Group Management Report

ECONOMIC ENVIRONMENT

Economic development over the past year was dominated by the European debt crisis. While the upswing continued in the 1st half of the year, the situation escalated during the summer of 2011 on the back of ever-growing speculation about the possible default of Greece. Political leaders and international investors realised that neither the first €110 billion public bailout package for Greece nor the haircut agreed on 21 July 2011 at the EU summit and originally set at 21 per cent, were enough to lead the country out of the debt crisis on a sustainable basis. At the same time, the austerity packages and structural measures aimed at ensuring Greece's competitiveness were becoming ever more extreme.

The second Greek aid package has a volume of €130 billion. The haircut was expanded to 53.5 per cent of the par value of the Greek bonds. The bond swap in March 2012 triggered a credit event on the markets for credit default swaps (CDS), and the composition quota was set at 21.5 per cent. Over the course of 2012, the crisis has spilled over into other European countries: Ireland and Portugal, too, took refuge under the European emergency facility (EFSF). Meanwhile, the newly instituted governments in the peripheral countries of the EU have declared themselves in favour of the austerity and reform measures, with a particular focus on the liberalisation of the labour market in Italy.

These developments left their mark on the economy. After considerable turbulence on the financial markets in August 2011 and a slump in the sentiment indicators, the euro zone slipped into a recession. In the 4th quarter the economy shrank by 0.3 per cent compared with the previous quarter. This means that, on a year-on-year basis, the euro zone economy recorded a GDP growth rate of only 0.7 per cent. At plus 1.2 per cent year on year, Austria outperformed average GDP growth. While the core countries were reporting good growth data right until autumn, some peripheral countries saw a dramatic decline in prosperity.

The US economy, on the other hand, was spared another recession, with GDP increasing by 1.6 per cent in 2011 on the back of solid investment and consumer demand. Employment was upbeat, especially in the 2nd half of the year, as the unemployment rate declined to 8.3 per cent.

The emerging economies were yet again the growth drivers of global growth. Concerns among economists of a downturn in China remained unsubstantiated in 2011. Companies and households benefited from receding inflation, while export demand for Chinese goods remained high.

CEE in the maelstrom of the euro zone

A number of CEE countries recorded relatively good growth figures in 2011, including Poland (plus 4.3 per cent) and Slovakia (plus 3.1 per cent). Hungary (plus 1.4 per cent) and Romania (plus 1.9 per cent), too, posted higher growth rates than many industrialised nations. Overall, the economy of Central and Eastern Europe grew by 3.1 per cent in 2011. At plus 4.3 per cent and plus 5.2 per cent, Russia and Ukraine also recorded high economic growth in 2011, and while the Southeastern European growth rate of 1.9 per cent meant that the region outperformed Western Europe in the past year. Given that most of the CEE countries are closely linked to the euro zone, with about 80 per cent of exports going to Europe, the economy lost some momentum in the 4th quarter. Hungary turned into a political problem case for the EU. Since sourcing capital on the international financial markets was difficult, the country needed help from the International Monetary Fund (IMF). The EU has tried to pressure Hungary into changing a contested amending law. To date, the EU Commission and the Hungarian government have made some headway in bridging the gap between them, but a few creases still need to be ironed out before official talks with the IMF can commence.

Massive turbulence on the financial markets

Share prices on the global equity markets tumbled in the summer as a result of the escalation of the euro crisis. Concerns reached a stage where banks and economists were discussing exit scenarios for some EU countries, and indeed the breakdown of the entire monetary union. In the 2nd half of the year, the equity indices worked like a political sentiment barometer, reflecting the desperate efforts of political leaders in the euro zone to resolve the debt crisis. The markets only relaxed towards the end of the year, but the main European indices failed to recover their earlier losses and thus closed 2011 down on the year.

The US equity markets also came under pressure because of the euro crisis and the first-ever downgrade of the USA by the rating agency Standard & Poor's around the middle of the year. However, the US economy reported robust macro-data in the 2nd half of the year, and the DOW JONES INDUSTRIAL index posted a clear gain of 8.4 per cent on the year.

Flight to safe havens on the bond markets

The European Central Bank (ECB) put an end to its interest rate hike cycle in autumn and cut its key lending rate in two steps from 1.5 per cent to 1 per cent. In view of the increased likelihood of a recession, the ECB regarded inflation forecasts as well-established on the market. Inflation fell to 2.7 per cent towards the end of the year in the euro zone. The commodity markets, which fuelled global inflation at the beginning of 2011, also eased off. The US Fed has kept the Fed funds rate practically at zero since 2008 and has communicated its intention of sticking to this strategy until 2014.

The non-standard monetary measures taken by the ECB were a big issue in 2011. By purchasing government bonds (around €220 billion to date), the central bank supported certain peripheral countries and provided the banking sector with massive levels of liquidity. In December, the markets welcomed the ECB's decision to offer the banks liquidity for three years via long-term refinancing operations (LTROs); so far, the banking sector has drawn down more than €1,000 billion.

On the bond markets, investors fled to safe havens, with the US Treasuries benefiting from this development. The euro depreciated significantly against the US dollar in the 2nd half of the year and closed 2011 at 1.30. Germany was the big winner in Europe with historically low interest rates, with yields for 10Y German government bonds dipping below 2 per cent in September. Due to the high level of risk aversion, bonds of European core countries were occasionally even traded at a negative yield. Some countries were cut off from the capital markets and could only refinance through the European emergency facility (Greece, Portugal, and Ireland), while the yields of Italy and Spain, too, temporarily reached levels that were considered detrimental to ratings in the long term.

Improving expectations

Looking back, the first 3Y tender by the ECB last December proved to be the catalyst for a general improvement in economic expectations. The spreads of Italian and Spanish government bonds have decreased substantially relative to German government bonds in the year to date thanks to the ECB's liquidity operations. This ensured the refinancing of the large bond volumes of the two countries in the 1st quarter of 2012. Whereas macroeconomic data continued to reflect the currently cautious economic activity, the leading indicators in the euro zone started to turn in a positive direction towards the end of 2011 – a development that was reflected on the financial markets. The stock markets got off to an excellent start to the New Year, thereby anticipating the upswing in the euro zone, which should manifest itself in economic data in the 2nd half of 2012. Positive economic surprises outnumbered the negative ones, with particular highlights including the robust US economy and China surpassing expectations.

The current outlook, i.e. a short recession in the euro zone followed by an economic upswing in the 2nd half of 2012, is counteracted by numerous risk factors. These currently include political risks in particular. The reform process on a national scale in the European peripheral states as well as at a supranational level in the euro zone must be completed quickly and credibly. Further risks for the global economy could result from an escalation in the Iran conflict and a drastic increase in the price of oil, as well as from a real estate crisis in China.

Austrian insurance industry records decline in premiums

The Austrian insurance industry saw a deterioration in premiums in 2011. Premiums declined by 1.7 per cent to €16.5 billion. Total insurance benefits amounted to €12.3 billion in 2011, up 4.4 per cent on 2010. According to initial forecasts, total premium revenues are expected to increase again by around 1.3 per cent to €16.7 billion in 2012.

Life insurance premium revenues fell by 7.5 per cent to a total of €7.0 billion in 2011. Recurring premiums rose by 1.6 per cent to an aggregate volume of €5.6 billion. The sector recorded a robust increase in reduced-premium old-age provision, with contracts rising by 5.4 per cent and premiums up around €1.0 billion (plus 4.8 per cent). At €1.4 billion, single premiums were down 32.2 per cent.

