 million). As a result of this development, the cost ratio in health insurance increased to 14.6% (2009: 13.5%).

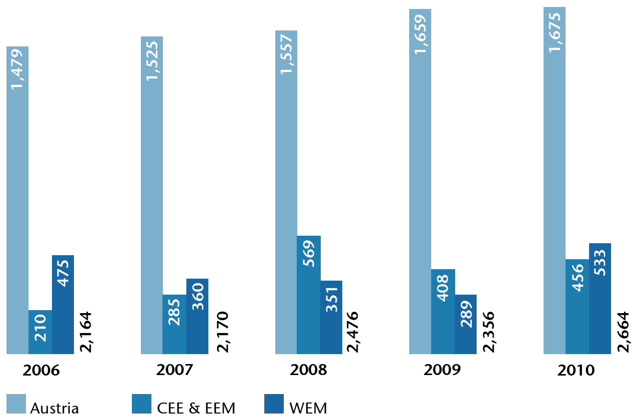
Investment results
Net investment income less financing costs rose in 2010 by 34.7% to €127 million (2009: €94 million). In the health insurance segment, capital investments grew by 9.2% to €2,648 million (2009: €2,424 million).

Profit on ordinary activities, net profit
Profit on ordinary activities in health insurance could be increased again in the reporting year by 26.7% to €112 million (2009: €88 million). Net profit for 2010 was up by 22.4% to €83 million (2009: €67 million).

Life insurance

Premium development
The life insurance premium volume written, including the savings portion of unit-linked and index-linked life insurance, increased drastically in 2010, up by a total of 13.1% to €2,664 million (2009: €2,356 million). Revenues from policies with recurring premium payments rose by 5.3% to €1,580 million (2009: €1,501 million). In the single premium business premiums rose even considerably more, by 26.8% to €1,084 million (2009: €855 million). In the classic single premium business, premiums increased by 31.3% to €647 million (2009: €493 million), while single premium policies in the area of unit-linked life insurance climbed by 20.8% to €437 million (2009: €362 million).

Premium volume written in life insurance
Incl. the savings portion of premiums from unit-linked and index-linked life insurance
€ million



The premium developments in Austria were very satisfactory in 2010, above all in the area of products with recurring premium payments. Revenues from policies with recurring premium payments rose by 4.3% to €1,294 million (2009: €1,240 million). On the other hand, single premium business declined slightly due to a reduction in classic single premiums by 8.9% to €381 million (2009: €418 million). All told, premium volume in Austria in life insurance thus increased by 1.0% to €1,675 million (2009: €1,659 million).

The life insurance business of the Group companies in the Central and Eastern European regions (CEE & EEM) also rose considerably in 2010. The premium volume written including the savings portion from the unit-linked and index-linked life insurance went up by 11.7% to €456 million (2009: €408 million). This brought the share of life insurance from these countries to 17.1% in 2010 (2009: 17.3%). In Western European countries, on the other hand, premium volumes grew by 84.6% to €533 million (2009: €289 million) due to the booming life insurance business in Italy. Overall, the Western European region (WEM) thus contributed 20.0% (2009: 12.3%) to the total life insurance premiums of the Group.

The risk premium share of unit-linked and index-linked life insurance included in the consolidated financial statements totalled €132 million in 2010 (2009: € 105 million). The savings portion of the unit-linked and index-linked life insurance lines amounted to € 845 million (2009: € 728 million) and was, in accordance with FAS 97 (US-GAAP), balanced out by the changes in the actuarial provision.

Including the savings portion of the unit-linked and index-linked life insurance (after reinsurance) in the amount of € 823 million (2009: €704 million), the premiums earned in life insurance declined by 14.0% to €2,564 million (2009: € 2,250 million). The retained premiums earned (according to IFRS) increased in 2010 by 12.6% to € 1,741 million (2009: € 1,546 million).

