

UNIQA Group at a glance

| Consolidated key figures | | | |
|---|------------------|------------------|----------------|
| In € million | 2016 | 2015 | Change |
| Premiums written | 4,643.1 | 4,829.0 | - 3.9% |
| Savings portions from unit-linked and index-linked life insurance (before reinsurance) | 405.1 | 382.0 | + 6.0% |
| Premiums written including savings portions from unit-linked and index-linked life insurance | 5,048.2 | 5,211.0 | - 3.1% |
| of which property and casualty insurance | 2,518.4 | 2,439.2 | + 3.2% |
| of which health insurance | 1,003.7 | 964.4 | + 4.1% |
| of which life insurance | 1,526.1 | 1,807.5 | - 15.6% |
| of which recurring premiums | 1,356.9 | 1,366.9 | - 0.7% |
| of which single premiums | 169.2 | 440.6 | - 61.6% |
| Premiums written including savings portions from unit-linked and index-linked life insurance | 5,048.2 | 5,211.0 | - 3.1% |
| of which UNIQA Austria | 3,631.5 | 3,883.5 | - 6.5% |
| of which UNIQA International | 1,399.9 | 1,302.8 | + 7.5% |
| of which reinsurance | 1,130.8 | 1,112.1 | + 1.7% |
| of which consolidation | - 1,113.9 | - 1,087.3 | + 2.4% |
| Premiums earned (net)¹⁾ | 4,443.0 | 4,651.1 | - 4.5% |
| of which property and casualty insurance | 2,359.1 | 2,301.3 | + 2.5% |
| of which health insurance | 1,000.4 | 963.9 | + 3.8% |
| of which life insurance | 1,083.6 | 1,386.0 | - 21.8% |
| Savings portions from unit-linked and index-linked life insurance (after reinsurance) | 384.7 | 365.9 | + 5.1% |
| Premiums earned including savings portions from unit-linked and index-linked life insurance | 4,827.7 | 5,017.0 | - 3.8% |
| Net insurance benefits | - 3,385.6 | - 3,671.3 | - 7.8% |
| of which property and casualty insurance | - 1,550.6 | - 1,553.7 | - 0.2% |
| of which health insurance | - 843.6 | - 781.7 | + 7.9% |
| of which life insurance | - 991.4 | - 1,335.9 | - 25.8% |
| Operating expenses (net)²⁾ | - 1,286.4 | - 1,190.4 | + 8.1% |
| of which property and casualty insurance | - 763.2 | - 699.6 | + 9.1% |
| of which health insurance | - 175.5 | - 153.7 | + 14.2% |
| of which life insurance | - 347.7 | - 337.1 | + 3.1% |
| Cost ratio (net after reinsurance) | 26.6% | 23.7% | - |
| Combined ratio (net after reinsurance) | 98.1% | 97.9% | - |
| Net investment income | 588.9 | 732.0 | - 19.5% |
| Profit/loss on ordinary activities | 225.5 | 397.8 | - 43.3% |
| Net profit/loss | 149.6 | 340.7 | - 56.1% |
| Consolidated profit/loss | 148.1 | 337.2 | - 56.1% |
| Operating return on equity | 10.0% | 17.2% | - |
| Investments³⁾ | 25,454.6 | 29,416.1 | - 13.5% |
| Shareholders' equity | 3,186.3 | 3,144.5 | + 1.3% |
| Equity including non-controlling interests | 3,212.8 | 3,166.4 | + 1.5% |
| Technical provisions (net) ⁴⁾ | 21,812.7 | 25,638.9 | - 14.9% |
| Total assets | 33,639.2 | 33,297.9 | + 1.0% |
| Number of insurance contracts | 18,785,051 | 19,254,690 | - 2.4% |
| Average number of employees | 12,855 | 13,782 | - 6.7% |

¹⁾ Consolidated amounts

²⁾ Less reinsurance commissions and share of profit from reinsurance ceded

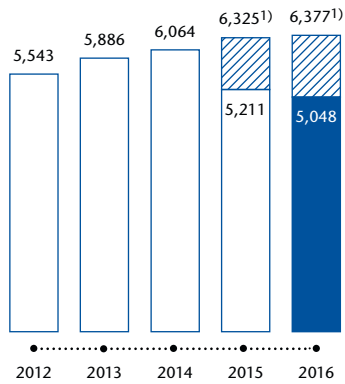
³⁾ Including investment property, shares in associates, unit-linked and index-linked life insurance investments and current bank balances and cash-in-hand

⁴⁾ Including technical provisions for life insurance policies held on account and at risk of policyholders

Due to the sale of the Italian Group companies, both the key figures for the 2016 financial year and those for 2015 (except for total assets) are presented exclusive of Italy.

