

## Profitable growth in the core business

*As part of our long-term strategic programme UNIQA 2.0, which runs from 2011 to 2020, we are concentrating on profitable growth in our core business as a primary insurer. We continued with the systematic implementation of this strategy in 2012.*

In summer 2011, we launched the long-term strategic programme UNIQA 2.0, which runs until 2020. We are concentrating on our core business as a primary insurer in our two core markets of Austria and Central and Eastern Europe (CEE). Our business model is geared towards profitable growth and long-term value creation in these markets. We intend to boost profitability at UNIQA Austria, increase productivity of Raiffeisen Insurance in Austria, tap the growth potential in the CEE region and establish a consistent risk-return approach.

With “UNIQA”, we have the leading insurance brand in Austria, while Raiffeisen Insurance profits from the “Raiffeisen” brand, the strongest bank brand in Austria. Both brands are also well positioned in the CEE region. We put great emphasis on the bundled expertise of an international group that is active in 20 European countries and in close proximity to customers.

In 2012, we took the first step in the implementation of UNIQA 2.0. We have delivered on our promise to our shareholders: earnings before taxes (EBT) of €205.4 million were up 44.9 per cent on the 2010 earnings of €141.8 million. EBT in 2011 were burdened by significant non-recurring items – value adjustments on Greek government bonds and expenditure on the repositioning of UNIQA – (2011: minus €322.3 million). The solvency ratio rose to 214.9 per cent as at 31 December 2012. The return on equity (ROE) before taxes was 13.2 per cent. ROE after taxes and minority interests was 9.1 per cent. The return on sales (ROS) was 3.9 per cent.

EBT of €205.4 million are distributed as follows between the three segments: The health insurance segment generated EBT of €106.9 million, while the life insurance segment generated €119.5 million. In contrast, the property and casualty insurance segment reported a loss of €20.3 million. These figures include a consolidation effect of minus €0.7 million.

We are working intensively on making the property and casualty insurance segment profitable. The combined ratio after reinsurance improved to 101.3 per cent in 2012 (2011: 104.9 per cent). However, our target is to achieve and maintain a figure significantly lower than the 100 per cent mark over the medium term. A similar situation applies to the Group cost ratio: although it fell to 25.0 per cent in 2012 (2011: 26.8 per cent), we intend to achieve a further significant improvement in this figure in the medium term.

As a part of the implementation of the risk-return approach, UNIQA started to restructure its portfolio in 2012. Against the backdrop of a low-interest environment, this restructuring had a positive effect on investment income in the life insurance segment despite de-risking measures and led to an increase in EBT there. This was supported by an adjustment that we made in 2011 to bring profit sharing into line with current economic conditions. The low interest level also exerts a positive influence on the evaluation of investments in shareholders' equity. In contrast, a sustained low interest level impacts negatively on the economic assessment (embedded value), which takes into account the long-term nature of the life insurance business.

Value-oriented management of the life insurance segment according to economic principles combines with the focus on achieving the desired IFRS result to form a key component of UNIQA 2.0.

UNIQA introduced measures in 2012 in response to the low-interest environment: we are implementing a sustainable asset liability management policy in order to better balance the sensitivities of capital market investments with respect to actuarial liabilities. Furthermore, we are working intensively as part of the risk-return approach on product strategy and profitability management.

These measures began to take effect in 2012. We will publish data for embedded value when the first-quarter earnings for 2013 are announced on 17 May 2013.

#### **Our UNIQA 2.0 growth strategy is based on five pillars:**

##### **1. What is our goal? Doubling the number of customers.**

We intend to double the number of our business partners from 7.5 million in 2010 to 15 million by 2020. At the end of 2012, we were serving 8.7 million customers in 20 countries.

##### **2. How will we achieve this? By focusing on the core business.**

In order to achieve our customer target, we are concentrating on what we do best: on our core business as a primary insurer in our core markets of Austria and CEE. In line with this approach, we sold our shareholding in the Mannheimer Group in Germany in 2012 and our media investments. This was followed in the first quarter of 2013 by the sale of our hotel holdings. In return, we acquired the minority interests held by the European Bank for Reconstruction and Development (EBRD) in our insurance subsidiaries in Croatia, Poland and Hungary and increased the holdings in our private clinics in Austria to 100 per cent.

##### **3. Where do we want to improve? Four-point programme.**

We have initiated a four-point programme that will bring about lasting improvements to our core business and enable us to hit our target earnings for 2015, improving EBT by up to €400 million compared to 2010 (see item 5: Improving earnings):

##### **a. UNIQA Austria – increase profitability**

UNIQA Austria has set itself the target of increasing profitability significantly. We are optimising structures and processes, thereby improving our customer service and increasing cost efficiency. Among other things, UNIQA Austria is currently reorganising the regional headquarters and back-office activities in the Austrian federal states so that sales units will be largely relieved of administrative activities. At the same time, UNIQA Austria increased the number of service centre and general agency locations involved in exclusive sales – what we like to call our “local insurers” – from 300 in 2011 to 325 in 2012. The number is set to increase to 400 by 2015. During 2012, UNIQA Austria focused on achieving sustainable increase in profitability. The market share fell slightly by 0.3 percentage points to 16.9 per cent (based on preliminary market data for 2012).

##### **b. Raiffeisen Insurance Austria – increase productivity**

Raiffeisen Insurance has set itself the target of significantly increasing productivity over the coming years. Raiffeisen Insurance operates in the bank assurance segment in Austria. It sells its products exclusively through the Raiffeisen Banking Group, which operates by far the largest network of bank branches in Austria.

To tap the significant potential presented by this cooperation, Raiffeisen Insurance has completely reorganised itself by focusing systematically on the needs of bank advisers and their customers – with a small number of core products, streamlined and efficient processes and a new brand identity that is aligned with the Raiffeisen banks. In the third quarter of 2012, Raiffeisen Insurance concluded cooperation agreements with the regional Raiffeisen banks, regulating the new form of

#### **Our strengths**

*A clear strategy: UNIQA 2.0*

*Focus on the core business as a primary insurer in the core markets*

*A consistent brand concept built around two strong brands*

cooperation. Raiffeisen Insurance expects this new form of cooperation to have significant effects over the coming years. In 2012, its market share fell slightly by 0.2 percentage points to 4.7 per cent (based on preliminary market data for 2012) because the single-premium business was actively reduced.

### *c. UNIQA International – profitable growth*

The objective of UNIQA International is to secure sustainable growth above the market rate in the CEE region – while maintaining a focus on profitability and value.

As part of this strategy, UNIQA International is investing in the expansion of its sales activities on the one hand. Consequently, the number of sales agents employed in 2012 rose by 11 per cent. On the other hand, UNIQA International launched the “Transparency” project, which aims to implement a target operating model throughout the CEE region over the medium term. The objective: a clear operating model for all CEE units, with simple, comprehensible products, customer-oriented processes and a transparent structure. Through this, UNIQA International intends to improve its customer service, leverage cross-border synergies and significantly improve cost efficiency.

Much like in Austria, our focus in the CEE region is also on close cooperation in the bank distribution business with our partner Raiffeisen. We operate in 14 countries as part of a preferred

