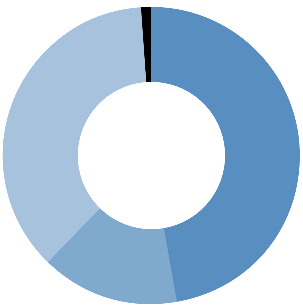
UNIQA Group at a glance

Group key figures Figures in € million	2013	2012	Change
Premiums written	**5,157.6**	**4,864.2**	**+6.0%**
Savings portion of premiums from unit- and index-linked life insurance (gross before reinsurance)	727.9	679.0	+7.2%
Premiums written including the savings portion from unit- and index-linked life insurance	**5,885.5**	**5,543.1**	**+6.2%**
of which property and casualty insurance	2,590.5	2,545.9	+1.8%
of which health insurance	937.6	909.1	+3.1%
of which life insurance	2,357.4	2,088.1	+12.9%
of which recurring premiums	1,674.6	1,554.6	+7.7%
of which single-premium business	682.8	533.5	+28.0%
Premiums written including the savings portion from unit- and index-linked life insurance	**5,885.5**	**5,543.1**	**+6.2%**
of which UNIQA Austria	2,806.7	2,708.2	+3.6%
of which Raiffeisen Insurance	878.5	819.4	+7.2%
of which UNIQA International	2,162.4	1,942.8	+11.3%
of which reinsurance	1,633.1	1,280.0	+27.6%
of which Group functions and consolidation	-1,595.1	-1,207.2	+32.1%
Premiums earned (net)[1]	**4,935.9**	**4,623.9**	**+6.7%**
of which property and casualty insurance	2,438.8	2,394.4	+1.9%
of which health insurance	936.1	903.0	+3.7%
of which life insurance	1,560.9	1,326.5	+17.7%
Savings portion of premiums from unit- and index-linked life insurance (net after reinsurance	702.3	649.9	+8.1%
Premiums earned (net) including the savings portion of premiums from unit- and index-linked life insurance	**5,638.2**	**5,273.8**	**+6.9%**
Net insurance benefits	**-3,955.3**	**-3,758.5**	**+5.2%**
of which property and casualty insurance	-1,633.8	-1,638.8	-0.3%
of which health insurance	-768.7	-756.5	+1.6%
of which life insurance	-1,552.7	-1,363.2	+13.9%
Operating expenses (net)[2]	**-1,357.6**	**-1,319.3**	**+2.9%**
of which property and casualty insurance	-803.4	-786.8	+2.1%
of which health insurance	-162.0	-138.6	+16.9%
of which life insurance	-392.2	-393.9	-0.4%
Cost ratio (after reinsurance)	**24.1%**	**25.0%**	**–**
Combined ratio (after reinsurance)	**99.9%**	**101.3%**	**–**
Net investment income	**780.0**	**791.4**	**-1.4%**
Profit from ordinary activities	**305.6**	**204.2**	**+49.7%**
Net profit/loss	**286.8**	**166.5**	**+72.3%**
Consolidated profit	**283.4**	**127.1**	**+123.0%**
Return on equity (ROE) after taxes and minority interests	**11.9%**	**8.8%**	**–**
Investments[3]	**27,383.6**	**26,326.0**	**+4.0%**
Equity	2,767.7	2,009.3	+37.7%
Total equity including minority interests	**2,789.9**	**2,030.0**	**+37.4%**
Technical provisions (net)[4]	24,183.9	23,759.3	+1.8%
Total assets	**31,068.6**	**30,054.6**	**+3.4%**
Number of insurance policies	18,556,615	17,439,608	+6.4%
Average number of employees	**14,277**	**14,795**	**-3.5%**

[1] Fully consolidated figures.
[2] Less reinsurance commission and profit shares from reinsurance business ceded.
[3] Including land and buildings used by the Group, investment property, shares in associated companies, investments for unit- and index-linked life insurance and current cash and cash equivalents.
[4] Including technical provisions for unit- and index-linked life insurance.