Premiums written

In € million

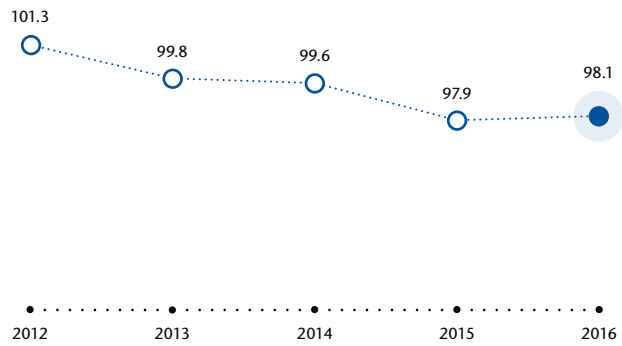


¹⁾ Including Italy

(Including savings portions from unit-linked and index-linked life insurance)

Combined ratio

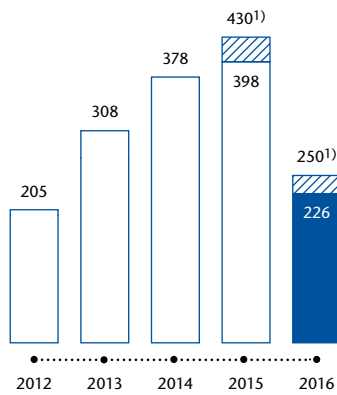
In per cent



(After reinsurance)

Earnings before taxes

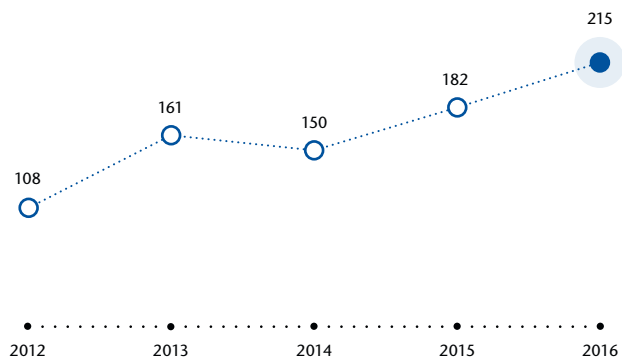
In € million



¹⁾ Including Italy

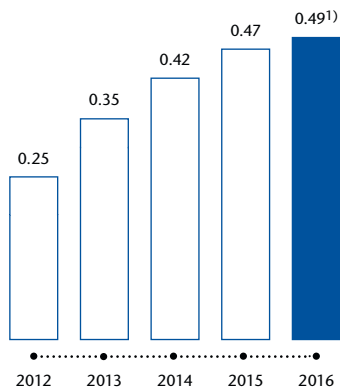
Economic capital ratio (ECR ratio)