Premiums in the private health insurance segment increased by 3.6 per cent to €1.7 billion. The Austrian Insurance Association expects total premium revenues to grow by 3.2 per cent to €1.8 billion in 2012. In the area property and casualty insurance (including motor vehicle third party liability), premiums also increased by 2.9 per cent to €7.8 billion, whereas benefits declined to €4.9 billion; according to the Association, this was exclusively due to the absence of any major natural disasters. However, the overall trend was upwards. In 2012, premium revenues are expected to rise by 2.5 per cent to €8.0 billion.

Rising need for insurance services in Central and Eastern Europe

The unfavourable economic framework also affected the development of the growth markets of Central and Eastern Europe due to their close economic links. Economists expect GDP in the CEE region to increase by around 2 per cent in 2012 (2011: plus 3.4 per cent), with noticeably better economic performance in the 2nd half of the year. An increased GDP growth rate of above 3 per cent is forecast for 2013 and beyond, meaning that CEE will remain the growth engine for Europe in the coming years.

Closely tied in with this economic development, wages and private consumption are also expected to increase over the coming years. Growing purchasing power and a rise in the standard of living also means a sustainable increase in the need for insurance services on the CEE insurance markets, which can be seen in the continued outperformance of the growth rates in these markets relative to Western Europe. Insurance density (i.e. the volume of premium payments per capita) in the CEE region clearly falls short of Western European levels, thereby indicating that there is a gap for these markets to close and that this development will continue.

UNIQA GROUP

With a premium volume written (including the savings portion of unit- and index-linked life insurance) of €5,982.8 million, the UNIQA Group is one of the leading insurance groups in Central and Eastern Europe. The savings portion of unit- and index-linked life insurance in the amount of €633.9 million is offset against the changes in actuarial provisions in accordance with FAS 97 (US-GAAP). Adjusted for the savings portion of unit- and index-linked life insurance, the premium volume amounted to €5,348.8 million.

UNIQA in Europe

The UNIQA Group offers its products and services via all distribution channels (hired sales force, general agencies, brokers, banks and direct sales) and covers the entire range of insurance sectors.

The listed holding company, UNIQA Versicherungen AG, manages the Group and handles the indirect insurance business. It also performs numerous service functions for the Austrian and international insurance subsidiaries with a view to taking best advantage of synergy effects within all the Group companies and consistently implementing the Group’s long-term corporate strategy.

UNIQA International Versicherungs-Holding AG manages the international activities of the Group. This company is also responsible for the ongoing monitoring and analysis of the international target markets and for acquisitions and post-merger integration.

Companies included in the IFRS Consolidated Financial Statements

The 2011 Consolidated Financial Statements of the UNIQA Group include 53 Austrian companies (including UNIQA Versicherungen AG) and 83 international companies. A total of 40 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 consolidation. In addition, nine Austrian companies were recognised at equity as associated companies. Fifteen associates were of minor importance; the equity interests in these companies are recognised at fair value.

In 2011, the scope of consolidation primarily expanded to include the life insurance companies in Albania, Kosovo and Macedonia, as well as a number of property companies. Details on the consolidated and associated companies can be found in the corresponding overview in the Notes to the Consolidated Financial Statements (from page 89). The accounting and valuation methods are also described in the Notes to the Consolidated Financial Statements (from page 92).

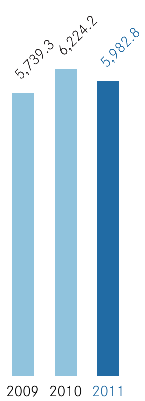
Risk report

The comprehensive risk report of the UNIQA Group can be found in the Notes to the Consolidated Financial Statements 2011 (from page 101).

Business development of the UNIQA Group

The following discussion of the Group's business development is 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 "property and casualty insurance", "health insurance" and "life insurance" business segments.

Premium volume written
Including the savings portion of unit- and index-linked life insurance



Figures in € million

GROUP BUSINESS DEVELOPMENT

The UNIQA Group provides life and health insurance and is active in almost all areas of property and casualty insurance. It serves around 8.1 million customers, has over 17 million insurance policies with a premium volume written (including the savings portion of unit- and index-linked life insurance) of around € 6.0 billion (2010: € 6.2 billion) and investments of € 24.6 billion (2010: € 24.8 billion). The UNIQA Group is the second-largest insurer in Austria and has a strong network in Central and Eastern Europe and a presence in 16 countries.

Premium development

In 2011, the total premium volume of the UNIQA Group, including the savings portion of unit- and index-linked life insurance in the amount of € 633.9 million (2010: € 845.1 million), declined to € 5,982.8 million (2010: € 6,224.2 million). This was attributable to the 3.9 per cent deterioration in the area of single premiums. On the other hand, the total consolidated premium volume written only fell marginally by 0.6 per cent to € 5,348.8 million (2010: € 5,379.1 million).

Developments were very positive in the area of insurance policies with recurring premiums in particular, which grew by 4.7 per cent to € 5,381.1 million (2010: 5,140.5 million). However, the single premium business declined by 44.5 per cent to € 601.7 million (2010: € 1,083.7 million) in 2011 due to the extension of the minimum holding period to benefit from tax advantages in Austria from ten to 15 years and lower volumes in Italy and Poland in particular.

Group premiums earned, including the savings portion of unit- and index-linked life insurance (after reinsurance) in the amount of € 599.7 million (2010: € 823.1 million), rose by 4.3 per cent to € 5,705.2 million (2010: € 5,961.7 million). Retained premiums earned (in accordance with IFRS) declined by 0.6 per cent to € 5,105.5 million (2010: € 5,138.6 million).

In the 2011 financial year, 45.4 per cent (2010: 41.6 per cent) of the premium volume was attributable to property and casualty insurance, 16.8 per cent (2010: 15.6 per cent) to health insurance and 37.8 per cent (2010: 42.8 per cent) to life insurance.

In Austria, the premium volume written including the savings portion of unit- and index-linked life insurance fell by 3.7 per cent to € 3,685.8 million in 2011 (2010: € 3,828.8 million). However, recurring premiums increased by an extremely encouraging 2.9 per cent to € 3,545.8 million (2010: € 3,447.5 million). Meanwhile, single premiums declined by 63.3 per cent to € 140.0 million (2010: € 381.3 million) due to the aforementioned extension of the minimum holding period to benefit from tax advantages.

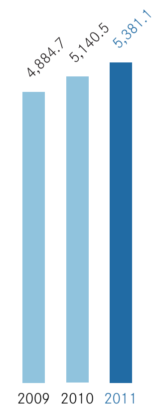
Including the savings portion of unit- and index-linked life insurance, premiums earned in Austria amounted to € 3,595.5 million (2010: € 3,748.8 million). Retained premiums earned (in accordance with IFRS) rose by 1.1 per cent to € 3,132.9 million in 2011 (2010: € 3,100.1 million).

The development of premiums in Central and Eastern Europe was extremely positive in 2011, particularly in the area of property and casualty insurance. Growth was dampened by the downward trend in the single premium business in life insurance. In 2011, the premium volume written including the savings portion of unit- and index-linked life insurance fell by 4.2 per cent to € 1,240.1 million (2010: € 1,294.0 million). Recurring premiums increased by a strong 7.7 per cent to € 1,095.3 million (2010: € 1,017.0 million); however, the single premium business fell by 47.7 per cent of € 144.8 million (2010: € 277.0 million). Central and Eastern Europe's share of Group premiums remained stable in 2011 at 20.7 per cent (2010: 20.8 per cent).