Premium volume written by operating segment 2013

Figures in € million / per cent



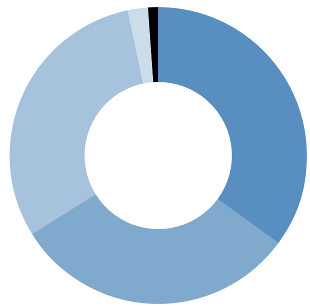
2,806.7 / 47.7%
UNIQA Austria

878.5 / 14.9%
Raiffeisen Insurance

2,162.4 / 36.7%
UNIQA International

38.0 / 0.6%
Reinsurance, Group functions and consolidation

Shareholder structure of UNIQA Insurance Group AG



35.4%
Free float

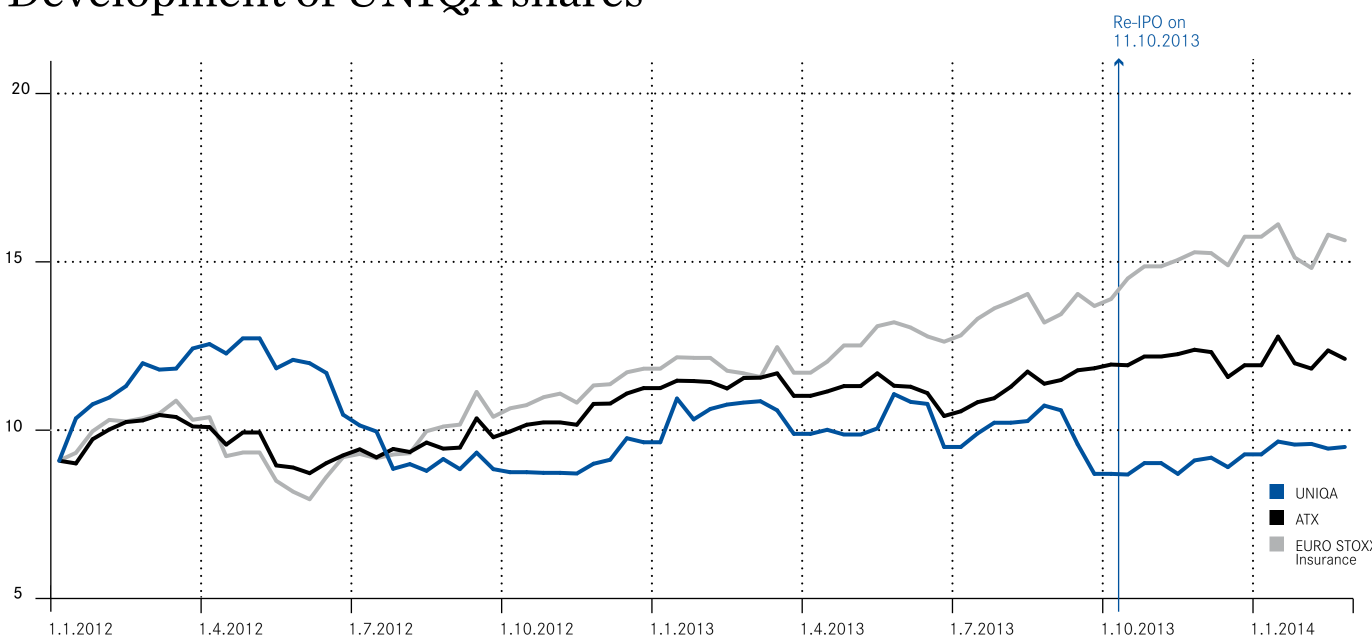
31.4%
Raiffeisen Zentralbank (Group)

30.6%
Austria Privatstiftung (Group)