In per cent



Dividend per share

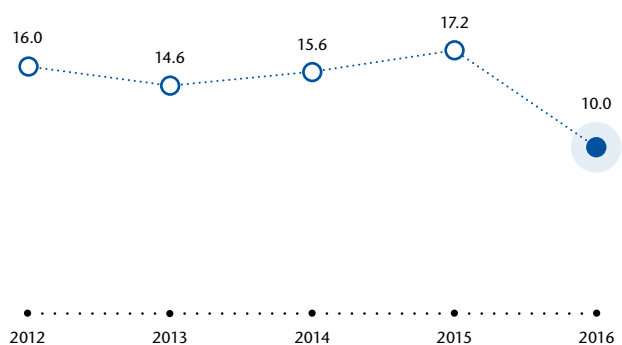
In €



¹⁾ Proposal to the Annual General Meeting

Operating return on equity

In per cent



Key figures at a glance 2012 – 2016

| Consolidated key figures – 5-year comparison In € million | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|--------------------------|
| Premiums written, including savings portions from unit-linked and index-linked life insurance | 5,543 | 5,886 | 6,064 | 5,211 | 5,048 |
| of which property and casualty insurance | 2,546 | 2,591 | 2,621 | 2,439 | 2,518 |
| of which health insurance | 909 | 938 | 961 | 964 | 1,004 |
| of which life insurance | 2,088 | 2,357 | 2,483 | 1,807 | 1,526 |
| Insurance benefits (net) | -3,759 | -3,959 | -4,384 | -3,671 | -3,386 |
| of which property and casualty insurance | -1,639 | -1,634 | -1,724 | -1,554 | -1,551 |
| of which health insurance | -756 | -769 | -781 | -782 | -844 |
| of which life insurance | -1,363 | -1,557 | -1,880 | -1,336 | -991 |
| Operating expenses (net) | -1,319 | -1,354 | -1,299 | -1,190 | -1,286 |
| of which property and casualty insurance | -787 | -803 | -749 | -700 | -763 |
| of which health insurance | -139 | -162 | -167 | -154 | -175 |
| of which life insurance | -394 | -389 | -383 | -337 | -348 |
| Combined ratio after reinsurance (in per cent) | 101.3% | 99.8% | 99.6% | 97.9% | 98.1% |
| Claims rate (in per cent) | 68.4% | 66.9% | 69.4% | 67.5% | 65.7% |
| Cost ratio (in per cent) | 32.9% | 32.9% | 30.2% | 30.4% | 32.4% |
| Net investment income | 791 | 780 | 888 | 732 | 589 |
| Earnings before taxes | 204 | 308 | 378 | 398 | 226 |
| of which property and casualty insurance | -12 | 47 | 61 | 71 | 58 |
| of which health insurance | 103 | 84 | 130 | 171 | 96 |
| of which life insurance | 113 | 177 | 187 | 155 | 72 |
| Consolidated profit/(loss) | 127 | 285 | 290 | 337 | 148 |
| Earnings per share (in €) | 0.75 | 1.21 | 0.94 | 1.09 | 0.48 |
| Dividend per share (in €) | 0.25 | 0.35 | 0.42 | 0.47 | 0.49¹⁾ |
| Equity (portion attributable to shareholders of UNIQA Insurance Group AG) | 2,009 | 2,763 | 3,082 | 3,145 | 3,186 |
| Total assets | 30,055 | 31,002 | 33,038 | 33,298 | 33,639 |
| Operating return on equity (in per cent) | 16.0% | 14.6% | 15.6% | 17.2% | 10.0% |
| Economic capital ratio – ECR ratio (in per cent) | 108% | 161% | 150% | 182% | 215% |

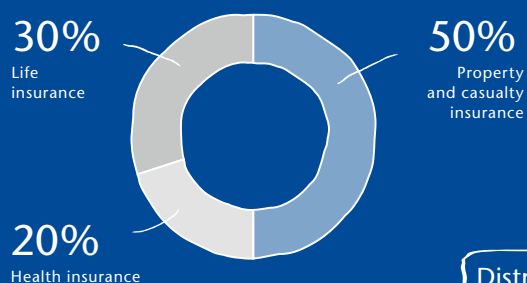
¹⁾ Proposal to the Annual General Meeting

A tall, modern glass skyscraper at night, illuminated from within, set against a dark blue background. A large, white-outlined speech bubble is superimposed over the left side of the building. The building has a distinctive design with a curved section on the right and a more angular section on the left. The interior lights are warm and yellow, contrasting with the cool blue of the exterior and background.

We are
UNIQA

We are one of the leading insurance groups in our two core markets: Austria and Central and Eastern Europe (CEE). About 20,000 employees and exclusive sales partners serve about 9.6 million customers across 18 countries. Commanding a market share of 21 per cent, we are the second-largest insurance company in Austria. In the growth region CEE, we are present in 15 markets: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia and Ukraine. In addition, insurance companies in Switzerland and Liechtenstein are also part of the UNIQA Group. In 2016, we began a comprehensive programme of investment and innovation worth around €500 million in order to reorient the Company's processes and products to its customers' changing needs and expectations in the context of digital transformation.

Balanced portfolio ...