Including the savings portion of unit- and index-linked life insurance, premiums earned in CEE decreased by 4.3 per cent to € 1,160.9 million (2010: € 1,212.4 million). Retained premiums earned (in accordance with IFRS) amounted to € 1,047.4 million (2010: € 1,118.3 million).

In Western Europe, the premium volume written including the savings portion of unit- and index-linked life insurance fell by 4.0 per cent to € 1,056.9 million in the 2011 financial year (2010: € 1,101.5 million), primarily due to the sharp deterioration in the life insurance business in Italy and Liechtenstein. Recurring premium business, however, developed extremely positively in this region, increasing by a strong 9.5 per cent to € 740.0 million (2010: € 676.0 million). Driven by the downturn in the Italian business, single premiums decreased by 25.5 per cent to € 316.9 million (2010: € 425.4 million). All in all, the Western European share of Group premiums remained unchanged at 17.7 per cent (2010: 17.7 per cent).

Recurring premiums
UNIQA Group



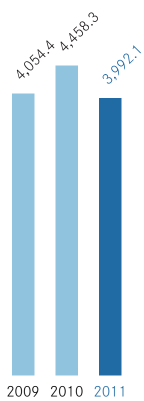
Figures in € million

Recurring premiums
Central and Eastern Europe

Figures in € million

Including the savings portion of unit- and index-linked life insurance, premiums earned in Western Europe decreased by 5.2 per cent to €948.8 million (2010: €1,000.5 million). By contrast, retained premiums earned (in accordance with IFRS) rose by 0.5 per cent to €925.2 million (2010: 920.2 million).

Insurance benefits
Retention



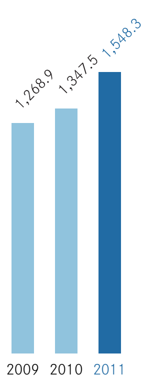
Figures in € million

Development of insurance benefits

The volume of insurance benefits before reinsurance (see Note 36 in the Notes to the Consolidated Financial Statements) decreased by 10.2 per cent to €4,098.3 million during the 2011 financial year (2010: €4,566.1 million) due to the improved development of claims, because there were no major natural disasters in the area of property and casualty insurance and because of the deterioration in payments for insured events and the lower level of expenses for (deferred) profit participation in the area of life insurance. Consolidated retained insurance benefits also fell by an encouraging 10.5 per cent to €3,992.1 million in the past financial year (2010: €4,458.3 million).

Meanwhile, retained insurance benefits in Austria declined by 9.6 per cent to €2,484.0 million (2010: €2,749.0 million) in 2011, while they fell by as much as 21.0 per cent to €684.6 million in Central and Eastern Europe (2010: €866.2 million). In the Western European markets, insurance benefits (after reinsurance) also decreased to €823.5 million during the year under review (2010: €843.1 million).

Operating expenses
Less reinsurance commission and profit shares from reinsurance business ceded



Figures in € million

Operating expenses

Total consolidated operating expenses (see Note 37 in the Notes to the Consolidated Financial Statements) less reinsurance commission and profit shares from reinsurance business ceded (see Note 33 in the Notes to the Consolidated Financial Statements) increased by 14.9 per cent to €1,548.3 million in the 2011 financial year (2010: €1,347.5 million) due to the non-recurring expenses incurred in the course of the repositioning of the UNIQA Group in the amount of around €131 million. Operating expenses for acquisition rose by 8.1 per cent to €1,011.6 million (2010: €935.7 million). Other operating expenses less reinsurance commission received increased by 30.3 per cent to €536.7 million (2010: €411.7 million).

In Austria, operating expenses increased by 19.4 per cent to €923.9 million (2010: €773.9 million). In CEE, this item amounted to €404.0 million (2010: €360.8 million) in 2011, corresponding to growth of 12.0 per cent. In the Western European countries, on the other hand, operating expenses only increased marginally by 3.5 per cent to €220.3 million (2010: €212.8 million).

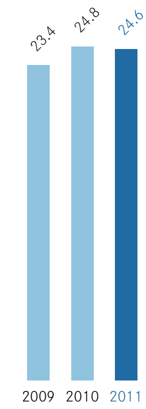
The cost ratio of the UNIQA Group after reinsurance, i.e. the ratio of total operating expenses to Group premiums earned including the savings portion of unit- and index-linked life insurance, rose to 27.1 per cent in the past year (2010: 22.6 per cent) as a result of the developments mentioned above. Adjusted for the non-recurring expenses in connection with the repositioning of the Group, the cost ratio amounted to 24.8 per cent. The cost ratio before reinsurance was 26.6 per cent (2010: 22.0 per cent).

Investment result

Total investments including land and buildings used by the Group, real estate held as investments, shares in associates and investments of the unit- and index-linked life insurance and current cash and cash equivalents decreased slightly in the 2011 financial year by 0.7 per cent to € 24,601.1 million (31 December 2010: € 24,778.7 million).

Net investment income declined by 74.0 per cent to € 226.6 million (2010: € 872.3 million); this was due in particular due to the net impact of write-downs on Greek bonds in the amount of around € 348 million and the generally negative trend on the financial markets. A detailed presentation of investment income can be found in the Notes to the Consolidated Financial Statements (Note 34).

Investments



Figures in € billion

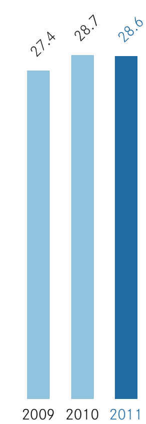
Loss on ordinary activities of minus € 325.6 million

The UNIQA Group recorded a loss on ordinary activities for the first time in 2011; this figure amounted to minus € 325.6 million (2010: € 141.8 million) as a result of write-downs on Greek bonds and the non-recurring expenses in connection with the repositioning of the Group. The net loss amounted to minus € 243.8 million (2010: net profit of € 90.9 million) in the year under review, while the consolidated loss amounted to minus € 245.6 million (2010: consolidated profit of € 42.3 million). The Management Board will therefore propose to the Supervisory Board and the Annual General Meeting that no dividend be paid for the 2011 financial year.

Group equity and total assets

The Group's total equity fell by 28.0 per cent or € 425.9 million to € 1,095.6 million in 2011 (31 December 2010: € 1,521.5 million) due to the net loss recorded in the past financial year. This included minority interests in the amount of € 219.7 million (31 December 2010: € 244.3 million). The total assets of the Group declined marginally by 0.5 per cent in the year under review and amounted to € 28,567.7 million as at 31 December 2011 (31 December 2010: € 28,703.7 million).

Total assets



Figures in € billion

Cash flow

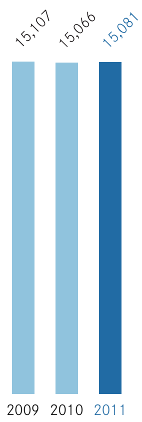
The cash flow from the UNIQA Group's operating activities amounted to € 393.9 million in 2011 (2010: € 924.7 million). The cash flow from investing activities amounted to minus € 186.4 million (2010: minus € 1,125.2 million), while the cash flow from financing activities amounted to minus € 58.3 million (2010: minus € 63.7 million). The dividend payment for the 2010 financial year totalled € 56.9 million.