Life insurance	2010 € million	2009 € million	2008 € million	2007 € million	2006 € million
Premiums written	1,819	1,628	1,653	1,422	1,605
Savings portion of premiums from unit-linked and index-linked life insurance	845	728	823	748	559
Premiums written incl. savings portion of premiums from unit-linked and index-linked life insurance	2,664	2,356	2,476	2,170	2,164
Share CEE & EEM	17.1%	17.3%	23.0%	13.1%	9.7%
Share WEM	20.0%	12.3%	14.2%	16.6%	22.0%
International share	37.1%	29.6%	37.2%	29.7%	31.7%
Premiums earned (net)	1,741	1,546	1,570	1,342	1,527
Savings portion of premiums from unit-linked and index-linked life insurance (net after reinsurance)	823	704	774	695	499
Premiums earned (net) incl. the savings portion of premiums from unit-linked and index-linked life insurance	2,564	2,250	2,344	2,037	2,027
Net investment income	640	525	133	563	610
Insurance benefits (net)	–1,878	–1,692	–1,328	–1,534	–1,780
Other operating expenses less reinsurance commissions	–384	–338	–363	–321	–261
Cost ratio (net after reinsurance)	15.0%	15.0%	15.5%	15.7%	12.9%
Profit on ordinary activities	77	3	–27	5	56
Net profit	59	–1	–37	4	37

Development of insurance benefits

The retained insurance benefits increased in the reporting period by 11.0% to € 1,878 million (2009: € 1,692 million). However, in Austria they were down by 2.4% to € 1,162 million (2009: € 1,191 million). In the Western European region (WEM), insurance benefits grew due to the strong growth in life insurance in Italy by 89.5% to € 418 million (2009: € 221 million), while they only rose moderately in Central and Eastern Europe (CEE & EEM) by 6.1% to € 298 million (2009: €281 million).

Operating expenses

Total operating expenses in life insurance less reinsurance commissions and profit shares from reinsurance business ceded rose in 2010 by 13.6% to € 384 million (2009: € 338 million). Acquisition expenses rose by 18.5% to €304 million (2009: €257 million). In contrast, other operating expenses fell by 1.7% to €80 million (2009: € 81 million). As a result of this development, the cost ratio in life insurance, i.e. the relation of all operating expenses to the Group premiums earned, including the savings portion from the unit-linked and index-linked life insurance (after reinsurance), remained stable at 15.0% (2009: 15.0%).

Investment results

Net investment income less financing costs rose in the reporting year by 21.8% to € 640 million (2009: € 525 million). The capital investments including the investments for unit-linked and index-linked life insurance grew in 2010 by 8.0% to €18,397 million (2009: € 17,028 million).

Profit on ordinary activities, net profit

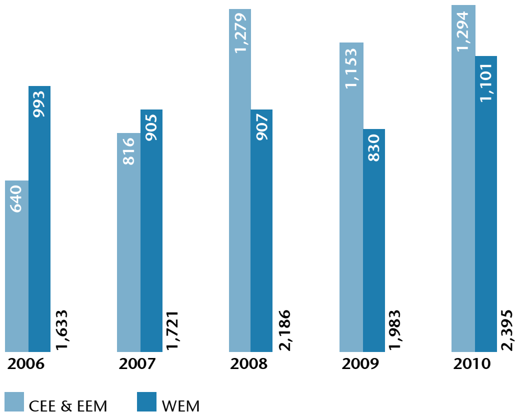
The profit on ordinary activities in life insurance increased in 2010, rising by €74 million to € 77 million (2009: € 3 million). Net profit increased to €59 million (2009: € –1 million).

International markets

The international premium volume of the UNIQA Group, including the savings portion of unit-linked and index-linked life insurance, increased drastically in 2010, following the drop in the year before and rose by a total of 20.8% to € 2,395 million (2009: € 1,983 million). This brought the international share of Group premiums up to 38.5% (2009: 34.6%).

International premium volume written

€ million



Including the savings portion from the unit-linked and index-linked life insurance (after reinsurance), the premiums earned grew by 23.1% to € 2,215 million (2009: € 1,800 million). The retained premiums earned (according to IFRS) rose by 20.3% to € 2,041 million (2009: €1,697 million).