## The UNIQA 2.0 growth strategy

<p><b>01</b> What is our goal?</p> <p><i>We intend to double the number of customers from 7.5 million to 15 million by 2020</i></p> <p><b>As at the end of 2012:</b> 8.7 million customers</p>	<p><b>02</b> How will we achieve this goal?</p> <p><i>We are concentrating on our core business in our core markets</i></p> <p><b>As at the end of 2012:</b> Mannheimer Group, hotel and media investments sold; minority interests in Croatia, Poland and Hungary acquired</p>	<p><b>03</b> Where exactly do we intend to improve in our core business?</p> <p><i>Four-point programme: UNIQA Austria Raiffeisen Insurance UNIQA International Risk management</i></p> <p><b>Status of the four-point programme at the end of 2012:</b> <i>UNIQA Austria: reorganisation of Austrian federal states ongoing</i></p> <p><i>Raiffeisen Insurance: cooperation agreement with regional Raiffeisen banks</i></p> <p><i>UNIQA International: profitable growth</i></p> <p><i>Risk management: risk position optimised</i></p>	<p><b>04</b> What do we need to do that?</p> <p><i>Strengthening the equity base</i></p> <p><b>As at the end of 2012:</b> solvency ratio increased to 214.9 per cent</p>	<p><b>05</b> Why is that attractive for our shareholders?</p> <p><i>We intend to improve earnings by up to €400 million by 2015</i></p> <p><b>As at the end of 2012:</b> EBT of €205.4 million in 2012</p>
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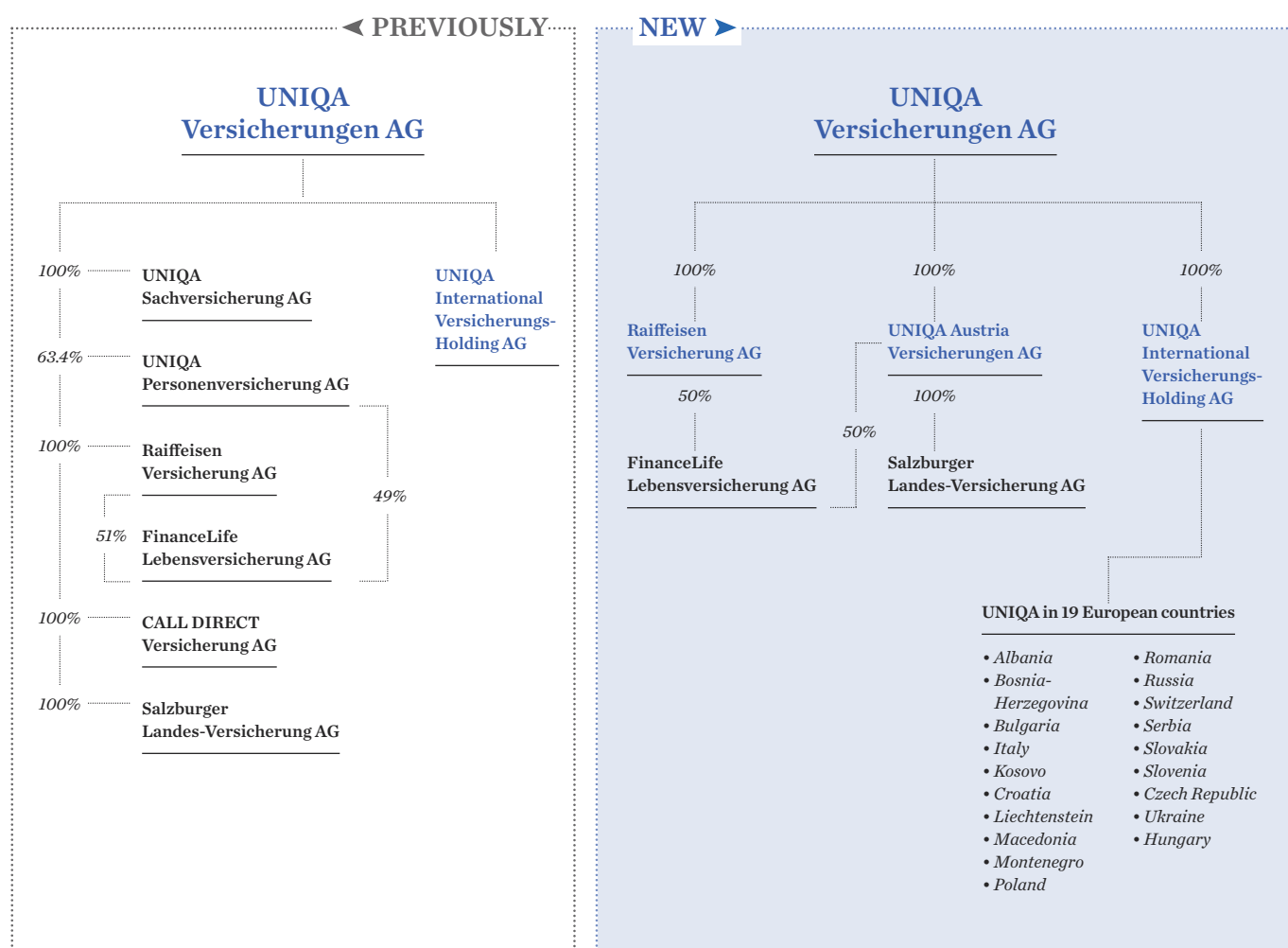
partnership with the subsidiaries of Raiffeisen Bank International, which has the largest western banking network – with over 3,000 branches – in the 17 CEE countries in which it operates.

In 2012, we further expanded our market share in 12 of 15 CEE countries (based respectively on the most recent available figures). In our core market in the CEE region, we advised 58 per cent of our customers and generated 23.4 per cent of Group premiums. By 2020, UNIQA intends to generate 50 per cent of Group premiums and 30 to 40 per cent of consolidated profit in the CEE region. In 2012, we generated EBT of €13.2 million in the CEE core market, following a loss of €28.2 million in 2011.

#### *d. Risk management – controlling risk*

UNIQA regards the issue of Solvency II as an opportunity for customers and companies and is preparing intensively for the new regulatory framework. With this in mind, we have become the first Austrian insurance company to set up an independent department for risk management in the Management Board and are implementing a consistent risk-return policy for corporate management along-

### A structure that is supportive of capital markets



side the commercial strategy. The functions of risk management are to support the operational units, to target those risks that will generate value in the long term from the economic capital, and to generate maximum value increases from the capital employed. The focus is on sustained corporate success. UNIQA will become more transparent and predictable for customers and investors.

#### ***4. What do we need to do that? Strengthening the equity base.***

For our ambitious growth strategy in Austria and in the CEE region, we need sufficient amounts of capital. For this reason, we are planning a capital market transaction (re-IPO), depending on market conditions, that would enable the free float to be increased to 49 per cent. In 2012, we carried out a cash capital increase amounting to €500 million as an interim step. It was underwritten by our existing core shareholders Raiffeisen Zentralbank (RZB) and Austria Privatstiftung. In addition, the core shareholders Austria Privatstiftung and Collegialität contributed their shareholding in UNIQA Personenversicherung AG of 36.6 per cent to the listed holding company UNIQA Versicherungen AG. In a further step, UNIQA Sachversicherung AG and CALL DIRECT Versicherung AG were merged with UNIQA Personenversicherung AG to create the new UNIQA Österreich Versicherungen AG, which is 100 per cent owned by the holding company UNIQA Versicherungen AG. The result is a streamlined Group structure that is more conducive to our planned capital market activities and one that is devoid of significant minority interests.

These transactions along with the improvements achieved as a result of the UNIQA 2.0 programmes have strengthened the capital base of UNIQA significantly. The higher solvency ratio – 214.9 per cent as at 31 December 2012 compared with 122.5 per cent the previous year – created the basis that allows us to exploit short-term growth opportunities in the CEE region.

#### ***5. Why is that attractive to the shareholders? Improving earnings.***

We have set ourselves the target of increasing EBT by up to €400 million from 2010 to 2015. For 2012, we set out to achieve higher EBT than in 2010 (€141.8 million). We succeeded in reaching this target: earnings of €205.4 million put us 44.9 per cent ahead of the figure for 2010.

#### **Continuity in management**

With UNIQA 2.0, we have set ourselves clear, long-term targets. The focus is on sustainable growth. Our future success must not be based on positive non-recurring items. We achieve our sustainable income through hard work and by consistently and continuously implementing our plans. This continuity is borne out by the early contract extension up to 31 December 2016 for the members of the Management Board of the four main companies of the UNIQA Group – the listed holding company UNIQA Versicherungen AG as well as its three most important subsidiaries UNIQA Austria, Raiffeisen Insurance and UNIQA International. The team that developed the strategic programme UNIQA 2.0 will remain virtually unchanged as it oversees the programme's ongoing implementation.

## We are committed to our customers

*We are currently repositioning our company in a systematic manner. In doing so, we are pursuing a clear mission.*

We will only achieve our corporate goals if we can persuade our customers by offering them top-class service, by inspiring their enthusiasm for us. That's not an easy task. And despite all the strengths that we can call on, we still have a great deal to do. We are currently repositioning our company in a systematic manner. In doing so, we are pursuing a clear mission:

**Just as we do for our family, we are committed to our customers so that they can enjoy lifelong security and can plan their lives with confidence.**

To ensure that we breathe life into this mission, we have defined four corporate values. They set out how we intend to engage with our customers, our colleagues and partners, with our shareholders and all other stakeholders:

- **We inspire:** We are interested in people. We know and understand the needs of our customers and colleagues and inspire them with our commitment.
- **We shape:** We are constantly evolving. We are ready to learn and to grow on a continuous basis and are resolute in shaping our future. Our new and intelligent solutions make us a pioneer in the industry.
- **We are straightforward:** We are honest and clear. We deal with our customers, shareholders and colleagues in a straightforward manner because they are important to us.
- **We deliver:** We intend to succeed. We seek to be successful by delivering top performance to our customers and shareholders. We deliver on our promises.



## At home in the heart of Europe

*UNIQA is at home in Austria and Central and Eastern Europe. We know our domestic markets in the heart of Europe and are firmly established in them.*

We intend to increase the number of our customers to 15 million by 2020. We will do this by concentrating on our core business as a primary insurer in our two core markets of Austria and Central and Eastern Europe (CEE). UNIQA served 8.7 million customers in 2012. This figure is divided between the main operational companies as follows: 2.4 million UNIQA Austria customers and 1.1 million Raiffeisen Insurance Austria customers – adjusted to take account of duplicate customers, results in a total of 3.2 million customers in Austria. On top of that, there are 5.1 million customers in the CEE region and 0.4 million in Western Europe.

In 2012, we acquired 0.4 million new customers, mainly in the CEE region. On the other hand, the sale of the Mannheimer Group in Germany saw us lose 0.6 million customers. For the first time, the figures for 2012 also include 0.8 million customers of Raiffeisen Insurance in Austria (adjusted to take account of duplication). These customers, who are served exclusively through the Raiffeisen banks, were not yet included in 2011. However, since we placed the cooperation with the Raiffeisen Banking Group on a new footing in 2012, they are now included.

We know our domestic markets and are firmly established in them. We are a long-term investor – not only in Austria, but also in the CEE region. We firmly believe in the potential of the CEE countries and intend to grow along with their economies. We are well positioned to exploit this growth:

### **Austria: strong brands and a dense network**

In Austria, UNIQA is the second-largest insurance group, with a market share of 22 per cent as measured based on premium volume. In the strategically important health insurance segment, we are the clear number 1, with a market share of around 45 per cent. We operate two brands in Austria: under the “UNIQA” brand, we operate a network of 325 service centres – we like to call them our “local insurers”. Under the “Raiffeisen” brand, we sell our products through the Raiffeisen banks, whose 2,223 bank branches serving 2.8 million customers constitute by far the largest bank branch network in Austria.