The total change in cash and cash equivalents was € 149.2 million (2010: minus € 264.3 million). At the end of 2011, the Group had cash and cash equivalents in the amount of € 683.1 million (2010: € 532.9 million).

Staff

In 2011, the average number of employees in the UNIQA Group increased slightly to 15,081 (2010: 15,066). Of this figure, 6,179 (2010: 6,148) were employed in sales positions. The number of employees in administrative roles decreased to 8,902 (2010: 8,918).

Number of employees



The Group had 2,978 employees in the Central European (CE) region – Poland, Slovakia, Czech Republic and Hungary – in the 2011 financial year (2010: 2,995), 1,982 employees (2010: 2,080) in the Southeastern European (SEE) region – Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Croatia, Macedonia, Montenegro and Serbia – and 2,273 employees (2010: 2,124) in the Eastern European (EE) region – Romania and Ukraine. There were 56 employees (2010: 43) in Russia (RU). The average number of employees in the Western European markets was 1,067 (2010: 1,023). In Austria, a total of 6,725 people were employed by the Group (2010: 6,801). Including the employees of the general agencies working exclusively for the UNIQA Group, the total number people working for the Group amounted to 22,275.

In 2011, 53 per cent of the employees in Austria working in administrative positions were female. In sales, the male-female ratio was 80:20. 23 per cent (2010: 19 per cent) of the employees worked on a part-time basis. The average age of the workforce remained at 42 years in the year under review (2010: 42 years). In total, 12.1 per cent (2010: 11.7 per cent) of the employees participated in UNIQA's results-oriented remuneration system in 2011 – a variable payment system that is linked both to the success of the company and to personal performance. In addition, the UNIQA Group offers young people in training the opportunity to get to know foreign cultures and make international contacts. 86 apprentices are currently being trained, and a total of 36 new apprentices were accepted in 2011.

BUSINESS SEGMENTS

Property and casualty insurance

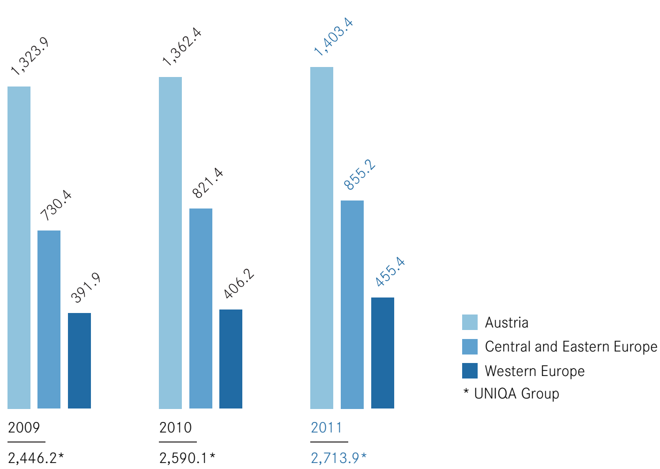
Premium development

In the property and casualty insurance segment, the UNIQA Group also enjoyed successful growth in 2011, increasing its premiums written by 4.8 per cent to €2,713.9 million (2010: €2,590.1 million). The premium volume in Austria increased by 3.0 per cent to €1,403.4 million (2010: €1,362.4 million).

The growth recorded in the previous years in Central and Eastern Europe also continued. Premiums written increased by 4.1 per cent to €855.2 million (2010: €821.4 million), thereby contributing 31.5 per cent (2010: 31.7 per cent) to Group premiums in the property and casualty insurance segment.

In the Western European markets, the premium volume written increased by 12.1 per cent to €455.4 million in 2011 (2010: 406.2 million) on the back of the very strong growth in Italy and Germany. Western Europe accounted for 16.8 per cent of Group premiums (2010: 15.7 per cent). Overall, the international share of Group premiums in the property and casualty insurance segment amounted to 48.3 per cent (2010: 47.4 per cent).

Premium volume written in property and casualty insurance Figures in € million



Details on the premium volume written in the most important risk classes can be found in the Notes to the Consolidated Financial Statements (Note 31).

Retained premiums earned (in accordance with IFRS) in the property and casualty insurance segment totalled €2,556.4 million in the year under review (2010: €2,431.1 million), representing an increase of 5.2 per cent.

Property and casualty insurance Figures in € million	2011	2010	2009
Premiums written	2,713.9	2,590.1	2,446.2
Share Central and Eastern Europe	31.5%	31.7%	29.9%
Share Western Europe	16.8%	15.7%	16.0%
International share	48.3%	47.4%	45.9%
Premiums earned (net)	2,557.0	2,433.3	2,290.1
Net investment income	50.6	91.3	117.7
Insurance benefits (net)	– 1,741.4	– 1,740.8	– 1,552.3
Loss ratio (after reinsurance)	68.1%	71.6%	67.8%
Loss ratio (before reinsurance)	66.1%	69.3%	69.7%
Other operating expenses less reinsurance commission	– 945.2	– 822.1	– 799.8
Cost ratio (after reinsurance)	37.0%	33.8%	34.9%
Cost ratio (before reinsurance)	35.6%	32.5%	33.3%
Combined ratio (after reinsurance)	105.1%	105.4%	102.7%
Combined ratio (before reinsurance)	101.7%	101.8%	103.0%
Profit/loss on ordinary activities	– 136.9	– 47.3	– 5.2
Net profit/loss	– 63.0	– 50.1	– 20.4
Consolidated profit/loss	– 63.1	– 50.4	– 19.4

Development of insurance benefits

Total retained insurance benefits remained essentially unchanged year-on-year at €1,741.4 million (2010: €1,740.8 million) despite the strong growth in premiums; this was attributable to the good development of claims and the fact that there were no natural disasters.

In Austria, insurance benefits in the property and casualty insurance segment rose by 3.2 per cent to €934.2 million (2010: €905.0 million), while the figure for the Western European markets increased by 8.6 per cent to €300.6 million (2010: €276.8 million). In the Central and Eastern European countries, on the other hand, insurance benefits dropped by 9.4 per cent to €506.5 million (2010: €559.0 million).

As a result of this development, the net loss ratio (retained insurance benefits as a proportion of premiums earned) fell by 3.5 percentage points to 68.1 per cent (2010: 71.6 per cent). The gross loss ratio (before reinsurance) at year-end 2011 was 66.1 per cent (2010: 69.3 per cent), an improvement of 3.2 percentage points.

In contrast, the net loss ratio in Austria fell to 67.4 per cent in the past financial year (2010: 67.6 per cent), while the figure for Central and Eastern Europe was as low as 64.5 per cent (2010: 74.8 per cent) thanks to the positive development of claims. The Western European companies recorded a net loss ratio of 78.0 per cent (2010: 80.4 per cent) for 2011.

Operating expenses, combined ratio

Total operating expenses in the property and casualty insurance segment less reinsurance commission and profit shares from reinsurance business ceded rose by 15.0 per cent to €945.2 million (2010: €822.1 million). At the same time, acquisition costs increased by 5.5 per cent to €572.4 million (2010: €542.4 million), while other operating expenses rose by 33.3 per cent to €372.8 million (2010: €279.8 million) due to the non-recurring expenses in connection with the Group's repositioning.

In Austria, operating expenses in the property and casualty insurance segment rose by 25.0 per cent to €495.5 million (2010: €396.4 million); in Central and Eastern Europe, they increased by 6.1 per cent to €298.7 million (2010: €281.5 million), while the figure for the Western European markets rose by 4.6 per cent to €151.0 million (2010: €144.3 million).