■ Central and Eastern Europe (CEE & EEM)

In 2010 the countries of Eastern and South Eastern Europe found their way back to a strong growth momentum. Overall, the premium volume written rose by 12.2% to € 1,294 million (2009: € 1,153 million). Insurance benefits increased in the countries of the CEE region by 10.3% to € 1,005 million (2009: € 912 million), for the first time passing the € 1 billion mark. In the Eastern Emerging Markets, the premium volume even doubled from € 241 million to € 289 million (+19.6%). Overall, the CEE & EEM regions therefore contributed 20.8% (2009: 20.1%) to the Group premiums.

■ Western Europe (WEM)

The premiums in the Western European markets recorded a particularly high increase in the past financial year due to the strong life insurance business in Italy. The premium volume written rose in 2010 by 32.6% to € 1.101 million (2009: € 830 million). The recurring premium business increased by 4.8% to € 676 million (2009: € 645 million). The single premium business more than doubled, growing 129.6% to € 425 million (2009: € 185 million). In 2010, the WEM region contributed 17.7% (2009: 14.5%) to the Group premiums.

The premium volume written including the savings portion of the unit-linked and index-linked life insurance was divided as follows among the various regions in the UNIQA Group:

UNIQA international markets	Premiums written[1]					Share of Group premiums
	2010 € million	2009 € million	2008 € million	2007 € million	2006 € million	2010
Central Eastern Europe (CEE)	1,005	912	1,115	735	595	16.2%
Eastern Emerging Markets (EEM)	289	241	164	81	45	4.6%
Western European Markets (WEM)	1,101	830	907	905	993	17.7%
Total international	**2,395**	**1,983**	**2,186**	**1,721**	**1,633**	**38.5%**

[1] Incl. the savings portion of premiums from unit-linked and index-linked life insurance.

Total insurance benefits in the international Group companies rose by 38.8% in 2010 to €1,709 million (2009: € 1,231 million). Consolidated operating expenses less reinsurance commissions and profit shares from reinsurance business ceded rose in the past financial year by 11.2% to € 572 million (2009: €514 million) . Before consolidation based on the geographic segments (cf. segment reports), the profit on ordinary activities generated by the companies in the three regions outside of Austria amounted to € –54 million (2009: € 22 million) in 2010. This decline can be attributed in particular to lower results by the companies in Italy, Bulgaria, Romania and Hungary.

Significant events after the balance sheet date (subsequent report)

No events occurred after the balance sheet date that require reporting.

Outlook for 2011

Development in the current financial year

At the beginning of 2011, the trend of the premium volume of the UNIQA Group was satisfactory. Premium growth over the first two months was roughly 5.6% in property and casualty insurance and 4.0% in health insurance. Life insurance experienced a decrease in premiums of 5.2% arising from a phase shift in single premium business. The overall growth in January and February 2011 was 1.6%. Whereas premiums in Austria more or less remained at last year's level with a slight negative trend of –0.8%, premiums in international markets rose by 5.7%.

Property and casualty insurance

On the basis of numerous initiatives in product development, customer loyalty and efficiency improvement, UNIQA expects very solid developments in the area of property and casualty insurance once again in 2011.

The growth of the legal expenses insurance line also proved favourable in 2010. The relaxation of the financial crisis was reflected by fewer mass loss claims being reported in the area of financial management in comparison to 2009. The exclusion of a majority of these risks proved to be an effective countermeasure. The stabilisation that occurred in this area had a correspondingly positive effect on the technical results of the legal expense insurance, and the goal for 2011 is to continue profitable growth. In addition to the existing scoring models, expansion will be pursued based on new and detailed portfolio analyses that allow growth to be profitably controlled and premiums to be appropriately structured for risk coverage. Attention will also be directed to the introduction of new terms and conditions for legal protection (ARB 2011) that contain innovative, risk-tailored expansions of coverage in addition to legally necessary adaptations. With the lawyer's portal initiated by the UNIQA Group and introduced in 2010, a new means of communication between attorneys and legal expense insurance providers was established in the insurance market. The aim for 2011 is to further increase the usage of the portal and thereby enhance productivity. The goal of gradually increasing the assignment of claims to specialised lawyers is to raise the success rate and hence customer satisfaction in 2011 as well.