2.3%
Collegialität Versicherungsverein Privatstiftung

0.3%
Treasury shares

Development of UNIQA shares



Key figures for UNIQA shares

Figures in €	2013	2012	2011	2010	2009
UNIQA's share price on 31 December	9.28	9.86	9.42	14.70	12.97
High	11.14	13.40	16.50	15.34	18.86
Low	8.12	8.75	9.00	10.68	12.21
Average turnover/day (in € million)	1.5	0.1	0.1	0.5	0.5
Market capitalisation as at 31 December (in € million)	2,867.5	2,112.5	1,346.9	2,102.0	1,855.0
Earnings per share	1.20	0.75	-1.73	0.30	0.19
Dividend per share	0.35[1]	0.25	0	0.40	0.40

[1] Proposal to the Annual General Meeting

UNIQA is here to stay

CEO Andreas Brandstetter talks about the stock exchange and the company's core markets of Austria and Eastern Europe.

Mr. Brandstetter, UNIQA again recorded substantial premium and earnings growth in its second full financial year following the launch of the UNIQA 2.0 strategic programme in mid-2011. Have you achieved all of your objectives?
— No, by no means – but 2013 was a good year for us on the whole. We grew as a company, reduced our cost ratio and our combined ratio and, above all, achieved our earnings target. Having more than doubled our consolidated profit after taxes and minority interests, we are in a position to propose an increase in the dividend from €0.25 to €0.35 per share. We also strengthened our capital base and significantly increased our free float with the re-IPO in October. All in all, then, we basically delivered exactly what we promised in 2013.

The aims of UNIQA 2.0 include dramatic earnings growth by 2015 and an increase in the number of customers to 15 million by 2020. Where does UNIQA stand right now?
— 2013 was another step on a long journey, but just one of many steps – and nothing more than that. The long-term targets that we set ourselves in 2011 remain ambitious. You can compare it to running a marathon: having the first 15 kilometres behind us will give us strength for what lies ahead. But a good 2013 is no reason for us to put our feet up. Quite the opposite: we intend to keep the pace, stay hungry and continue to work on implementing our strategic programme systematically and with passion. There is still plenty of room for improvement!

In autumn, you conducted one of the largest capitalisation measures seen in Austria in recent years, generating gross proceeds of € 757 million and significantly increasing your free float. Why did you call this project a re-IPO and not simply a capital increase?
— It used to be the case that UNIQA's shares more or less hibernated on the stock exchange. We did not interact with the capital markets or actively address investors – for the company, our stock market listing was little more than an irritating obligation to be fulfilled. By using the term "re-IPO", we wanted to send a clear signal that this was more than just a capital increase for us. We wanted to show that this entire issue is genuinely important for us, that we want to do things differently than in the past and give the capital markets the respect they deserve.

You announced the re-IPO when you became CEO in 2011. Such a long lead-up for a capitalisation measure is far from typical. What was the reasoning behind this?
— It has always been important for me that UNIQA be predictable. Accordingly, back in 2011 we decided to communicate a clear package of measures not only for the next 1—3 years, but right up until 2020 – a plan that we called UNIQA 2.0. One of our responsibilities as a management team is to make it clear to our shareholders, our customers and, of course, our employees what our objectives are and how we intend to achieve them. We established four main focal points: increasing profitability at UNIQA Austria, improving productivity at Raiffeisen Insurance, outperforming the market at UNIQA International in terms of profitable growth and optimising our risk profile by implementing an updated risk management model. Many people had considerable doubts about our ambitious targets and timeframe. Given the company's stock market history, you can hardly blame them! The critical media reports from that time period are still on display in our conference room and continue to give us extra motivation to see our programme through.