The cost ratio in the property and casualty insurance segment (after reinsurance) increased to 37.0 per cent in the past financial year (2010: 33.8 per cent) as a result of this development.

The net combined ratio decreased on the back of the improved development of claims, amounting to 105.1 per cent in 2011 (2010: 105.4 per cent). Adjusted for the aforementioned non-recurring expenses in connection with the Group's repositioning, the net loss cost ratio was 101.0 per cent. The combined ratio before reinsurance improved slightly to 101.7 per cent (2010: 101.8 per cent).

Investment result

Net investment income fell by 44.6 per cent to €50.6 million in the past financial year (2010: 91.3 million). Investments in property and casualty insurance declined by 0.9 per cent to €3,171.4 million (2010: €3,200.4 million).

Profit/loss on ordinary activities, net profit/loss, consolidated profit/loss

The loss on ordinary activities in property and casualty insurance deteriorated to minus €136.9 million in 2011 due to the developments described above (2010: minus €47.3 million). The net loss amounted to minus €63.0 million (2010: minus €50.1 million), while the consolidated loss after taxes and minority interests amounted to minus €63.1 million (2010: minus €50.4 million).

Health insurance

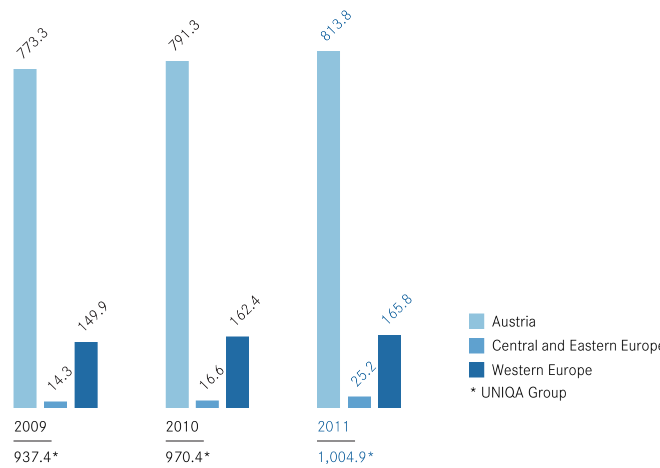
Premium development

The premium volume written in the health insurance segment rose by 3.6 per cent year-on-year to €1,004.9 million (2010: €970.4 million), thus breaking through the one billion euro barrier for the first time. In Austria, where the UNIQA Group remains the clear leading brand in the health insurance segment, premiums of €813.8 million were generated, up 2.8 per cent on the previous year (2010: €791.3 million).

In Western Europe, premiums written increased by 2.1 per cent to €165.8 million (2010: €162.4 million). In the countries of Central and Eastern Europe, premiums in the health insurance segment grew by 51.6 per cent in 2011 to reach €25.2 million (2010: €16.6: million). Overall, this meant that the international share of health insurance premiums in 2011 was 19.0 per cent (2010: 18.4 per cent).

Premium volume written in health insurance

Figures in € million



In 2011, retained premiums earned in the health insurance segment (in accordance with IFRS) rose by 3.3 per cent to €997.9 million as at the end of the year (2010: €966.2 million).

Health insurance Figures in € million	2011	2010	2009
Premiums written	1,004.9	970.4	937.4
Share Central and Eastern Europe	2.5 %	1.7 %	1.5 %
Share Western Europe	16.5 %	16.7 %	16.0 %
International share	19.0 %	18.4 %	17.5 %
Premiums earned (net)	997.9	966.2	933.9
Net investment income	4.1	127.5	94.9
Insurance benefits (net)	– 853.5	– 839.4	– 811.8
Benefit and loss ratio (after reinsurance)	85.5 %	86.9 %	86.9 %
Other operating expenses less reinsurance commission	– 162.5	– 141.4	– 128.5
Cost ratio (after reinsurance)	16.3 %	14.6 %	13.8 %
Profit/loss on ordinary activities	– 16.4	111.9	85.4
Net profit/loss	– 13.5	82.5	65.3
Consolidated profit/loss	– 18.3	37.6	50.3

Development of insurance benefits

Retained insurance benefits increased marginally in 2011 by 1.7 per cent to €853.5 million (2010: €839.4 million). Because premiums earned rose to a greater extent, the benefit and loss ratio after reinsurance fell by 1.4 percentage points year-on-year to 85.5 per cent (2010: 86.9 per cent).

In Austria, insurance benefits rose by 2.3 per cent to €697.7 million (2010: €682.1 million). In the Western European markets, on the other hand, insurance benefits declined by 4.9 per cent to €141.0 million (2010: €148.2 million). In the Central and Eastern European countries, insurance benefits also increased by 62.6 per cent to €14.8 million as a result of the sharp rise in premium revenues (2010: €9.1 million).

Operating expenses
Total operating expenses in the health insurance segment less reinsurance commission and profit shares from reinsurance business ceded rose by 14.9 per cent to €162.5 million in 2011 (2010: €141.4 million). This was also attributable to the non-recurring effects in connection with the repositioning of the UNIQA Group. Acquisition costs increased by 5.9 per cent to €94.5 million (2010: €89.2 million), while other operating expenses rose by 30.2 per cent to €68.0 million (2010: €52.2 million). As a result of this development, the cost ratio in the health insurance segment increased to 16.3 per cent (2010: 14.6 per cent).

In Austria, operating expenses increased by 15.8 per cent to €121.8 million (2010: €105.2 million). The figure for the Western European markets rose by 8.3 per cent to €34.2 million (2010: €31.6 million). Operating expenses in the CEE region increased by 39.0 per cent to €6.5 million (2010: €4.7 million).

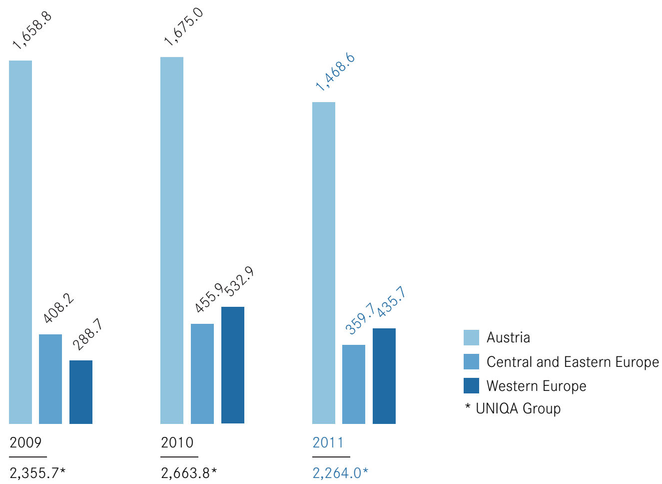
Investment result
In 2011, net investment income in the health insurance segment fell by 96.8 per cent to €4.1 million (2010: 127.5 million). The investment volume in the health insurance segment remained essentially unchanged year-on-year at €2,651.2 million (2010: €2,648.2 million).

Profit/loss on ordinary activities, net profit/loss, consolidated profit/loss
The loss on ordinary activities in the health insurance segment amounted to minus €16.4 million in the year under review (2010: profit of €111.9 million). In 2011, the net loss amounted to minus €13.5 million (2010: net profit of €82.5 million) and the consolidated loss after taxes and minority interests amounted to minus €18.3 million (2010: consolidated profit of €37.6 million).