With a spontaneous recognition of 68 per cent and an aided recognition of 96 per cent, UNIQA is Austria’s best-known insurance brand. Raiffeisen Insurance profits from the enormous power of the Raiffeisen brand, whose spontaneous recognition of 84 per cent makes it the strongest banking brand in the country. Both brands – UNIQA and Raiffeisen – were voted the most trustworthy brands in their respective sectors in Austria by consumers in 2012 (with UNIQA receiving the accolade for the tenth consecutive time).

### **CEE: well-positioned for further growth**

UNIQA operates in 16 countries in the CEE region – in 15 countries through its own subsidiaries, which operate 1,580 service centres. Slovenia is served from Austria. We are the market leader in Albania, the number two in Ukraine and are among the top five in five other markets – Kosovo, Montenegro, Bosnia and Herzegovina, Serbia and Slovakia.

#### **Highlights 2012**

8.7 million customers  
in 20 countries

Strong brands: UNIQA and  
Raiffeisen Insurance

A solid basis for  
further growth

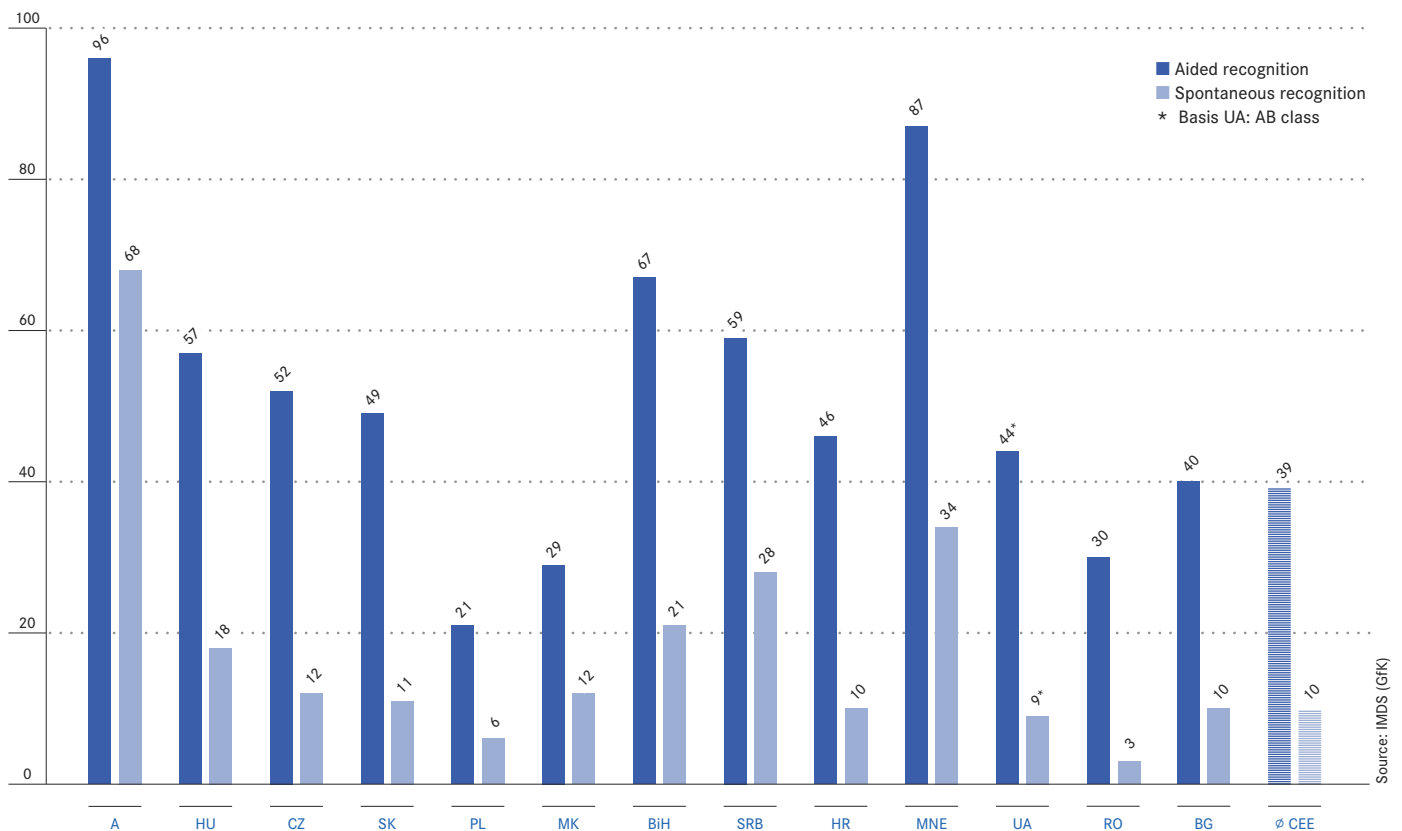
Much like in Austria, our focus in the CEE region is also on close cooperation in the bank distribution business with our partner Raiffeisen. We operate in 14 markets as part of a preferred partnership with the subsidiary banks of Raiffeisen Bank International, which operates the leading western bank branch network – with over 3,000 branches and more than 14 million customers – in the 17 CEE countries in which it is active.

We are pursuing a unified brand strategy in the CEE region. We operate in 12 countries under the UNIQA brand. In two countries – Albania and Kosovo – we use the “SIGAL UNIQA Group Austria” brand. In Russia, we are concentrating on the bank distribution business and are represented solely under the “Raiffeisen Life” brand. Given its relatively recent entry into these countries, the UNIQA brand has yet to achieve the level of recognition in the CEE region that it enjoys in Austria. However, it is extremely attractive and offers an excellent basis for our continued expansion. In the 12 countries in which we employ the brand, UNIQA enjoys a spontaneous recognition of 10 per cent and an aided recognition of 39 per cent on average. Our highest recognition levels are in Montenegro (87 per cent aided recognition), Bosnia and Herzegovina (67 per cent), Serbia (59 per cent) and Hungary (57 per cent). For details on current brand recognition, please refer to the graph.

In the 17 CEE countries in which Raiffeisen Bank International operates, the Raiffeisen brand is the strongest international bank brand, with an average spontaneous recognition of 37.4 per cent and an average aided recognition of 69.5 per cent.

## UNIQA: unified brand strategy

Current recognition of the UNIQA brand, figures in per cent







Regions/countries	Market position	Market share*	Change in market share**
AUSTRIA	2	21.6	-0.5
CENTRAL EUROPE			
Poland	11	2.4	-0.2
Slovakia	5	4.8	+0.1
Czech Republic	8	4.0	+0.1
Hungary	6	7.1	+0.6
EASTERN EUROPE			
Romania	6	6.0	+1.2
Ukraine	2	4.0	+0.3

\* Market share: figures in per cent \*\* Change in market share: figures in percentage points

Regions/countries	Market position	Market share*	Change in market share**
SOUTHEASTERN EUROPE			
Albania	1	32.4	-2.4
Bosnia-Herzegovina	4	11.4	+0.2
Bulgaria	6	7.0	+0.5
Kosovo	3	13.6	+1.0
Croatia	11	2.5	-0.1
Macedonia	8	7.5	+0.9
Montenegro	4	14.1	+1.6
Serbia	5	7.3	+0.6
RUSSIA***	10	3.2	+0.1

\*\*\* Market position of life insurance

### Enormous growth potential in the CEE region

#### Central Europe (CE)

- Population: 64.2 million
- Insurance premium per capita (insurance density): €386

#### Eastern Europe (EE)

- Population: 67.3 million
- Insurance premium per capita (insurance density): €62

#### Southeastern Europe (SEE)

- Population: 29.3 million
- Insurance premium per capita (insurance density): €102

#### Russia (RU)

- Population: 140.1 million
- Insurance premium per capita (insurance density): €115

#### Austria

- Population: 8.4 million
- Insurance premium per capita (insurance density): €1,952

The markets in the CEE region offer major growth opportunities. This is illustrated by comparisons of per-capita spending on insurance products, or the insurance density, as it is called. Whereas an Austrian invests an average of €2,000 annually in insurance security, the corresponding per-capita spending on coverage in Albania is a meagre €20. Annual per-capita spending on insurance amounts to €45 in the Ukraine, €266 in Hungary and €1,000 in Slovenia. The common denominator across all CEE countries: the catch-up requirements, and thus the growth potential in the economic region served by UNIQA with a population of 300 million, are significant.

Numerous economic forecasts support the notion of substantial growth potential in the region: the respected international research institute Business Monitor International (BM), for example, expects GDP growth rates in CEE countries to outperform those in Western Europe significantly in the period from 2010 to 2020. While BM envisages economic growth of 45 per cent in Austria for those ten years, the equivalent growth rates in Poland, Romania and Albania are 84 per cent, 92 per cent and even 97.9 per cent, respectively. The economic upturn in Eastern Europe is a decade-long process involving the business sector, society and the economy as a whole. For this reason, UNIQA is committed to these markets for the long haul. We have come to stay, and we have come to grow.

### At home in Austria and in the CEE region

We are at home in Austria and in the CEE. These are UNIQA's core markets. And we focus on these markets. We are a long-term investor. We have come to stay with the goal of growing sustainably with our customers and the region, thus creating shareholder value.

## We are UNIQA

*We will only be successful if we pursue our objectives resolutely as a team. We rely on highly trained employees and managers who are able and allowed to take responsibility.*

In 2012, all of us – 22,000 employees and exclusive sales partners in 20 countries – faced enormous challenges. The implementation of our strategic programme UNIQA 2.0 requires a great deal from all of us in addition to our day-to-day work. This is not always easy. We are therefore extremely grateful for the outstanding commitment shown by every individual.