Going public was undoubtedly a challenge, but one that you overcame successfully.Now your challenge is "being public". How have the company and Andreas Brandstetter's day-to-day work changed as a result?
— When it comes to the capital markets, the ultimate responsibility lies with me – investors expect the CEO, together with the Management Board, to present and explain the story. Despite extensive and, in some cases, perhaps justified criticism of their negative impact, I am a fan of the capital markets. I believe that a well-run company can master the balancing act of being fit for the capital markets while fulfilling the ultimate aim of long-term value growth. Capital market-friendly action should become a natural part of a company's culture without this meaning that it is limited to short-term, quarter-to-quarter thinking. Following the capital increase and with the considerably higher free float we now have, I am focused on the demands of the market to a far greater extent than previously. And needless to say, the topic takes up more time than it used to – for my colleagues on the Management Board as well as for me. All of us have to incorporate the needs of the capital markets into our day-to-day work, meaning that we are obliged to manage UNIQA with far greater precision than before. This is as invigorating for a company as a surge of oxygen.

UNIQA's shares used to be included in the ATX, too – but only ever for two or three years, and mainly thanks to the weakness of other companies. Your reinclusion in March was foreseeable in light of the re-IPO. Are you here to stay this time?
— For me, the stock market is not a dating website where you can change your status from "on" to "off" at will. Acquiring capital via the stock market and significantly increasing our free float not only has a positive impact in terms of equity, our balance sheet structure and our solvency ratio, but is also an important driver for the process of cultural transformation within the company. By strengthening our stock market presence, we are competing for investor confidence with our global competition. Our aim is to be more transparent, quicker and more precise. On the capital markets, you are rigorously measured against your own promises and compared with your peer group. This is a healthy process for any company that is honest with itself and its customers – and shareholders are customers, too! In other words, the clear answer to your question is: yes, we are here to stay.

Are you planning further measures on the capital markets in the medium term?
— Our investors asked us the same question in autumn 2013: "Should we expect you to come back again next year?" The answer is simple: when it comes to our capital base, we do not need any additional funds. We already comfortably meet the requirements of Solvency II, which is set to come into force on 1 January 2016.

Are there any potential acquisition candidates at reasonable prices in CEE?
— For various reasons, I am confident that the markets in Eastern Europe will see further consolidation over the coming years. The very biggest global players will be attracted by the larger growth markets in Asia or Latin America, while some owners of local companies will reach their limits when it comes to implementing the new capitalisation requirements. We therefore anticipate that some owners will be looking for investors.

Your 2011 Annual Report was called "Hands on", followed by "Keep going" in 2012. The Annual Report for 2013 is "Deliver". Is there not a certain finality to this title? What comes after "Deliver"?
— Continuing to deliver! (laughs) Delivering is one of our four corporate values. Firstly, we are dedicated to people: we inspire. Secondly, we shape the future: we create. Thirdly, we remain direct even when things get uncomfortable: we are straightforward. And fourthly, ensuring that we are successful in these endeavours – inspiring, creating and being straightforward – means that we can keep our promises. Then we can deliver.

Your plans extend to 2020 despite factors such as Greece, Solvency II and the low interest rate environment. How often will you have to make adjustments?
— Although we have a long-term strategic programme covering the period from 2010 to 2020, we also have quantifiable half-yearly targets up until 2015, i.e. we have "only" planned for five years when it comes to EBT, the combined ratio, the cost ratio, etc. Some of the major factors were already on our radar in 2010 – it is not as if Solvency II has come as a surprise, after all. Signs of the low interest rate environment were already visible on the horizon at the time, although its magnitude was not yet apparent. We are continuously asked whether we can meet our objectives. Right now, we are on target – and any deviations will be communicated without delay.

You are growing more quickly than your competitors in many Eastern European markets. Some commentators consider this growth to be risky. Is it?
— I am confident that it is not. Our business is well diversified, also in terms of sales channels, which prevents us from being dependent on individual markets. It is important to keep our starting point in mind: we are ranked sixth in Eastern Europe. In purely percentage terms, it is only logical that the market leader will grow more slowly than we. Secondly, we have good local management teams. Most of the regional CEOs and Management Board members are locals who know their market extremely well, in stark contrast to mercenaries who simply take up a post for a few years before disappearing again. That is not our philosophy. We also make a point of using different sales channels – exclusive sales, agencies, brokers and banks. Analysts agree that our sales cooperation with Raiffeisen Bank International in Eastern Europe is an absolute asset. This sales channel has become increasingly important over recent years and is now a major factor – as is our superb cooperation with the Raiffeisen banks in Austria.