The past year which experienced comparatively few storms and natural disasters witnessed an amelioration of the loss ratio in the storm risk segment. In view of the anticipated increase in bad weather in addition to pending new equity capital guidelines, further steps are necessary, however. Related countermeasures such as tariff segmentation by region have already been introduced, and the Group will continue to follow the course charted back in 2008. We will also continue to expand the HORA system (Austrian Flood Risk Zoning System) in coming years in cooperation with the Insurance Association of Austria and the Ministry of Agriculture, Forestry, Environment and Water Management. The goal of this system is to create and refine a risk map that makes it possible to better assess possible natural dangers.

In the area of natural dangers as well as other risk areas, such as burglary, UNIQA relies on a variety of preventive measures to avoid losses. Examples of this can be found in the severe weather warnings offered by UNIQA as an exclusive service within the insurance industry as well as security checks for corporate customers and the pilot project "NummerSicher" for household and homeowner customers and bicycle theft. The severe weather warnings offered by UNIQA since 2004 in Austria have already been successfully implemented in Poland, Romania, the Czech Republic, Hungary, Serbia, Montenegro and Croatia and should be introduced in additional countries in 2011.

The strategy of reducing complexity and increasing efficiency, especially by offering standardised, customer-oriented products, should yield further profits. After launching the new private customer product in 2009, a new corporate customer project will be introduced in autumn 2011. Like the private customer product, a range of customer needs will be addressed by the different package versions. This will yield a clear, up-to-date product line which enables quick and efficient processing. Increased productivity in sales, efficiency gains and process streamlining then result.

Further refinements in the private customer business will be seen in 2011 as well. For instance, additional security features are being integrated into the new private customer product introduced to the market in 2009. The goal of these new models is an individual and risk-appropriate premium definition, in which the Group will naturally continue to pursue the goal of climate protection in accordance with the course already set jointly by Raiffeisen Versicherung and UNIQA. The features already included in the current product will be carried over and further expanded.

The market environment for motor vehicle insurance in Austria will remain difficult in 2011. The competition is traditionally sharp, and customers are confronted with offers at numerous contact points such as exclusive intermediaries, brokers, banks, automobile dealers or leasing companies.

UNIQA is reacting by continuing to focus on outstanding, unique products such as driver protection and especially SafeLine, the first automotive insurance that can save lives. The significant success of SafeLine in 2010 leads the company to expect an even more dynamic growth in the future. With its safety features, SafeLine helps establish unique customer loyalty in the motor vehicle insurance market. Over 400 emergencies have been positively resolved, and the CarFinder function has enabled lost vehicles to be immediately found in more than 40 cases. Linking GPS technology and crash sensors to automotive insurance is a Europe-wide trend of the future, and UNIQA as one of the forerunners serves as an example for other countries.

UNIQA is also unique in the Austrian market with its driver protection product. Even if the driver is at fault, this singular type of coverage provides an insured sum of up to €1 million for lost salary, treatment costs, living expenses and more. An increase of up to 20,000 policies is anticipated for this product.

Favouring electric vehicles is the logical continuation of UNIQA's commitment to climate protection. Since 2010, UNIQA has offered insurance for electric vehicles that do not require registration such as electric bicycles, mountain bikes, Segways and bikeboards. In 2011, the VCÖ anticipates a further increase in sales of these vehicles from 30,000 to 40,000.

Simultaneously, smartphones continue to enjoy great popularity. Linking the two is a logical step. Customers of UNIQA will therefore be able to obtain liability insurance and comprehensive insurance for these electric vehicles easily and without red tape by using their smartphone starting in 2011. This sends another strong signal about customer contact and simplifies the dialogue between customers and UNIQA similar to the introduction of the first vehicle damage claim reporting by smartphone in the Austrian market in the first half of 2010.

Furthermore, UNIQA rewards customers by offering premium advantages to those who combine the use of public transportation with the use of their individual automobile. UNIQA SafeLine is also a leader among motor vehicle insurance policies in the area of climate protection with its flexible environmental bonus for people who do little driving.