Our success depends on the dedication and performance of every individual. But it also depends on our ability to all pull together to pursue our objectives collectively as a team. We mean business. This is not just lip service.

### Communication and performance management

We firmly believe that communication has a key role to play – particularly in such a comprehensive change process as UNIQA 2.0, which we are currently implementing.

Although we are far from perfect, we have made great strides in 2012: we attach great importance to open and fair dealings with one another. We promote the exchange of information between departments, we have established extensive feedback communication between employees and management, and we have reorganised our scheduled communication. We have also expanded communication with our independent sales partners – general agents, brokers and banks. Our partners are now more closely integrated into our information and decision-making processes, especially in the development of processes, services and products.

We are also focusing on structured performance management and the systematic expansion of our employees' expertise – in particular of their management skills. We rely on highly trained employees and managers who are able and allowed to take responsibility.

### Differences make us strong

A high level of diversity creates a stronger team. Successful organisations tap into the diversity of various nationalities and cultures and the differing strengths of men and women. Differences make us strong. For this reason, we give priority to hiring women in our recruitment process for candidates with the same qualifications. And for the same reason, we promote the transfer of knowledge and mobility between the 20 countries in which we operate.

In our company, the share of women in Management Board positions and senior executive roles across the Group is 17 per cent, and 25 per cent in the international area. For us, these figures are too low. From our perspective, the ability to combine a career with family life is a key issue when it comes to promoting the careers of women in the company. With this in mind, we go to great lengths to provide flexible working hours, part-time models and the option of teleworking. Starting in 2013, we will also be cooperating with an external service provider that offers services such as childcare, care for relatives and other family services. Both men and women should have the same opportunities to combine a career with family life.

#### Employees by region

*The headcount in the UNIQA Group was 22,070 in 2012 (14,799 employees and 7,271 general agents), who advised around 8.7 million customers in 20 markets.*

## Entry into stage 3

*There are few sectors in which sustainability is as firmly integrated into the business as it is in the insurance sector. We see governance, compliance and sustainability as a decisive factor for our long-term success.*

We regard sustainable business practices as a decisive factor for long-term corporate success. In our opinion, a company must pass through four stages in order to firmly anchor the concept of sustainability into the strategy and business model: from the purely commercial approach through to the compliance stage and risk and value management stages all the way to the final stage of strategic differentiation, when sustainability is fully integrated into the strategy and when incentive systems and product innovations are consistently aligned with sustainability.

Until recently, UNIQA found itself in stage 2 – like the majority of companies in our sector. In 2012, we made sufficient progress so that we are now confident that we have reached stage 3. However, we still have some distance to go and will continue to work on this issue.

There are not many sectors where sustainability is clearly such an integral part of business as it is in the insurance sector. For 200 years, the most important task of UNIQA and its predecessors has been to give people peace of mind and to help them create a secure future for themselves. And this role is becoming increasingly important: the demographic shift in the highly developed, industrialised countries has created a situation where the public pension and healthcare systems can no longer fulfil their roles to the extent that we have become accustomed to for many decades. As insurers, it is incumbent upon us to help our customers respond to this trend in good time and plan for their future.

For UNIQA, sustainability means above all taking responsibility in three areas on the basis of a clear, transparent governance system: in the economic, social and ecological areas. We were the first Austrian insurer to introduce the concept of “value-oriented company management” at Management Board level in a risk management department back in 2011. In 2012, we created the necessary structures and implemented three important projects:

### 1. Analysing long-term options and risks

As an insurance company, we promise our customers long-term services – in some cases over a period of more than 20 years. To do this, UNIQA needs to have a clear view of long-term trends and developments. For this reason, we started analysing the “long-term options and risks” of our business units in 2012. In doing so, we monitor technological, socio-economic, regulatory and economic trends along with their short-term (up to four years) and long-term impact on UNIQA. We make use of the forecasts and analyses in our strategic planning. The inputs incorporate innovations in the area of passenger car safety as well as the changing lifestyles of customers, or issues such as connectivity, digitalisation and networking. For us, working sustainably means ensuring that the future holds no surprises for us.

#### Initiatives and certificates 2012

*UNIQA continues in sustainability index VÖNIX*

*Green Building certificate for the UNIQA Tower*

*Green Power certificate*

*Suppliers selected specifically on the basis of environmental criteria*

*Mobile healthcare centre UNIQA HealthCare Truck*

*UNIKATE: call for ideas from students in cooperation with the Austrian Working Committee for Rehabilitation*

*Member of the Raiffeisen Klimaschutz-Initiative (Raiffeisen climate protection initiative)*

## 2. A clear governance model established

We have implemented a clear, neatly structured governance model for UNIQA. This strengthens our competitiveness and increases the company value. The UNIQA governance model approved in September 2012 clarifies the tasks and responsibilities of the primary interest groups in the company and sets out strategic and operational company development. Primary interest groups are defined as shareholders, the Management Board as the company management and the Supervisory Board as the controlling body. For all three groups, we have introduced rules to prevent negative developments in the company, to accelerate decision-making procedures, and to enhance transparency.

### The most important changes in detail:

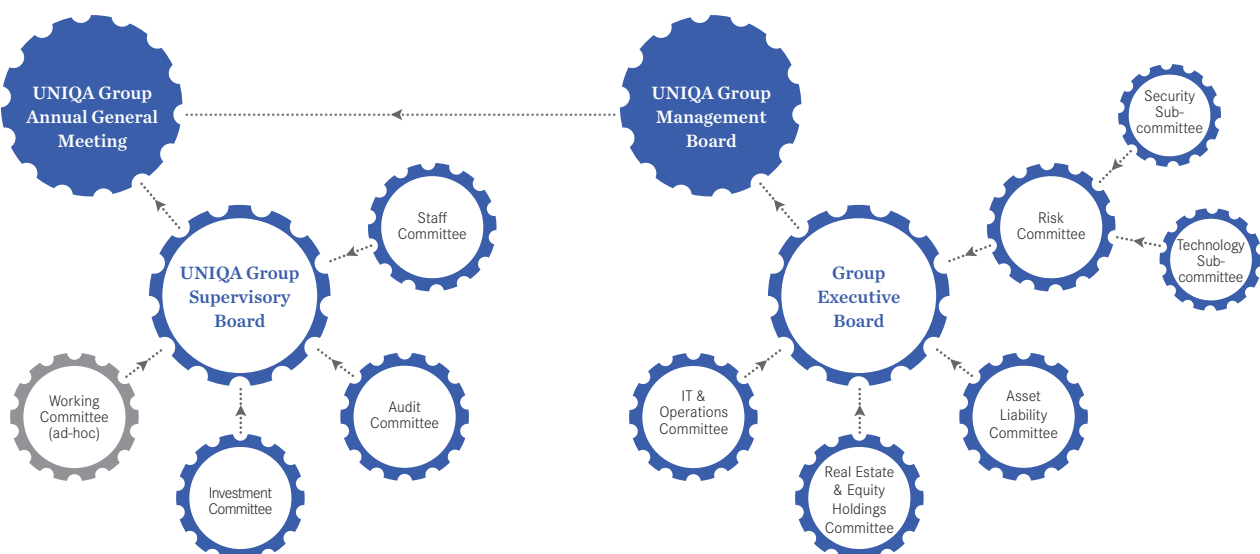
The Supervisory Board decided to restructure its three committees – the Audit Committee, the Investment Committee and the Staff Committee. The entire Supervisory Board is clearly focussed on the strategic orientation of the Group. Since the start of 2013, the core topics at the holding company are directed by four operationally oriented committees: Risk, Asset Liability Management, Equity Holdings & Real Estate and IT & Operations.

## 3. The compliance organisation is repositioned

In the summer of 2012, we repositioned the entire compliance organisation. We defined clear processes that allow us to ensure adherence to internal and external regulations. We have summarised these regulations and rules in a Code of Conduct. It goes beyond the statutory requirements. The underlying philosophy is: not everything that is legal is also legitimate. You can find the Code of Conduct in the Corporate Responsibility section of our Group website at [www.uniqagroup.com](http://www.uniqagroup.com).

The Code of Conduct governs how employees deal with one another and how they interact with customers, suppliers and other partners.

## The new governance model



It governs the acceptance and giving of gifts, secondary employment, donations, anti-discrimination and much more. We have also launched an initiative aimed at protecting the privacy of our customers and to ensure improved data protection.