Ultimately, the composition of our portfolio, i.e. the variety in our customer base, also serves to minimise risk. UNIQA is a traditional retail company. Retail has been our core business for more than 200 years. So, no, I do not think that our growth is risky. And we are not seeking to grow at any price or by using dumping tactics. We also have no plans to enter new markets. We are staying in the 15 CEE countries in which we currently have a presence.

“We are working to make UNIQA the best insurance company in Central Europe with the strongest focus on customer requirements. Achieving this will require considerable further effort on our part.”

Which Eastern European markets are you satisfied with? Which are less satisfactory?
— There is one country that is causing problems for us and the entire industry: Romania, where all commercial common sense seems to have disappeared into thin air, particularly in the car insurance market. Romania is the only country with which we are dissatisfied at present. Nevertheless, we remain clearly committed to Romania and the entire region. We did not raise € 750 million simply to fritter it away in Eastern Europe. I still see this region as having huge potential. If we were to withdraw from Eastern Europe now, I am quite sure that, when the markets are stronger again in three to five years' time, we would immediately be asked: “So where are you? Where do you intend to grow?” This is one of the reasons why I am such a staunch defender of Eastern Europe and why I am largely satisfied with our companies in the region.

What role will UNIQA play in Europe in 2020? And what kind of Europe do you want to see for UNIQA?
— What I would like is for there to really be ONE Europe, with far more commonalities and more decisions at a pan-European level than is currently the case. The continent will not become competitive again in the long term until we stop getting bogged down in individual interests. In my view, the small-scale structures that are currently used to administer Europe – and Austria – will prove to be unsustainable in the medium term because they are too inefficient and not competitive. This is something we cannot afford going forward. II am a passionate European and I believe that we need to think more at a European level and less in terms of our own back yard. Can this be achieved by 2020? I don't know, but I hope so. With regard to UNIQA, I am reluctant to cite figures for operating performance indicators like premiums or EBT over such a long timeframe. We all know how volatile the macroeconomic environment has become, so there is always the possibility of setbacks. We are working to make UNIQA the best insurance company in Central Europe with the strongest focus on customer requirements. Achieving this will require considerable further effort on our part. Increasing the number of customers to 15 million by 2020 is one of our key targets. This would mean doubling our customer base over a ten-year period. And this is only possible if our customers are satisfied – enthusiastic, even. As I always say, our salary as UNIQA employees may ostensibly come from the cash machine, but it ultimately depends on the people who trust us. We have not yet reached a point where I can say: “Wow, 99.5 per cent of our customers really do receive first-class service.” This is an important point to make: UNIQA is already a very good company, but our aim is for it to become an even better insurance and service company – in a society where the demands on service providers are growing.

15 million customers – does that mean four-fifths of your customer base will be in Eastern Europe?
— We currently have 3.3 million customers in Austria, so the potential for expansion is no longer as high. So yes, that could be what we are looking at.

When will Eastern Europe be responsible for half of your EBT?
— I expect this to happen sometime in the early 2020s – maybe in the first year of the decade, maybe a few years later. CEE currently accounts for 60 per cent of our customers and around 23 per cent of our premiums. The figure for EBT is lower. Premiums will enjoy above-average growth as prosperity in the region rises.

"We reduced the risk exposure on our balance sheet massively in 2012 and 2013 and are currently managing the Group in a highly risk-averse manner."