Life insurance
Premium development
In 2011, the premium volume written in the life insurance segment including the savings portion of unit- and index-linked life insurance fell by 15.0 per cent to €2,264.0 million (2010: €2,663.8 million) due to the downturn in the area of single premium business in Austria, Poland and Italy. On the other hand, premiums from policies with recurring premium payments grew by 5.2 per cent to €1,662.3 million (2010: €1,580.1 million). The aforementioned deterioration in the single premium business saw premiums falling by 44.5 per cent to €601.7 million (2010: €1,083.7 million). Traditional single premiums declined by 34.6 per cent to €423.2 million (2010: €647.0 million), while single premiums in the area of unit-linked life insurance fell by 59.1 per cent to €178.4 million (2010: €436.7 million).

Premium volume written in life insurance
Including the savings portion of premiums from unit- and indexlinked life insurance

Figures in € million



Premium development in Austria was highly satisfactory in 2011, particularly in the area of products with recurring premiums. Revenues from these policies increased by 2.7 per cent to €1,328.6 million (2010: €1,293.7). The single premium business, on the other hand, fell by 63.3 per cent to €140.0 million (2010: €381.3 million) due to the extension of the minimum holding period to benefit from tax advantages from ten to 15 years. All in all, the life insurance premium volume in Austria decreased by 12.3 per cent to €1,468.6 million (2010: €1,675.0 million).

The life insurance business of the Group companies in the Central and Eastern European regions also decreased in 2011. The premium volume written including the savings portion of unit- and index-linked life insurance declined by 21.1 per cent to €359.7 million (2010: €455.9 million). While single premiums fell by 47.7 per cent to €144.8 million (2010: €277.0 million), recurring premiums showed extremely satisfactory development, rising by 20.1 per cent to €214.9 million (2010: €178.9 million). All in all, the share of life insurance attributable to these countries amounted to 15.9 per cent in 2011 (2010: 17.1 per cent).

In the Western European countries, the premium volume decreased by 18.2 per cent to €435.7 million (2010: €532.9 million) due to the downturn in business in Italy and Liechtenstein. Single premiums in this region also fell by 25.5 per cent to €316.9 million (2010: €425.4 million); however, recurring premiums rose by 10.6 per cent to €118.8 million (2010: €107.5 million). All in all, the Western Europe region thus contributed 19.2 per cent (2010: 20.0 per cent) to the total life insurance premiums of the Group.

The risk premium share of the unit- and index-linked life insurance included in the Consolidated Financial Statements totalled €139.1 million in 2011 (2010: €131.8 million). The savings portion contained in the premiums of the fund- and index-linked life insurance segments amounted to €633.9 million (2010: €845.1 million) and was offset against the changes in actuarial provisions in accordance with FAS 97 (US-GAAP).

Including the savings portion of unit- and index-linked life insurance (after reinsurance) in the amount of €599.7 million (2010: €823.1 million), premiums earned in the life insurance segment fell by 16.1 per cent to €2,150.9 million (2010: €2,564.5 million). Retained premiums earned (in accordance with IFRS) decreased by 10.9 per cent to €1,551.2 million in 2011 (2010: €1,741.4 million).

Life insurance Figures in € million	2011	2010	2009
Premiums written	1,630.1	1,818.7	1,628.0
Savings portion of premiums from unit- and index-linked life insurance	633.9	845.1	727.7
Premiums written including the savings portion of premiums from unit- and index-linked life insurance	2,264.0	2,663.8	2,355.7
Recurring premiums	1,662.3	1,580.1	1,501.1
Single premiums	601.7	1,083.7	854.6
Share Central and Eastern Europe	15.9 %	17.1 %	17.3 %
Share Western Europe	19.2 %	20.0 %	12.3 %
International share	35.1 %	37.1 %	29.6 %
Premiums earned (net)	1,551.2	1,741.4	1,546.2
Savings portion of premiums from unit- and index-linked life insurance (after reinsurance)	599.7	823.1	703.6
Premiums earned including the savings portion of premiums from unit- and index-linked life insurance (after reinsurance)	2,150.9	2,564.5	2,249.8
Net investment income	171.9	653.5	539.0
Insurance benefits (net)	– 1,397.1	– 1,878.1	– 1,690.4
Benefit and loss ratio (after reinsurance)	65.0 %	73.2 %	75.1 %
Other operating expenses less reinsurance commission	– 440.6	383.9	340.6
Cost ratio (after reinsurance)	20.5 %	15.0 %	15.1 %
Profit/loss on ordinary activities	– 172.3	77.2	2.2
Net profit/loss	– 167.3	58.4	– 2.1
Consolidated profit/loss	– 164.2	55.1	– 16.8

Development of insurance benefits

Retained insurance benefits fell by 25.6 per cent to €1,397.1 million in the year under review (2010: €1,878.1 million) due to the decrease in payments for claims and the lower level of expenses for (deferred) profit participation. Accordingly, the benefit and loss ratio after reinsurance declined by 8.2 percentage points year-on-year to 65.0 per cent (2010: 73.2 per cent).

In Austria, insurance benefits fell by a substantial 26.7 per cent to €852.0 million (2010: €1,161.9 million). In Western Europe, insurance benefits decreased slightly by 8.7 per cent to €381.9 million (2010: €418.1 million), while the figure for Central and Eastern Europe declined by 45.2 per cent to €163.3 million (2010: €298.1 million).

Operating expenses

Total operating expenses in the life insurance segment less reinsurance commission and profit shares from reinsurance business ceded rose by 14.8 per cent to €440.6 million in 2011 (2010: €383.9 million). Acquisition costs increased by 13.4 per cent to €344.8 million (2010: €304.2 million). Other operating expenses also increased by 20.2 per cent to €95.9 million (2010: €79.7 million) due to the non-recurring expenses in connection with the Group's repositioning. As a result of this development, the cost ratio in life insurance, i.e. the ratio of all operating expenses to Group premiums earned including the savings portion of unit- and index-linked life insurance (after reinsurance), rose to 20.5 per cent (2010: 15.0 per cent).

In Austria, operating expenses increased by 12.6 per cent to €306.6 million (2010: €272.3 million). The figure for the CEE region grew by 32.5 per cent to reach €98.9 million (2010: €74.6 million). On the other hand, operating expenses declined by 4.9 per cent in the Western European countries to total €35.2 million (2010: 37.0 million).

Investment result

Net income from investments fell by 73.7 per cent to €171.9 million in the year under review (2010: 653.5 million). Investments including the investments for unit- and index-linked life insurance decreased by 1.6 per cent to €18,095.4 million in 2011 (2010: 18,397.2 million).

Profit/loss on ordinary activities, net profit/loss, consolidated profit/loss

The loss on ordinary activities in the life insurance segment deteriorated to minus €172.3 million in 2011 (2010: profit of €77.2 million). The net loss amounted to minus €167.3 million (2010: net profit of €58.4 million), while the consolidated loss after taxes and minority interests amounted to minus 164.2 million (2010: consolidated profit of €55.1 million).