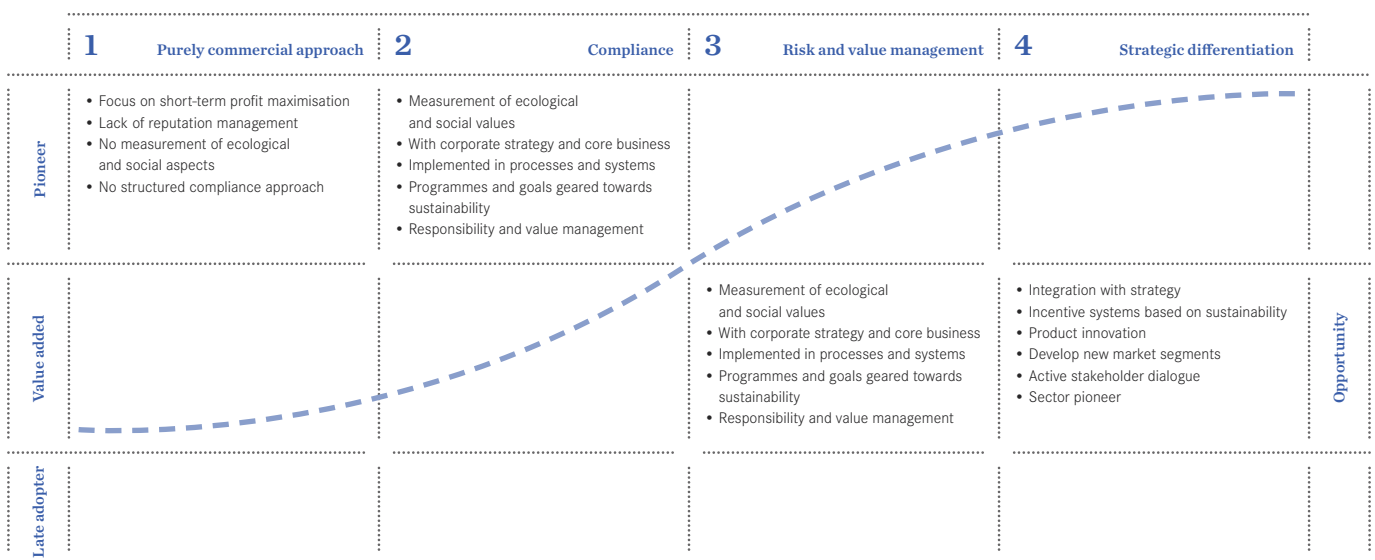
An important aspect of this initiative is the prevention of corruption and money laundering. The Code of Conduct is committed to promoting transparency as well as honest and ethical business practices. An important element of our Code of Conduct relates to how we deal with confidential information and the strict adherence to competition rules. This avoids possible conflicts of interest arising from secondary employment. Little of this is new: practically all the content of the Code of Conduct was already applicable and actively implemented by us in the past. These rules are now clearly documented and defined in a binding manner.

### Helping sustainably

We've said it before: Sustainability means much more to us than sponsoring social initiatives or environmental projects. However, both are important to us – and when we offer our support, we do so in a sustainable manner. Two examples:

- The social day: starting in 2013, employees who get involved in a social project are rewarded with an additional day's holidays. These freely selectable projects are intended to be operated by official institutions or private initiatives that require support.
- Vital4Brain: we have been supporting the Vital4Brain project since 2012. This is a programme in which schoolchildren carry out simple but effective movement exercises during the school day. In addition to creating a more relaxed atmosphere in the classroom, it also promotes concentration and is healthy. UNIQA supports the initiative with non-cash assistance, sponsorship and by training VitalCoaches throughout Austria ([www.vital4brain.at](http://www.vital4brain.at)).

### The stages of sustainability



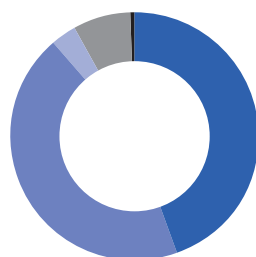
## UNIQA shares

*The UNIQA shares rose by 4.7 per cent in 2012. Despite this positive performance, it fell below that of the EURO STOXX Insurance. We are working intensively to ensure that the implementation of our strategic programme UNIQA 2.0 also improves the performance of our share.*

UNIQA shares, listed on the prime market of the Vienna Stock Exchange, rose by 4.7 per cent in 2012. In the same period, Vienna's leading index ATX gained 26.9 per cent and the benchmark EURO STOXX Insurance index 34.1 per cent. Due to the low free float of 7.5 per cent and the resulting low liquidity level, the performance of the UNIQA share is less informative than is the case with comparable companies in the sector that have higher liquidity. Moreover, the UNIQA share is not represented in the ATX.

Key figures for UNIQA shares	2012	2011	2010	2009	2008
Figures in €					
Price of UNIQA shares on 31 December	9.86	9.42	14.70	12.97	18.06
High	13.40	16.50	15.34	18.86	21.46
Low	8.75	9.00	10.68	12.21	13.50
Average turnover/day (in € million)	0.1	0.1	0.5	0.5	1.0
Market capitalisation as at 31 December (in € million)	2,112.5	1,346.9	2,102.0	1,855.0	2,378.0
Earnings per share	0.77	- 1.73	0.30	0.19	0.44
Dividend per share	0.25 <sup>1)</sup>	0	0.40	0.40	0.40

<sup>1)</sup> Proposal to the Annual General Meeting



Shareholder structure of  
UNIQA Versicherungen AG

- 44.7%  
Raiffeisen Zentralbank (Group)
  - BL Syndikat Beteiligungs Gesellschaft m.b.H.
  - RZB Versicherungs-beteiligung GmbH
  - UQ Beteiligung GmbH
- 44.1%  
Austria Privatstiftung (Group)
  - Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH
  - Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung
- 3.3%  
Collegialität Versicherungs-verein Privatstiftung
- 7.5%  
Free float
- 0.4%  
Own shares

We are working consistently on the implementation of our strategic programme UNIQA 2.0, with which we intend to increase the company's efficiency and earnings power and improve earnings before taxes (EBT) by up to €400 million between 2010 and 2015. We are also planning a capital market transaction (re-IPO) depending on market conditions, that would enable the free float to be increased to 49 per cent.

We are currently preparing for this re-IPO. In 2012, we created a streamlined Group structure that is more conducive to our planned capital market activities and is devoid of significant minority interests. Earnings from the profitable personal insurance sector, in which Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and Collegialität Versicherungsverein Privatstiftung previously had a 36.6 shareholding for supervisory reasons, are now included in their entirety in the consolidated profit.

### Shareholder structure

The shareholder structure of UNIQA changed in 2012 following the creation of the new Group structure and as a result of the cash capital increase amounting to €500 million, which was offered to existing shareholders. Raiffeisen Zentralbank holds 44.7 per cent (BL Syndikat Beteiligungs Gesellschaft m.b.H. 32.8 per cent, RZB Versicherungsbeteiligung GmbH 7.1 per cent, UQ Beteiligung GmbH 4.8 per cent), Austria Privatstiftung holds 44.1 per cent (Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH 34.2 per cent, Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung 9.9 per cent) and Collegialität Versicherungsverein Privatstiftung holds 3.3 per cent. The free float is 7.5 per cent. The portfolio of own shares is 0.4 per cent.

### Price development of shares

After opening at €9.42, the share reached its peak of €13.40 for the year on 18 April. Towards the end of the second quarter, the share price dropped sharply and reached its year low of €8.75 on 17 August. This was followed by a sideways movement. The year-end saw the share price rally to close at €9.86. During the first two months of 2013, the share continued to make gains: the price rose 12.3 per cent to €11.08 since the start of the year.

### In dialogue with analysts and investors

We attach utmost importance to providing our shareholders as well as the entire financial community with timely and comprehensive information about the ongoing development of the company on a frequent and transparent basis. All reports and company information can be accessed on-line at [www.uniqagroup.com](http://www.uniqagroup.com). In addition, our investor relations team will be happy to answer individual questions.

At present, the following investment banks publish regular research on the UNIQA share: Berenberg Bank, Erste Group Bank, MainFirst Bank, Morgan Stanley and Nomura.

### Financial calendar

17 May 2013  
1<sup>st</sup> Quarter Report 2013,  
Embedded Value 2012

27 May 2013  
Annual General Meeting

10 June 2013  
Ex-Dividend Day,  
Dividend Payment Day

27 August 2013  
Half-Year Financial  
Report 2013

14 November 2013  
Report on the 1<sup>st</sup> to  
3<sup>rd</sup> Quarter 2013

### Information on UNIQA Shares

Securities abbreviation	UQA
Reuters	UNIQ.VI
Bloomberg	UQA.AV
ISIN	AT0000821103
Market segment	prime market of the Vienna Stock Exchange
Trade segment	Official trading
Indices	ATX Prime, ATX FIN, WBI, VÖNIX
Number of shares	214,247,900

## Development of UNIQA shares





# Corporate Governance Report Report of the Supervisory Board

# Corporate Governance Report

Since 2004, UNIQA has committed to comply with the Austrian Code of Corporate Governance and publishes this compliance declaration both in the Group report and on the Group website, [www.uniqagroup.com](http://www.uniqagroup.com), in the Investor Relations section. The Austrian Code of Corporate Governance is also publicly available at [www.corporate-governance.at](http://www.corporate-governance.at).

Implementation and compliance with the individual rules of the Code are annually evaluated by Univ.Prof.DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. Primarily on the basis of a questionnaire, this institution evaluates whether the company complies with the Austrian Code of Corporate Governance, as published by the Austrian Working Group on Corporate Governance. The report on the external evaluation in accordance with Rule 62 of the Austrian Code of Corporate Governance can also be found at [www.uniqagroup.com](http://www.uniqagroup.com).

UNIQA declares its continued willingness to comply with the currently effective Austrian Code of Corporate Governance. The Code's "L rules" (legal requirements) are all fully adhered to in accordance with the law. However, UNIQA deviates from the provisions of the Code in the applicable version with regard to the following "C rules" (comply or explain) and explains as follows:

## **Rule 49**

Due to the shareholder structure of the UNIQA Group and the special nature of the insurance business with regard to the investment of insurance assets, there are a number of contracts with companies related to individual members of the Supervisory Board. As long as such contracts require approval by the Supervisory Board according to Section 95 (5) (12) of the Austrian Stock Corporation Act (Rule 48), the details of these contracts cannot be made public for reasons of company policy and competition laws. In any case, all transactions are handled under customary market conditions.