All of these new developments have also been tailored to affiliates in the Group. For example, driver protection has already been introduced in Raiffeisen Versicherung and SafeLine is being used in Hungary. The smartphone application for reporting damage claims has already been launched in several countries.

In the area of business interruption insurance for freelancers, the premium package introduced in 2010 will be furthered by sales-promoting activities. The highlight of this package is a termination protection which is presently only offered by a few insurance companies. For a higher premium, UNIQA will abandon the right to termination after a claim for the entire term of the policy. This addresses the security needs of the customers even better than before. Premium reimbursement in the absence of claims is automatically included.

In the second half of 2011, a shared application is planned for freelancer business interruption insurance and occupational disability insurance. If freelancer business interruption insurance no longer applies, for example if a business closes due to illness, occupational disability insurance will commence. These two products provide freelancers and small business owners with adequate risk coverage. Furthermore, UNIQA grants a premium advantage of 5% for freelancer business interruption insurance.

The new accident tariff structure introduced in the second half of 2010 at UNIQA will also be employed to achieve the targeted goals in 2011. Starting from the second quarter of 2011, an entry-level accident insurance product will be offered – hospital reimbursements for individuals with a flat fee for broken bones – a simple alternative to the primary product, "Unfall & Umsorgt".

Since many customers are involved in internationalisation and are tapping new markets, UNIQA will continue to enhance support of these customers. In addition to the related network of foreign companies, UNIQA also has the expertise and resources to offer international programmes to customers and satisfy the sophisticated demands of this strongly growing market segment.

As a response to the Environmental Liability Act passed to fulfil an EU directive, UNIQA has integrated environmental cleanup costs insurance in its liability insurance products. Since this is a Europe-wide issue, international experience and expertise will be exchanged with the international companies of the Group in 2011.

In years past, UNIQA was closely and successfully involved in an effort to prevent the spread of Legionella in the hotel and healthcare industries. In 2011, a cooperative effort with leading companies of this sector is planned to create systems for sanitising and preventing the spread of germs in water supply systems. In addition to the guaranteed freedom from Legionella, the advantage to UNIQA customers is the particularly attractive price for purchasing and installing the system.

Furthermore, an insurance solution and related safety strategy are presently being developed with a company that specialises in the risk management of major events. The result will be a risk management approach tailored to customers which will also include insurance coverage for the remaining risk associated with large events.

In industrial property insurance, UNIQA continues to find itself in a very competitive market, while the area of general liability insurance for larger risks is already showing the first signs of tightening terms.

In recent years, UNIQA has made a name for itself in the continental European insurance market through innovative products tailored to the requirements of a wide range of art collections and cultural institutions. This has yielded increasing demand especially in the central London market. UNIQA has risen to the challenge and will be opening an office in February 2011 in London which will be run by an international art expert who will develop relationships with international brokers and customers.

The responsibility of the new office will be to develop special insurance concepts for corporate and private collections for museums and international exhibitions, as well as galleries, dealers and auction houses. This outreach will be based on a foundation of years of international experience and the UNIQA team's extraordinary high level of expertise in the art world, as well as a special focus on flexible and innovative solutions.

At the same time, this new location not only places UNIQA closer to many customers, it will also enable UNIQA to continue the strategy it used to successfully expand its market position in central Europe on an international level.

Health insurance

Fortunately, the expectation expressed in these pages last year that the economic environment would become more difficult with increasing unemployment did not materialise over the past year. However, the optimistic forecast of continued demand for health insurance as well as a stable customer base did: New business rose slightly in 2010, whereas the contract cancellation dropped to an absolute low. It is apparent that customers are aware more than ever of the advantages of private health insurance in times of public discussion of the financeability of the health-care system.