INTERNATIONAL MARKETS

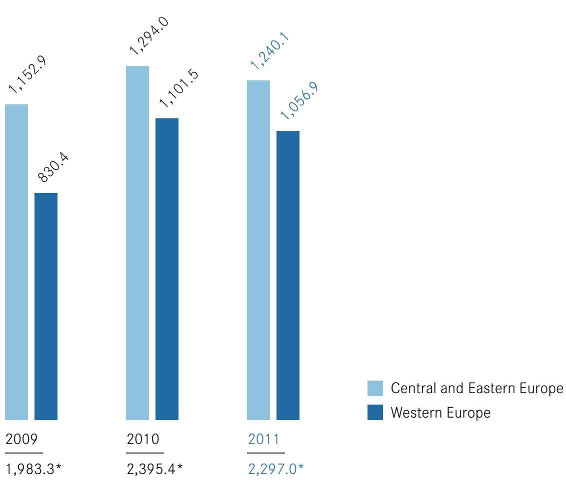
Premium development

The international premium volume of the UNIQA Group (including the savings portion of unit- and index-linked life insurance) fell by 4.1 per cent to €2,297 million in 2011 (2010: €2,395.4 million) as a result of the development of single premiums. The international share of Group premiums therefore remained almost unchanged year-on-year at 38.4 per cent (2010: 38.5 per cent).

Including the savings portion of unit- and index-linked life insurance (after reinsurance), premiums earned decreased by 4.7 per cent to €2,109.7 million (2010: €2,212.9 million). Retained premiums earned (in accordance with IFRS) fell by 3.2 per cent to €1,972.6 million (2010: €2,038.5 million).

International premium volume written

Figures in € million



In Central Europe (CE) – Poland, Slovakia, the Czech Republic and Hungary – premiums written fell by 9.0 per cent to €868.3 million (2010: €954.5 million). In Eastern Europe (EE) – which consists of Romania and Ukraine – premiums written remained at the prior-year level at €157.6 million (2010: 158.4 million). In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Croatia, Macedonia, Montenegro and Serbia – 2011 saw highly encouraging growth of 10.6 per cent to €187.4 million (2010: €169.3 million). The strongest premium growth was generated in the Russian market (RU), where premiums increased by 128.2 per cent to €26.8 million (2010: €11.7 million).

All in all, the Group's premiums in Central and Eastern Europe fell by 4.2 per cent to €1,240.1 million (2010: €1,294.0 million). Recurring premiums enjoyed extremely positive development in 2011, increasing by 7.7 per cent to €1,095.3 million (2010: €1,017.0 million). However, single premium business declined strongly, particularly in Poland, falling by 47.7 per cent to €144.8 million (2010: €277.0 million). Central and Eastern Europe's share of Group premiums amounted to 20.7 per cent (2010: 20.8 per cent) in the 2011 financial year.

In Western Europe (WE) – Germany, Italy, Liechtenstein and Switzerland – the business volume fell by 4.0 per cent to €1,056.9 million (2010: €1,101.5 million). Recurring premiums in this region also experienced very strong growth, however, climbing by 9.5 per cent to €740.0 million (2010: €676.0 million). Due to the deterioration in Italy, single premiums fell by 25.5 per cent to €316.9 million (2010: €425.4 million). Western Europe's share of Group premiums amounted to 17.7 per cent in 2011 (2010: 17.7 per cent).

Accordingly, the Group's level of internationalisation at year-end 2011 was 38.4 per cent (2010: 38.5 per cent).

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

UNIQA Group international markets		Premiums written[1]		Share of Group premiums
Figures in € million	2011	2010	2009	2011
Central Europe (CE)	868.3	954.5	863.5	14.5 %
Eastern Europe (EE)	157.6	158.4	167.1	2.6 %
Southeastern Europe (SEE)	187.4	169.3	122.1	3.1 %
Russia (RU)	26.8	11.7	0.1	0.4 %
Western Europe (WE)	1,056.9	1,101.5	830.4	17.7 %
Total international markets	**2,297.0**	**2,395.4**	**1,983.3**	**38.4 %**

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

Development of insurance benefits

Total retained insurance benefits at the international Group companies fell by 11.8 per cent to €1,508.1 million in 2011 (2010: €1,709.3 million).

In Central Europe, benefits declined by 30.4 per cent to €457.0 million (2010: €656.8 million) due in particular to the lower level of single premium business in the life insurance segment. In Eastern Europe, benefits remained largely unchanged year-on-year at €110.9 million (2010: €109.5 million). In Southeastern Europe, insurance benefits increased by 9.7 per cent to €102.4 million (2010: €93.3 million), while the figure for Russia amounted to €14.3 million (2010: €6.5 million). In the Western European region, the benefit volume fell by 2.3 per cent to €823.5 million (2010: €843.1 million).

Operating expenses

Operating expenses at the international Group companies less reinsurance commission received rose by 8.8 per cent to €624.4 million in 2011 (2010: €573.6 million).

In Central Europe, operating expenses increased by 9.1 per cent to €244.1 million (2010: €223.7 million), while the figure for Eastern Europe rose slightly by 8.5 per cent to €65.1 million (2010: €60.0 million). In Southeastern Europe, operating expenses increased by 14.1 per cent to €78.4 million (2010: €68.8 million). In Russia, operating expenses climbed to €16.4 million in the 2011 financial year (2010: €8.3 million), while expenses in Western Europe increased by 3.5 per cent to €220.3 million (2010: €212.8 million).

Investment result

Net investment income at the international Group companies fell by 10.3 per cent to €122.8 million in 2011 (2010: €136.9 million) due to write-downs on Greek bonds and the negative developments on the financial markets. While the investment result in Western Europe increased by 8.6 per cent to €77.3 million (2010: €71.1 million), the investment result in Central and Eastern Europe fell by 30.7 per cent to €45.5 million (2010: €65.7 million).

Profit/loss on ordinary activities

Before consolidation based on the geographic segments (see Segment Income Statement), the loss on ordinary activities generated by the companies in the three regions outside of Austria in 2011 amounted to minus €36.7 million (2010: minus €66.2 million). The loss before taxes in Central and Eastern Europe improved to minus €27.9 million despite challenging economic conditions (2010: minus €34.9 million). In Western Europe, the pre-tax loss in the 2011 financial year amounted to minus €8.8 million (2010: minus €31.2 million).

REPORT ON POST-BALANCE SHEET DATE EVENTS

No events requiring reporting took place after the balance sheet date.

OUTLOOK

Trends in the current financial year

Recurring premiums have developed well in early 2012, but single premium business remains under significant pressure.

In Austria, the UNIQA Group has kept the premium volume stable in the first two months of 2012 at €757.3 million (minus 0.2 per cent) despite the negative development in the life insurance segment. Life insurance premiums fell by 5.6 per cent, due primarily to a deterioration in the area of unit-linked life insurance. Premiums in the property and casualty insurance segment rose by 2.5 per cent, while health insurance premiums increased by 2.8 per cent.

Recurring premiums in the markets of Central and Eastern Europe (CEE) climbed by 7.5 per cent. Single premium business in this region fell significantly by 46 per cent. Overall, the UNIQA Group recorded a premium volume of €217.3 million in the CEE region in January and February (plus 0.2 per cent). Measured in terms of the annual premium equivalent (APE), which is composed of recurring premiums plus 10 per cent of single premiums, premium growth amounted to 6.7 per cent.

In Western Europe – excluding the comparative figures for the German Mannheimer Group for the first two months of 2011 – the premium volume fell by 33.9 per cent to €83.1 million (minus 61.0 per cent) due to a decline in single premium business in Italy. In contrast, recurring premiums climbed by 16.4 per cent. Measured in terms of the APE, there was a 4.3 per cent rise in premiums in Western Europe.