Due to the repositioning of the Group, UNIQA deviated from Rule 27 regarding the variable portions of the compensation of the Management Board in the case of individual members of the Management Board in the 2012 reporting period.

Starting in the 2013 financial year, the system used to calculate the variable portions of the compensation of the Management Board has been changed. The new system (see also "Principles for profit participation by the Management Board" in the compensation report) conforms to Rule 27 of the Austrian Code of Corporate Governance.

**MEMBERS OF THE MANAGEMENT BOARD FROM 1 JANUARY 2013****Chairman**

***Andreas Brandstetter, CEO***

1969\*, appointed on 1 January 2002 until 31 December 2016

Responsible for:

- Investor Relations
- Group Marketing
- Group Communication
- Group Human Resources
- Group Internal Audit
- Group General Secretary

Supervisory Board appointments or comparable functions in other domestic and foreign companies not included in the Consolidated Financial Statements:

- Member of the Supervisory Board of CEESEG Aktiengesellschaft, Vienna
- Member of the Supervisory Board of Wiener Börse AG, Vienna

**Members**

***Hannes Bogner, CFO***

1959\*, appointed on 1 January 1998 until 31 December 2016

Responsible for:

- Group Finance Accounting
- Group Asset Management (Front Office)
- Real Estate
- Investments/Equity Affairs
- Legal Affairs
- Group Internal Audit

Supervisory Board appointments or comparable functions in other domestic and foreign companies not included in the Consolidated Financial Statements:

- Member of the Board of Directors of Takaful Emarat Insurance, UAE

***Wolfgang Kindl***

1966\*, appointed on 1 July 2011 until 31 December 2016

Responsible for:

- UNIQA International

***Thomas Münkel, COO***

1959\*, appointed on 1 January 1997 until 31 December 2016

Responsible for:

- Group Processes
- Group IT
- Strategic Project Office

***Kurt Svoboda, CRO***

1967\*, appointed on 1 July 2011 until 31 December 2016

Responsible for:

- Group Finance Controlling
- Group Risk Management
- Group Asset Management (Back Office)
- Group Actuary
- Group Reinsurance
- Value Based Management
- Regulatory Management Solvency II
- Governance & Compliance

**MEMBERS OF THE MANAGEMENT BOARD UNTIL 31 DECEMBER 2012**

The members of the Management Board and their responsibilities as well as their Supervisory Board mandates in domestic and foreign listed companies are in line with the information given in the Corporate Governance Report in the 2011 financial year.

**THE WORK OF THE MANAGEMENT BOARD**

The work of the members of the Management Board is regulated by the rules of procedure. The division of the business responsibility as decided by the entire Management Board is then approved by the Supervisory Board. The rules of procedure regulate the members of the Management Board's disclosure and approval obligations to each other and to the Supervisory Board. A catalogue of measures is laid out that requires the authorisation of the Supervisory Board. The Management Board meets regularly (weekly) and the members of the Management Board report on the current course of business, determine what steps should be taken and make strategic corporate decisions. In addition, there is a continuous exchange of information between the members of the Management Board regarding relevant activities and events.

The Chairmen of the Management Boards of UNIQA Österreich Versicherungen AG and of Raiffeisen Insurance AG – Hartwig Löger and Klaus Pekarek – attended the meetings of the Management Board of UNIQA Versicherungen AG in an advisory capacity. The committee thus formed constitutes the Group Executive Board.

The Management Board informs the Supervisory Board at regular intervals, in a timely and comprehensive manner, about all relevant questions of business development, including the risk situation and the risk management of the Group. In addition, the Chairman of the Supervisory Board is in regular contact with the Chairman of the Management Board and discusses the strategy, business development and risk management of the company with him.

**MEMBERS OF THE SUPERVISORY BOARD****Chairman*****Walter Rothensteiner (since 29 May 2012)***

1953\*, appointed on 3 July 1995 until the 16<sup>th</sup> Annual General Meeting (2015)

Supervisory Board appointments in domestic and foreign listed companies:

- Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna

***Christian Konrad (up to 29 May 2012)***

1943\*, appointed on 29 June 1990 until 29 May 2012

Supervisory Board appointments in domestic and foreign listed companies:

- Chairman of the Supervisory Board of Agrana Beteiligungs-Aktiengesellschaft, Vienna
- Member of the Supervisory Board of DO & CO Aktiengesellschaft, Vienna
- Member of the Supervisory Board of BayWa AG, Munich
- Vice Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim

**1<sup>st</sup> Vice Chairman*****Georg Winckler***

1943\*, appointed on 17 September 1999 until the 16<sup>th</sup> Annual General Meeting (2015)

Supervisory Board appointments in domestic and foreign listed companies:

- 1<sup>st</sup> Vice Chairman of the Supervisory Board of Erste Group Bank AG, Vienna

**2<sup>nd</sup> Vice Chairman*****Erwin Hameseder (since 29 May 2012)***

1956\*, appointed on 21 May 2007 until the 16<sup>th</sup> Annual General Meeting (2015)

Supervisory Board appointments in domestic and foreign listed companies:

- 1<sup>st</sup> Vice Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna
- Vice Chairman of the Supervisory Board of Agrana Beteiligungs-Aktiengesellschaft, Vienna
- Vice Chairman of the Supervisory Board of Strabag SE, Villach
- Chairman of the Supervisory Board of Flughafen Wien Aktiengesellschaft, Vienna Airport
- Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim

***Walter Rothensteiner (until 29 May 2012)*****3<sup>rd</sup> Vice Chairman*****Christian Kuhn***

1954\*, appointed on 15 May 2006 until the 16<sup>th</sup> Annual General Meeting (2015)

**4<sup>th</sup> Vice Chairman*****Günther Reibersdorfer***

1954\*, appointed from 23 May 2005 until 25 May 2009 and since 31 May 2010 until the 16<sup>th</sup> Annual General Meeting (2015)

Supervisory Board appointments in domestic and foreign listed companies:

- Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna (since 29 August 2012)

**5<sup>th</sup> Vice Chairman*****Ewald Wetscherek***

1944\*, appointed from 17 September 1999 until the 16<sup>th</sup> Annual General Meeting (2015)

## Members

### *Ernst Burger*

1948\*, appointed from 25 May 2009 until the 16<sup>th</sup> Annual General Meeting (2015)

Supervisory Board appointments in domestic and foreign listed companies:

- Vice Chairman of the Supervisory Board of Josef Manner & Comp. Aktiengesellschaft, Vienna

### *Peter Gauper (since 29 May 2012)*

1962\*, appointed from 29 May 2012 until the 16<sup>th</sup> Annual General Meeting (2015)

### *Erwin Hameseder (until 29 May 2012)*

### *Eduard Lechner*

1956\*, appointed from 25 May 2009 until the 16<sup>th</sup> Annual General Meeting (2015)

### *Hannes Schmid (until 29 May 2012)*

1953\*, appointed from 25 May 2009 until 29 May 2012

Supervisory Board appointments in domestic and foreign listed companies:

- Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna (until 29 August 2012)

### *Johannes Schuster (since 29 May 2012)*

1970\*, appointed from 29 May 2012 until the 16<sup>th</sup> Annual General Meeting (2015)

Supervisory Board appointments in domestic and foreign listed companies:

- Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna

## Assigned by the Central Employee Council

### *Johann-Anton Auer*

1954\*, since 18 February 2008

### *Doris Böhm*

1957\*, since 7 April 2005

### *Anna Gruber*

1959\*, since 15 April 2009

### *Franz-Michael Koller*

1956\*, since 17 September 1999

### *Friedrich Lehner*

1952\*, from 31 May 2000 to 1 September 2008 and since 15 April 2009

The Supervisory Board of UNIQA Versicherungen AG held six meetings in 2012 and made one decision regarding steps to be taken by circulating it in writing.

## COMMITTEES OF THE SUPERVISORY BOARD

### Committee for Board Affairs

- Walter Rothensteiner (Chairman since 29 May 2012)
- Christian Konrad (member and Chairman until 29 May 2012)
- Georg Winckler
- Erwin Hameseder (member since 29 May 2012)
- Christian Kuhn

### Working Committee

- Walter Rothensteiner (Chairman since 29 May 2012)
- Christian Konrad (member and Chairman until 29 May 2012)
- Georg Winckler
- Erwin Hameseder (member since 29 May 2012)
- Christian Kuhn
- Günther Reibersdorfer
- Ewald Wetscherek

Assigned by the Central Employee Council

- Johann-Anton Auer
- Doris Böhm
- Franz-Michael Koller

### Audit Committee

- Walter Rothensteiner (Chairman since 29 May 2012)
- Christian Konrad (Chairman and member until 29 May 2012)
- Georg Winckler
- Erwin Hameseder (member since 29 May 2012)
- Christian Kuhn
- Günther Reibersdorfer
- Ewald Wetscherek

Assigned by the Central Employee Council

- Johann-Anton Auer
- Doris Böhm
- Franz-Michael Koller

### Investment Committee

- Erwin Hameseder (Chairman)
- Georg Winckler (Vice Chairman)
- Eduard Lechner
- Günther Reibersdorfer (member since 29 May 2012)
- Hannes Schmid (member until 29 May 2012)

Assigned by the Central Employee Council

- Johann-Anton Auer
- Doris Böhm

### THE WORK OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board advises the Management Board in its strategic planning and projects. It participates in the decisions assigned to it by statute, by the company articles and by its rules of procedure. The Supervisory Board is responsible for supervising the management of the company by the Management Board. A Committee for Board Affairs of the Supervisory Board has been formed for handling the relationships between the company and the members of its Management Board relating to employment and salary.