A lively public discussion about "two-tier healthcare" has been instigated by an advertising campaign launched by an insurance company which is new to the market. UNIQA's position is clear: Private health insurance builds on a foundation of statutory health insurance and supplements it. A functioning first pillar is therefore a prerequisite. The second pillar offers the customer an additional freedom of choice, self-determination and comfort which, however, must never be to the disadvantage of the remaining population. In fact, the opposite is true: Every privately insured party supports the overall system with his or her own payments, be it the financing of physicians in public hospitals or as a patient in a private hospital by bearing the majority of the associated costs.

Keeping the customer's payments – i.e. the premiums – within a manageable range was a core task of private health insurers under the leadership of UNIQA in 2010 and will remain so in 2011. These negotiations with hospitals and physicians have proved to be particularly intense and tenacious this time. Of course, the successful negotiations of years past make it increasingly difficult to rescind contracts that are unattractive from the vantage point of the contractual partners. Accordingly, some of the demands submitted this year lay substantially above the rate of inflation. Nevertheless in many areas, realistic agreements were reached, and some are still being negotiated. Nonetheless, cautious optimism is appropriate that acceptable agreements will be made in these instances as well, and that customers throughout Austria will continue to be offered direct and guaranteed settlement of all treatment costs.

In sum, UNIQA also anticipates that the trend in health insurance in 2011 will be solid and stable. The entrance into the market of a new competitor (Donau Versicherung) will need to be factored in, and increased marketing and sales activities of familiar market players have also been noted. It can therefore be assumed that competition will become harder. But UNIQA will continue to successfully assert its market leadership and set the standard for the market with innovative products and services: For example, the introduction of the Select PLUS product line planned for the spring of 2011 will continue to promote the concept of prevention with attractive incentives. The process of signing up for policies will be professionalised through the teleunderwriting project with UNIQA's medical call centre as well as simplified and accelerated. The scheduled launch of Mobile Health Care, a futuristic looking truck designed by Luigi Colani, at the end of last year will substantially expand the corporate healthcare management services offered to corporate customers. At the same time, UNIQA will expand awareness of health insurance in a special advertising campaign in the spring of 2011.

The outlook for foreign markets is also positive. In Germany, the political environment for private health insurance continues to develop positively, as expected. A solid foundation for continued respectable development also exists for Mannheimer Krankenversicherung. The Geneva-based Group company, a specialist in health insurance for international organisations, will be able to continue its favourable growth this year as well. Apart from the highly possible conclusion of new large policies, the number of insured under existing policies can be significantly expanded.

In neighbouring eastern countries, health insurance will continue to grow strongly, of course starting from a relatively low level, although some of the effects of the economic and financial crisis can still be felt. The new Mobile Health Care truck will be put to use in these countries as well to provide attention-getting support of UNIQA's growth strategy. In Slovenia, health insurance will be marketed for the first time independently – from Carinthia – by the partner Raiffeisen.

Life insurance

The UNIQA Group offers a comprehensive range of classic index-linked and unit-linked life insurance products. As part of the independent sales, the unit-linked life insurance products are also being offered in Germany and Slovenia in their respective, country-specific versions.

In Austria, UNIQA was able to further strengthen its leadership in the area of unit-linked and index-linked life insurance in 2010. Partly responsible for this was UNIQA's flagship "FlexSolution" and "My flexible life insurance" offered by Raiffeisen Versicherung, as well as the continuously successful index-linked life insurance including "Inflationsschutz & RZB Kapitalinvest" (hedge against inflation & RZB capital investment). The provision solutions available so far in these categories have enjoyed a positive reception among the customers, reaffirming UNIQA's strategy of offering customers products that they can indi-vidually adapt to their current life circumstances. In 2011, this individualisation will be expanded in FlexSolution to clearly and attractively present customers with the numerous options.

Government-subsidised future pension provisions will also be reorganised in 2011. The proven expansions of guaranteed capital, guaranteed lifelong pension and other well-received product features will continue unchanged. In addition, two new tariffs were developed for 2011 in which the first guarantee date begins after 10 or 15 years as opposed to upon the expiration of the policy. Investment will follow a new CPPI model with a volatility target strategy in which the costs of the investment and guarantee can be kept low while the investment can be pursued aggressively even in turbulent capital markets. The successful cooperation with Austria's largest investment company is being continued in its proven form.