Economic outlook

The economic environment in the euro zone and in a few CEE markets deteriorated in the 1st quarter of 2012. This development was driven by the interplay of three mutually reinforcing elements: the debt crisis in Europe continues to pose a high risk potential for the entire continent. This includes the risk of a banking crisis, which has been mitigated by measures undertaken by the European Central Bank but not yet fully alleviated. Savings and consolidation measures in several countries have also led to a deterioration in growth rates.

From ’a current perspective, these trends will remain in place for the entire 1st half of 2012. An upturn is only expected in the 2nd half of 2012 and in 2013. A key factor will be developments in the PIIGS states. For the UNIQA Group, the risk of default on government bonds is no longer the primary issue at hand; instead, the foremost concern is the potential effect of a government default on wider economic development in Europe.

Austria

Austrian GDP will only rise slightly in real terms in 2012. Economic researchers expect to see stable growth in private consumption, while public consumption and investments could decline. Unemployment in Austria is extremely low compared with other countries, but it must be assumed that there will be a slight increase in the current year.

Property and casualty insurance

The automobile insurance market in Austria continues to be characterised by fierce price competition. The UNIQA Group is controlling this development with product innovations such as driver protection and SafeLine, the latter of which already has more than 45,000 customers. We expect to enjoy further solid gains in 2012. We are forecasting strong growth in 2012 in the area of driver protection, a product that offers insurance coverage of up to €1 million for drivers who are at fault in an accident.

In the industry and individual area, we are looking to attain and grow new and attractive customer segments in 2012 with a significant increase in capacity in the property insurance segment.

Health insurance

Compared with the other business segments, health insurance has the highest growth potential for the coming years. The hospital prices and physicians’ fee schedule agreed for 2012 will provide a solid framework for positive developments.

Life insurance

We see renewed challenges in the life insurance segment in 2012, but we are also anticipating opportunities for traditional life insurance. There is hope in the insurance industry that regulators will allow a new category of investment-oriented life insurance with reporting date guarantees.

One major task this year will be the implementation of the ruling of the European Court of Justice, under which differences in premiums for men and women will be prohibited as of 21 December 2012. This ruling requires the recalculation of nearly all products in the life, health and casualty insurance segments. UNIQA will use this as an opportunity to streamline its product portfolio and launch targeted innovations.

UNIQA International

Experts are forecasting much stronger growth in the CEE region than in the euro zone over the coming years. For 2012, however, the outlook for CEE must be assessed carefully. We are anticipating positive developments in Poland driven by substantial domestic demand and economic ties to strong export countries such as Germany. Hungary is also showing a positive trend in the medium term, although major political risks remain and specific issues, such as an agreement with the International Monetary Fund, are still outstanding.

The larger markets in Southeastern Europe, such as Serbia and Croatia, should be strengthened by improved relations with the EU in 2012. Croatia’s entry to the EU on 1 July 2013 and Serbia’s admission as a candidate will most likely provide positive effects in the medium term. We are anticipating positive economic growth in Russia and Ukraine in 2012. Overall development in these countries depends strongly on prices for commodities such as oil and steel, while there is solid growth potential for the insurance sector due to low levels of insurance density and penetration.

With its strong market presence in CEE, the UNIQA Group will benefit from the region’s backlog of demand for insurance by using a clear multi-channel sales strategy.

From a product perspective, we will position ourselves in the CEE region as a composite insurer. Our sales points include in particular automotive liability and comprehensive insurance, as well as casualty and homeowner’s’ insurance. We also have our eye on a further area with potential: traditional life insurance. We are intensifying our involvement in the health insurance segment in selected markets, as this is clearly a growth market.

In 2012, we are also focusing on continuing to expand the range of cross-border insurance solutions for our industrial customers. International underwriting is guaranteed by close cooperation within the UNIQA network and additional expert fronting partners. In addition, we are implementing a series of measures in 2012 to expand our position as a market leader in the transportation and liability insurance segment.

In the area of the arts, we will continue our positive development at a national and international level in 2012 by providing risk-appropriate, individualised insurance solutions. We are also looking to further expand the position of UNIQA Fine Art Underwriting (London) in 2012.

Group profit

The economic environment continues to be characterised by a number of significant uncertainties. The economy in the euro zone and a few CEE countries is in a relatively weak phase. The earliest date for an expected upturn is the 2nd half of 2012. Overcoming the government debt crisis in the euro zone and the further development of the PIIGS nations are seen as the main challenges. An additional risk factor is a potential fall in interest rates combined with high inflation. The development of individual CEE states, such as Hungary, must also be viewed in a differentiated manner in 2012.

We are proceeding on the assumption that our 2012 results will improve compared with 2010, with 2011 having been significantly impacted by non-recurring factors. This assumes, however, that there will be no major setbacks on the capital markets, that the economic environment will continue to develop positively, and that losses caused by natural disasters will continue to remain within a normal range.

INFORMATION IN ACCORDANCE WITH SECTION 243A PARAGRAPH 1 OF THE AUSTRIAN COMMERCIAL CODE

1. The share capital of UNIQA Versicherungen AG (“the Company”) amounts to €142,985,217 and is comprised of 142,985,217 individual no-par value bearer shares. The share capital is fully paid up. All shares offer 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 and RZB Versicherungsbeteiligung GmbH are counted together. Reciprocal purchase option rights have been agreed between the first three of these shareholders.
3. Raiffeisen Zentralbank Österreich Aktiengesellschaft indirectly holds a total of 39.78 per cent of the Company’s share capital via BL Syndikat Beteiligungs Gesellschaft m.b.H. (effectively), UQ Beteiligung GmbH and RZB Versicherungsbeteiligung GmbH’; Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung holds a total of 38.24 per cent 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. (equity interests as communicated to the 12th Annual General Meeting on 30 May 2011).
4. No shares with special control rights have been issued.
5. There are no employee capital participation models.
6. There are no provisions in the Articles of Association or other provisions that go beyond the statutory provisions for appointing Management Board and Supervisory Board members or for modifying the Articles of Association with the exception of the provision that, when a Supervisory Board member turns 70 years of age, he or she shall retire from the Supervisory Board at the end of the next Annual General Meeting.
7. The Management Board is authorised to increase the Company’s share capital, with the approval of the Supervisory Board, up to and including 30 June 2015 by a total of up to €71,492,608. The Management Board is further authorised until 18 May 2013 to buy back up to 14,298,521 treasury shares via the Company and/or via subsidiaries of the Company (section 66 of the Austrian Stock Corporation Act). As at 31 December 2011, the Company held 819,650 treasury shares.

8. With regard to the holding company Strabag SE, there are corresponding agreements with other shareholders of this holding company.
9. There are no reimbursement agreements for the event of a public takeover offer.

INFORMATION IN ACCORDANCE WITH 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 Notes to the Consolidated Financial Statements (risk report).

PROPOSED APPROPRIATION OF PROFIT

The single-entity financial statements of UNIQA Versicherungen AG prepared in accordance with the Austrian Commercial Code report net retained profit for the 2011 financial year in the amount of €1,607,787.76 (2010: €57,617,245.61). The Management Board shall recommend to the Annual General Meeting on 29 May 2012 that the net retained profits for 2011 be carried forward to new account.

Vienna, 29 March 2012

Andreas Brandstetter
Chairman of the Management Board

Hannes Bogner
Member of the Management Board

Wolfgang Kindl
Member of the Management Board

Hartwig Löger
Member of the Management Board

Kurt Svoboda
Member of the Management Board

Gottfried Wanitschek
Member of the Management Board