The appointed Working Committee of the Supervisory Board shall be called upon for decisions only if the urgency of the issue will not allow the decision to wait until the next meeting of the Supervisory Board. It is the chairman's responsibility to evaluate the urgency. The decisions passed must be reported in the next meeting of the Supervisory Board. The Working Committee decides, in principle, on all issues that are the responsibility of the Supervisory Board; issues of particular importance or which are stipulated by law are excepted, however.

The Audit Committee of the Supervisory Board has the same members as the Working Committee. The Audit Committee, including the activities of the Working Committee in its function as an audit committee, performs the duties assigned to it by law. Finally, the Investment Committee advises the Management Board with regard to its investment policy; it has no decision-making authority. At its two meetings, the Committee for Board Affairs dealt with the legal employment formalities of the members of the Management Board, in particular in conjunction with the repositioning of UNIQA.

In its two meetings, the Working Committee mainly discussed the profit developments of the Group, assessed the company strategy and made three decisions regarding steps to be taken by circulating these in writing, due to their urgency.

The Audit Committee, including the Working Committee, which was also functioning as an audit committee, met in two sessions, dealt with all audit documents, the Corporate Governance Report and the Management Board's proposed appropriation of profit, concentrating particularly on the internal auditing reports on audit regions and significant audit discoveries based on executed audits.

The Investment Committee had five meetings about the capital investment strategy and issues concerning the capital structure. The various chairmen of the committees informed the members of the Supervisory Board about the meetings and their committee's work. For information regarding the activity of the Supervisory Board and its committees, also refer to the statements in the Report of the Supervisory Board.

### MEASURES TO PROMOTE WOMEN ON THE MANAGEMENT BOARD, THE SUPERVISORY BOARD AND IN TOP EXECUTIVE POSITIONS

UNIQA knows that a high level of diversity in the team makes it more successful. Successful organisations tap into the diversity of various nationalities and cultures and the differing strengths of men and women.

At UNIQA, the share of women in Management Board positions and in senior executive roles across the Group is 17 per cent, and 25 per cent in the international area. These figures are too low. For this reason, UNIQA gives priority to hiring women in its recruitment process for candidates with the same qualifications. In addition, the ability to combine a career with family life is a key issue when it comes to promoting the careers of women in the company. With this in mind, UNIQA goes to great lengths to provide flexible working hours, part-time models and the option of teleworking. Starting in 2013, UNIQA will also be cooperating with an external service provider that offers services such as childcare, care for relatives and other family services. Both men and women should have the same opportunities to combine a career with family life.



## INDEPENDENCE OF THE SUPERVISORY BOARD

All selected members of the Supervisory Board have declared their independence under Rule 53 of the Austrian Code of Corporate Governance.

A Supervisory Board member is considered independent if he or she is not in any business or personal relationship with the company or its Management Board that represents a material conflict of interests and is therefore capable of influencing the behaviour of the member.

UNIQA has established the following points as additional criteria concerning the independence of a Supervisory Board member:

- The Supervisory Board member should not have been a member of the Management Board or a managing employee of the company or a subsidiary of the company in the past five years.
- The Supervisory Board member should not maintain or have maintained within the last year any business relationships significant for said Supervisory Board member with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant economic interest but does not perform executive functions in the company.
- The Supervisory Board member should not have been auditor of the partners or a shareholder or employee of the auditing company within the last three years.
- The Supervisory Board member should not be a Management Board member of another company in which a Management Board member of the company is a Supervisory Board member unless one of the companies is a member of the other company's group or holds a business interest in the company.
- The Supervisory Board member should not be a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with an entrepreneurial stake or who are representing the interests of a party with such a stake.
- The Supervisory Board member should not be a close family relative (direct descendent, spouse, life companion, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons who are in one of the positions described in the above points.

## COMPENSATION REPORT

### Earnings of the Management Board and Supervisory Board

Members of the Management Board receive their remuneration exclusively from UNIQA Versicherungen AG, the Group holding company.

Figures in € thousand	2012	2011
The expenses for remuneration of Management Board members attributable to the financial year amounted to:		
Fixed payments <sup>1)</sup>	2,145	2,054
Variable payments	3,149	43 <sup>2)</sup>
Regular payments	5,294	2,097
Severance claims	1,855	2,785
<b>Total</b>	<b>7,149</b>	<b>4,882</b>
Of which was proportionally passed on to the operative subsidiaries	6,791	4,638
Former members of the Management Board and their surviving dependants were paid	2,644	2,598
For pension commitments to these persons, the following provision was made on 31 December	23,818	20,790

<sup>1)</sup> The fixed salary components contain benefits in kind in the amount of € 49,909 (2011: € 44,079).

<sup>2)</sup> These variable payments were made for the 2010 financial year, together with the provisions made in the 2010 Annual Financial Statements in the amount of €1,959,000. The members of the Management Board did not receive any variable payments for 2011.

The salaries of the Management Board are divided up among the individual members as follows:

Name of Management Board member Figures in € thousand	Fixed payments 2012	Variable payments 2012	Total regular payments 2012	Severance claims 2012	Annual total
Andreas Brandstetter	407	579	986	–	986
Hannes Bogner	358	517	875	–	875
Wolfgang Kindl	340	512	852	–	852
Hartwig Löger (until 31 December 2012)	340	512	852	–	852
Kurt Svoboda	340	512	852	–	852
Gottfried Wanitschek (until 31 December 2012)	359	517	876	1,855	2,731
<b>Total amount</b>	<b>2,145</b>	<b>3,149</b>	<b>5,294</b>	<b>1,855</b>	<b>7,149</b>
Previous year	2,054	43	2,097	2,785	4,882

In addition to the salaries listed above, the following pension fund contributions were paid to the members of the Management Board for existing pension commitments in the financial year. The equalisation payments arise in the event of departure before the age of 65 based on the general funding of pension claims until the age of 65.

Pension fund contributions Figures in € thousand	Regular contributions	Equalisation payments	Annual total
Andreas Brandstetter	84	–	84
Hannes Bogner	128	–	128
Wolfgang Kindl	119	–	119
Hartwig Löger (until 31 December 2012)	108	–	108
Kurt Svoboda	105	–	105
Gottfried Wanitschek (until 31 December 2012)	142	1,254	1,396
<b>Total amount</b>	<b>686</b>	<b>1,254</b>	<b>1,940</b>
Previous year	734	3,849	4,584

The compensation to the members of the Supervisory Board for their work in the 2011 financial year was €304,000. A provision of €380,000 has been made for compensation of their work in the 2012 financial year. In 2012, €35,520 (2011: €33,375) were paid out in attendance fees and cash expenditures.

Figures in € thousand	2012	2011
For the current financial year (provision)	380	304
Attendance fees	36	33
<b>Total</b>	<b>416</b>	<b>337</b>

The Supervisory Board's compensation (including attendance fees) was split between the individual members of the Supervisory Board as follows:

Name of Supervisory Board member	Compensation 2012 <sup>1)</sup>	Compensation 2011
Figures in € thousand		
Walter Rothensteiner	61	41
Christian Konrad (until 29 May 2012)	32	57
Georg Winckler	58	47
Erwin Hameseder	42	19
Christian Kuhn	51	41
Günther Reibersdorfer	48	36
Ewald Wetscherek	44	36
Ernst Burger	17	13
Peter Gauper (since 29 May 2012)	9	–
Eduard Lechner	24	19
Hannes Schmid (until 29 May 2012)	11	19
Johannes Schuster (since 29 May 2012)	9	–

<sup>1)</sup> The Management Board and Supervisory Board intend to recommend to the 2013 Annual General Meeting that a resolution be passed to increase compensation (a return to the level of the 2010 financial year).

Former members of the Supervisory Board did not receive any compensation.

The information according to Section 239 (1) of the Austrian Commercial Code in connection with Section 80b of the Insurance Supervisory Act, which must be included in the Notes as mandatory information for IFRS financial statements to release the company from the requirement to prepare financial statements in accordance with the Austrian Commercial Code, is defined for the individual financial statements according to the provisions of the Austrian Commercial Code, with expanded scope. In addition to the executive functions (Management Board) of UNIQA Versicherungen AG, the individual financial statements also include the earnings of the Management Boards of the subsidiaries, insofar as there is a legally binding basis with UNIQA Versicherungen AG.

#### Principles for profit participation by the Management Board

A variable income component is made available to the members of the Management Board in the form of bonus agreements if they meet certain defined prerequisites for entitlement. This bonus will be provided as a one-time payment based on the earnings situation. The basis for determining the size of the bonus is the return on equity based on the IFRS Consolidated Financial Statements of UNIQA Versicherungen AG. The Management Board reports to the Committee for Board Affairs on the balance sheet work involving the development of the Group's reserves. The Committee for Board Affairs can take changes to the reserves into account in determining the size of the bonus payments and establish an adjusted Group return on equity. No changes with respect to the previous year were made to the principles of profit participation.

Starting from the 2013 financial year, the system used to calculate the variable portions of the compensation of the Management Board has been changed in conjunction with the extension of the Management Board mandates. By means of a Short Term Incentive (STI), a one-time payment is made if certain defined prerequisites for entitlement are met based on the earnings situation and agreed individual targets for each financial year. A Long Term Incentive (LTI) is also provided. This provides for one-time payments after a term of four years, depending on the performance of the UNIQA share, ROE and the Total Shareholder Return based on annual virtual investment amounts in UNIQA shares. Upper limits are agreed. Consideration is given to the linking of the LTI to an annual investment obligation on the part of the Management Board members in UNIQA

shares subject to a retention period of four years each. The system conforms to Rule 27 of the Austrian Code of Corporate Governance.