The low interest rate environment and the new capitalisation requirements – Solvency II – are an issue for all insurance companies. How is UNIQA responding?
— Solvency II, the current low interest rate environment and the prevailing macropolitical conditions are all conspiring to make life insurance a complex business! We reduced the risk exposure on our balance sheet massively in 2012 and 2013 and are currently managing the Group in a highly risk-averse manner. This risk reduction also meant streamlining our equity investments by selling hotels, hedge funds and private equity. The big challenge will be to maintain this risk-averse approach under Solvency II while ensuring that we are equipped for new forms of investment. Whether this takes the form of alternative energy – as seen at some German companies – or mortgage finance, we are working on multiple scenarios. The fact is that we are faced with the challenge of sailing far more accurately and more closely to the wind than previously. It would be too early to draw specific conclusions about new life insurance products based on this situation. We are currently addressing the issue of whether there will be products with or without guaranteed interest in future and will communicate our findings by mid-2014. Life insurance will always remain a central pillar of the Group's activities, as will property/casualty and health insurance – but the parameters could change.

What are the other major challenges facing the industry?
— I believe that companies from outside the industry will increasingly seek to penetrate our traditional area of business. This includes providers such as Google who possess a vast wealth of data that is already allowing them to offer insurance-related products at extremely low prices. There will be no lack of challenges that emerge from areas such as technology, the environment, politics and society, for example, nanotechnology, climate change, regulations, the ageing population and so on. But that is precisely what makes our industry so incredibly interesting – almost every development has an impact on our business sooner or later.

The interview with Andreas Brandstetter was conducted by the Vienna-based financial market expert and share analyst Christian Drastil. Drastil was a co-founder and editor-in-chief of wirtschaftsblatt.at and boerseexpress.at. In 2011, the Austrian Shareholder Association (IVA) awarded him the "IVA David" for his contribution to promoting capital market culture in Austria. Drastil's activities in the area of publishing include running the financial market website christian-drastil.com.

Unfortunately, the Management Board did not have time for a photo shoot. You can see why here:

Use your smartphone to download a free QR code reader from the App Store or Android Market. Open the programme and hold your phone around 20 cm above the QR code on this page.

Management Board of UNIQA Insurance Group AG

Andreas Brandstetter */ Chairman of the Management Board / CEO / 1969**
Has been with the UNIQA Group since 1997. He previously worked for Raiffeisen in Austria and Brussels. He was appointed to the Management Board in 2002 and has been promoting the establishment of the CEE network. He took over as Chief Executive Officer (CEO) on 1 July 2011.
Responsible for: Investor Relations, Group Communication, Group Human Resources, Group Internal Audit, Group General Secretary

Hannes Bogner */ Member of the Management Board / CFO / 1959**
Has been with the UNIQA Group since 1994. He was appointed to the Management Board as Chief Financial Officer (CFO) in 1998. He previously worked as a tax advisor and a sworn chartered accountant.
Responsible for: Group Finance, Group Asset Management, Group Legal Affairs, Group Internal Audit

Wolfgang Kindl */ Member of the Management Board / 1966**
Has been with the UNIQA Group since 1996 and in the international segment since 1997. He was the CEO of UNIQA Assurances in Geneva from 2000 to 2004. In 2005, he took over as Managing Director of UNIQA International AG. He was appointed to the Management Board of UNIQA Insurance Group AG on 1 July 2011.
Responsible for: UNIQA International

Thomas Münkel */ Member of the Management Board / COO / 1959**
He was appointed as Chief Operating Officer (COO) on 1 January 2013. He previously held various management positions at an international insurance group over a 20-year period.
Responsible for: Group OPEX, Group Operations, Group IT, Group Project Office

Kurt Svoboda */ Member of the Management Board / CRO / 1967**
Has been with the UNIQA Group since 2003. He started out in the management of UNIQA Capital Markets GmbH. On 1 July 2011, he was appointed to the Management Board as Chief Risk Officer (CRO). Prior to 2003, he worked in the Austrian insurance sector and for an accountancy firm.
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, Market Risk Management