Despite the difficult environment arising from the low rate of interest, innovative solutions are being pursued in index-linked life insurance in 2011 as well. The new regulations pertaining to single premiums (4% insurance tax starting at a minimum term of 15 years) that took effect on 1 January 2011 did not pose any hindrance; since the beginning of January 2011, the first single premium tranche of FINANCE LIFE has been available which factors in the new criteria. The topic of security has gained new importance to customers, especially in recent years. Against this background, both classic and capital investment oriented life insurance products are enjoying great popularity. The changes to the actuarial interest rate effective 1 April 2011 will also have consequences on product features. In light of this regulation, UNIQA is reviewing the rates of classic and capital investment based life insurance and will revise them as needed.

With classic life insurance, the primary focus will remain on burial cost insurance which was successfully launched over the last two years. In this sensitive area, a certain amount of awareness has been generated which will be continuously developed in 2011. Additional focus will remain on occupational disability pension for which additional marketing will be required despite a high level of awareness. The children's product will be redesigned in 2011.

Unanticipated events such as accidents or illness can pose serious challenges to personal financial security. The new bank insurance product, "My Raiffeisen Account protection" offered by Raiffeisen Versicherung, provides the security of covering a negative account balance of the insured party up to €5,000 quickly and without red tape in the event of death. This can relieve surviving dependents of at least one financial worry and burden in an emotionally difficult time. In addition, the product is also appropriate for retirement savings with attractive premiums.

In autumn 2010 a new tariff was set up offering payment protection insurance for loans which UNIQA will continue to promote in 2011. This offer also helps to ensure that customers and their surviving dependents do not encounter financial difficulties owing to unforeseen circumstances. The advantage of the new loan protection is the comprehensive hedging of debt in case of death, unemployment or inability to work. Multiple cases of unemployment and multiple cases of inability to work are also covered in order to meet the needs of the customers.

The intensified cooperation between UNIQA and the Raiffeisen bank group in establishing and expanding bank sales in Central and Eastern Europe will continue in 2011. The Preferred Partnership with Raiffeisen encompasses the markets of Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Romania, Bulgaria, the Ukraine, Albania, Kosovo and Russia. The joint product portfolio continues to focus on tailor-made, combined banking and insurance packages as well as stand-alone products, in particular capital-forming life insurance products (endowment policies and unit-linked life insurance). Further aspects of cooperation include the successive expansion of the product portfolio and the gradual introduction of additional stand-alone products for casualty and health insurance in selected markets.

The renewed increase in financing volumes in the year 2010 has led to an increase in the scope of business, which was additionally supported by the introduction of new products. Special attention was paid here to selling stand-alone insurance products. Almost 18,000 new capital-forming life insurance policies with recurring premium payments in a total of nine markets could be concluded in this way. Around 60% of these policies are endowment insurance, with 40% unit-linked life insurance. The introduction of stand-alone products in additional markets is currently being prepared for 2011. Another focus lies on developing synergies by sharing the use of sales channels.

In addition, the cooperation with the Veneto Banca Group in Italy primarily in the area of single-premium life insurance has been a very positive stimulus for UNIQA and was put onto a long-term basis with the new cooperation agreement concluded at the end of 2009.

Outside of Europe, UNIQA founded in 2008 the life and health insurance company Takaful Al-Emarat based in Dubai and is currently developing it as a joint venture with the insurance company Al Buhaira. Takaful has offered life and health insurance for groups since 2009, and is planning individual tariffs for classic and unit-linked life insurance products starting in April 2011. The portfolio is made up exclusively of Takaful products and thus insurance products that conform with current Sharia rules and are also meeting with increased interest in Europe. Starting with Dubai and the United Arab Emirates, business activities will be expanded over the long term to include additional Gulf and Muslim states.

In the area of money laundering prevention, the precise random sampling check was optimised in 2010 based on an IT-supported, risk-oriented monitoring system in Austria. The international Group standards could be implemented for the most part throughout the entire UNIQA Group by the end of 2010. The standards include internal regulations, pertinent training modules, transaction and customer monitoring as well as intensified auditing and reporting. As planned for 2010, the creation of risk profiles for all companies of the UNIQA Group was essentially completed. In Austria, the risk-oriented categorisation of the customer base and the increased use of joint IT solutions were also refined. Substantial improvements could be made in several IT systems, primarily for managing electronic applications.