#### **Principles for the pension scheme provided by the company for the Management Board and its prerequisites**

Retirement pensions, a pension for occupational disability as well as a widow's and orphan's pension have been established, whereby the pension entitlements are managed by Valida Pension AG. The retirement pension is due in principle upon meeting the requirements for the old-age pension according to the General Social Security Act. In the event of an earlier retirement, the pension claim is reduced. For the occupational disability pension and the pension for surviving dependants, basic amounts are provided as a minimum pension. The pension fund at Valida Pension AG is financed by UNIQA through ongoing contributions for the individual members of the Management Board. Equalisation payments to Valida Pension AG are due if members of the Management Board depart before the age of 65 (imputed contribution payment duration to prevent excess financing).

#### **Principles for vested rights and claims of the Management Board of the company in the event of termination of their position**

Severance payments have been agreed upon based partially on the provisions of the Salaried Employee Act. The agreed-upon termination packages on the occasion of premature termination of the work of the Board member conform to the criteria of Rule 27a of the Austrian Code of Corporate Governance. The benefits are fundamentally retained in the event of termination of membership on the Management Board; however, a reduction rule applies.

#### **Supervisory Board compensation scheme**

Compensation to the Supervisory Board is approved at the Annual General Meeting as a total amount for the work in the past financial year. The compensation amount applicable to the individual Supervisory Board members is based on the position within the Supervisory Board and the number of committee positions.

#### **D&O insurance**

Such insurance exists, and the relevant costs are paid by UNIQA.

#### **RISK REPORT, DIRECTORS' DEALINGS**

A comprehensive risk report (Rule 67) is included in the Group Notes beginning on page 107. A description of the announcements made about the directors' dealings (Rule 73) can also be found at [www.uniqagroup.com](http://www.uniqagroup.com) in the Investor Relations section.

Vienna, 21 March 2013



Andreas Brandstetter  
Chairman of the Management Board



Hannes Bogner  
Member of the Management Board



Wolfgang Kindl  
Member of the Management Board



Thomas Munkel  
Member of the Management Board



Kurt Svoboda  
Member of the Management Board

## Report of the Supervisory Board



*Walter Rothensteiner,  
Chairman of the Supervisory Board*

Ladies and Gentlemen,

for UNIQA, 2012 was dominated by the UNIQA 2.0 long-term strategic programme.

Under this programme, UNIQA has set the objective of expanding its customer base to 15 million by 2020 and of increasing earnings before taxes by up to €400 million in comparison to 2010. The company is concentrating on the core business. It is targeting profitable business in Austria and profitable growth in Central and Eastern Europe.

In 2012, UNIQA tackled the first stage of the implementation of this strategy and achieved its target result. It divested a range of activities that were not part of the core business, improved the risk profile, and pressed ahead with the main points of the strategic programme UNIQA 2.0. UNIQA completed a cash capital increase amounting to €500 million and created a Group structure that is conducive to its planned capital market activities.

### **Activity of the Supervisory Board**

During 2012, the Supervisory Board was regularly informed by the Management Board of business developments and the situation at UNIQA Versicherungen AG and of the Group as a whole. It also supervised the Management Board's management of the business and fulfilled all the tasks assigned to the Supervisory Board by legislation and the company articles. In the Supervisory Board meetings, the Management Board presented detailed quarterly reports and provided additional oral and written reports to the Supervisory Board. The Supervisory Board was given timely and comprehensive information about those measures requiring its approval.

The members of the Supervisory Board were invited to participate in a series of information events on relevant topics, for example, a seminar in 2012 on current trends in relation to the IFRS and Solvency II regulations.

### **Focus of the meetings**

The meetings focused on the Group's earnings situation and its further strategic development. The Supervisory Board held six meetings in 2012 and made one decision regarding steps to be taken by circulating it in writing.

In the meeting on 13 March, the Supervisory Board mainly discussed the preliminary Group earnings for the 2011 financial year and medium-term planning up to 2015.

The Supervisory Board meeting on 26 April focused on the Annual Financial Statements and Consolidated Financial Statements as at 31 December 2011, the Management Board's report on Group developments during the first quarter of 2012. Basic resolutions regarding plans to increase the share capital of UNIQA Versicherungen AG from the "authorised capital" and regarding the change in the Group's legal form were passed.

In addition, the Supervisory Board addressed the termination of cooperation with the European Bank for Reconstruction and Development. Negotiations regarding the proposed choice of auditor were completed on 2 May with a resolution in writing.

The constituent Supervisory Board meeting of 29 May marked the election of a new Chairman of the Supervisory Board after Christian Konrad tendered his resignation following almost 22 years of service on the Supervisory Board.

On 26 June, the Supervisory Board assessed the resolution regarding the increase of the share capital of UNIQA Versicherungen AG from the authorised capital and the contractual basis for the restructuring of the Austrian insurance group.

At the meeting on 11 September, the Supervisory Board dealt mainly with developments at the company during the first six months of 2012 and the resolution to increase the share capital of UNIQA Versicherungen AG from the authorised capital in return for the contribution of the remaining shareholdings in UNIQA Österreich Versicherungen AG held by Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and Collegialität Versicherungsverein Privatstiftung. In addition, the Supervisory Board supported the strategy adopted by the Management Board by approving the sale of hotel properties and businesses. Finally, the thresholds for transactions requiring approval in the rules of procedure were increased by an appropriate amount.

In addition to reporting on the Group earnings during the first three quarters of 2012 and planning for the 2013 financial year, the Supervisory Board discussed its activities at its meeting on 27 November in accordance with the Code of Corporate Governance. It also passed resolutions concerning changes to the Management Board and approved the new division of business responsibility in the Management Board from 1 January 2013.

#### **Committees of the Supervisory Board**

To facilitate the work of the Supervisory Board and to improve its efficiency, other committees have been set up in addition to the mandatory financial Audit Committee.

The Working Committee primarily discussed the profit development in the Group, examined the company strategy and handled a number of tasks assigned to the Audit Committee since both committees share the same members. It held two meetings in 2012 and made three decisions regarding steps to be taken by circulating them in writing.

At its two meetings, the Committee for Board Affairs dealt with the legal employment formalities of the members of the Management Board and with questions regarding compensation policies and succession planning, in particular regarding the composition of the Management Board as of 1 January 2013.

The Investment Committee had five meetings on the capital investment strategy, questions concerning the capital structure and the positioning of risk and asset liability management.

The Audit Committee, including the Working Committee, which was also functioning as an audit committee, met in two sessions, dealt with all audit documents and the Management Board's proposed appropriation of profit, concentrating particularly on the internal auditing reports on audit regions and significant audit discoveries based on executed audits.

The various chairmen of the committees informed the members of the Supervisory Board about the meetings and their committee's work.

**Annual Financial Statements and Consolidated Financial Statements**

The Annual Financial Statements prepared by the Management Board and the Management Report of UNIQA Versicherungen AG as well as the Consolidated Financial Statements prepared according to the International Financial Reporting Standards (IFRSs) and the Group Management Report for 2012 were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and given an unqualified auditor's opinion.

The Supervisory Board acknowledged and approved the results of the audit.

The consistency check of the Corporate Governance Report according to Section 243b of the Austrian Commercial Code as well as an evaluation of UNIQA's compliance with the Austrian Code of Corporate Governance rules in the 2012 financial year were performed by Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH, and the final results indicated that UNIQA complied with the rules of the Austrian Code of Corporate Governance in the 2012 financial year – insofar as these were included in the compliance declaration.

The Supervisory Board approved the Consolidated Financial Statements and the Annual Financial Statements of UNIQA Versicherungen AG and agreed to the Group Management Report and the Management Report. The 2012 Annual Financial Statements were thereby adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board examined and approved the proposed appropriation of profit submitted by the Management Board. Accordingly, a dividend distribution amounting to €0.25 per share will be proposed to the Annual General Meeting on 27 May 2013.

The Supervisory Board would like to thank all employees of the UNIQA Group for their immense personal commitment during the past financial year.

Vienna, April 2013

On behalf of the Supervisory Board



Walter Rothensteiner,  
Chairman of the Supervisory Board

# Organisational model

## UNIQA Holding

<b>CEO</b>	<b>CFO</b>	<b>UNIQA International</b>	<b>COO</b>	<b>CRO</b>
<i>A. Brandstetter</i>	<i>H. Bogner</i>	<i>W. Kindl</i>	<i>T. Münkel</i>	<i>K. Svoboda</i>

### UNIQA International

**CEO, Central Europe**  
*W. Kindl*

**Southeastern Europe**  
*Z. Visnjic*

**Eastern Europe, Poland**  
*H.-C. Schwarz*

**Bank Assurance**  
*J. Porak*

### UNIQA Austria

**CEO**  
*H. Löger*

**Sales Management**  
*H. Löger*

**Technical Management  
Personal Insurance**  
*P. Eichler*

**Technical Management  
Property Insurance**  
*R. Wasner*

**Process Management**  
*S. Harfmann*

### Raiffeisen Insurance

**CEO**  
*K. Pekarek*

**Sales Management**  
*H. Chrstos*

**Technical Management  
Personal Insurance**  
*P. Eichler*

**Technical Management  
Property Insurance**  
*R. Wasner*

**Process Management**  
*M. Sardelic*