International projects planned for 2011 include the transition from the implementation phase to making the UNIQA standard a matter of course, and also the continued expansion of IT support.

Group profit

The economic environment continues to be defined by a number of significant uncertainties. Overcoming the government debt crisis in the eurozone and in the USA is viewed as the foremost challenge, as well as the further development of the so-called PIIGS nations. But the question of whether economic growth is sustainable for the future is also viewed as a critical success factor.

Under the prerequisite of anticipated normalisation of international profits and stable domestic profit development, we are assuming that 2011 will deliver further improvement in our operating profits. Underlying assumptions include significant reductions compared to 2010 in claims due to natural disasters, stable capital markets, and a positive economic environment.

Information according to Section 243a paragraph 1 of the Austrian Commercial Code

1. The share capital of UNIQA Versicherungen AG ("the company") is € 142,985,217 and is comprised of 142,985,217 individual no-par shares in the name of the bearer. The share capital has been paid in full. All shares have the same rights and obligations.
2. Due to their voting commitments, the shares of Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH, BL Syndikat Beteiligungs Gesellschaft m.b.H., Collegialität Versicherung auf Gegenseitigkeit, UQ Beteiligung GmbH, RZB Versicherungsbeteiligung GmbH and Raiffeisen Centrobank AG are counted together. Reciprocal purchase option rights have been agreed upon between the first three shareholders listed.
3. Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung holds a total of 37.91% of the share capital of the company indirectly via Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH and indirectly (effectively) via BL Syndikat Beteiligungs Gesellschaft m.b.H.; Raiffeisen Zentralbank Österreich Aktiengesellschaft holds 41.65% of the share capital of the Company indirectly via BL Syndikat Beteiligungs Gesellschaft m.b.H. (effectively), UQ Beteiligung GmbH, RZB Versicherungsbeteiligung GmbH and Raiffeisen Centrobank AG (participation ratios according to the voting rights report from 18 December 2009).
4. No shares with special control rights have been issued.
5. No employee capital participation models exist.
6. No provisions of the articles or other provisions exist that go beyond the statutory provisions for appointing Management Board and Supervisory Board members or for modifying the articles with the exception of the rule that when a Supervisory Board member turns 70 years of age, he or she shall be retired from the Supervisory Board at the end of the next Annual General Meeting.
7. The Management Board is authorised to increase the share capital up to and including 30 June 2015 with the approval of the Supervisory Board by a total of no more than € 71,492,608. The Management Board is further authorised until 18 May 2013 to buy back up to 14,298,521 own shares through the company and/or through subsidiaries of the company (Section 66 Austrian Stock Corporation Act). As at 31 December 2010, the company held 819,650 own shares.
8. With regard to the shareholding in STRABAG SE, corresponding agreements with other shareholders of this company exist.
9. No reimbursement agreements exist for the event of a public takeover offer.

Information according to Section 243a paragraph 2 of the Austrian Commercial Code

The most important features of the internal controlling and risk management system with regard to the financial reporting process are described in the Group notes (risk report).

Proposed appropriation of profit

The individual accounts of UNIQA Versicherungen AG, prepared in accordance with the Austrian Commercial Code, report an annual net profit for the 2010 financial year of € 57,617,245.61 (2009: € 57,257,946.36). The Management Board will propose to the Annual General Meeting on 30 May 2011 that this net profit be used for a dividend of 40 cents for each of the 142,985,217 dividend-entitled no-par shares issued as at the reporting date and the remaining amount carried forward onto new account.

Vienna, 6 April 2011

Konstantin Klien Chairman of the Management Board	**Andreas Brandstetter** Vice Chairman of the Management Board	**Hannes Bogner** Member of the Management Board	**Karl Unger** Member of the Management Board	**Gottfried Wanitschek** Member of the Management Board