... in the core markets of Austria and CEE



Distribution of premiums

9.6

million customers

378,000

myUNIQA users in Austria

3.3

million visitors to
UNIQA websites

Active in

18

countries

18.8

million insurance contracts

€0.49

dividend
per share

€3.5

billion in compensation
for damages paid out

UNIQA Group 2016

1,632

new employees

€5

billion in
premium volume

€25.4

billion in investments

€225.5

million in earnings
before taxes

21.3%

market share in Austria

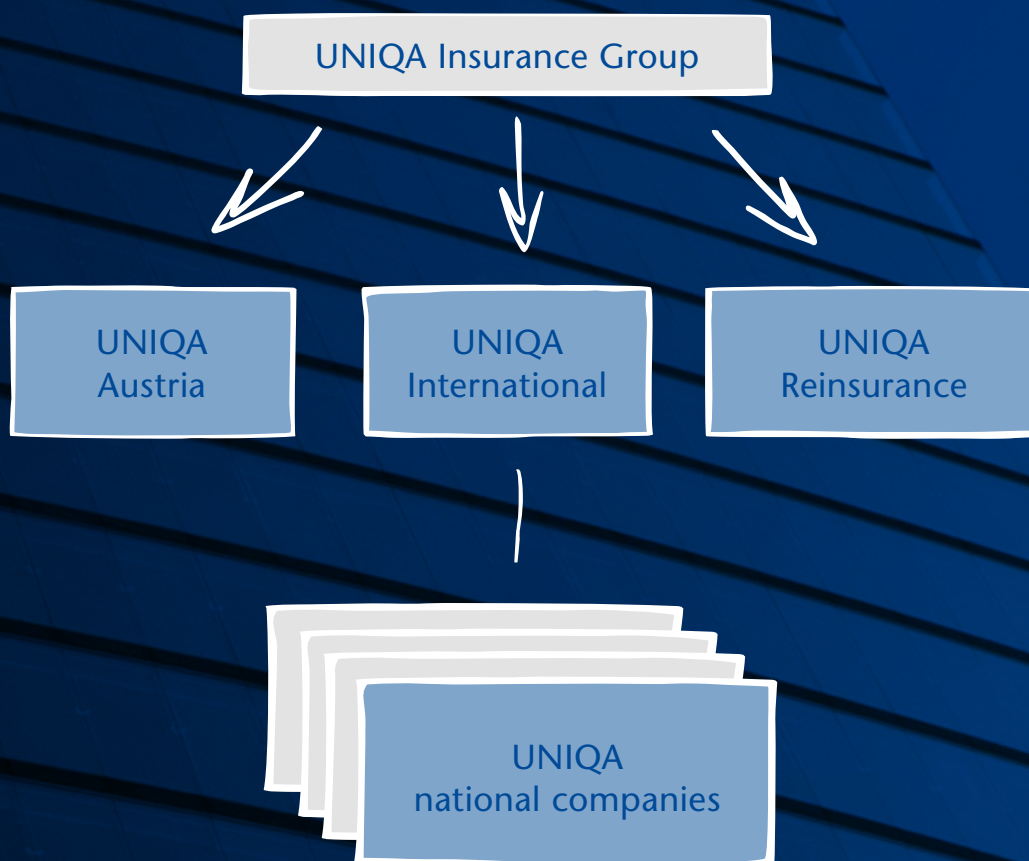
3.5

million phone calls
with customers

Around

20,000

employees and exclusive
sales partners



Shareholder structure

Equity story

Austria's strongest
insurance brand
 Comprehensive sales
platforms
 Market leader in health
insurance
 Successful sales partnership
with Raiffeisen
 Interesting growth
potential in CEE
 Solid capital position
 Attractive dividend policy

2.5%

Collegialität
Versicherungsverein
Privatstiftung

0.7%

Treasury shares

10.9%

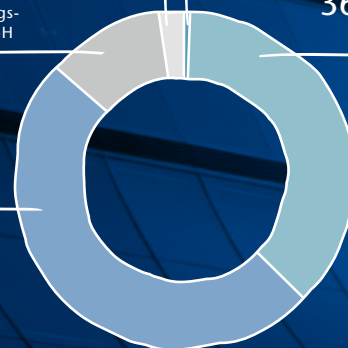
RZB Versicherungs-
beteiligung GmbH

36.9%

Free float

49.0%

UNIQA Ver-
sicherungsverein
Privatstiftung
(Group)



Long-standing tradition and ...

... solid ownership structure

From 2013

Formation of an integrated insurance group



2007

Albania,
Kosovo,
Macedonia

2009

Russia



2005

Romania,
Bulgaria,
Bosnia and
Herzegovina

2002

Hungary

2001

Poland

BARC

1997



2013

Serbia,
Croatia



2008

Romania,
Montenegro



Credo-Classic
INSURANCE COMPANY

2006

Serbia,
Ukraine



2003

AXA Austria,
AXA Hungary,
AXA Liechtenstein

prior to
2001



Slovakia,
Croatia,
Czech Republic

1999

1997–2012

Initial consolidation in Austria
and expansion in CEE

1811–1996

Founding



1811



1922



1969



1991



1899



1860

Fusion

UNIQA
Insurance
Group



Raiffeisen: Bundesländer Insurance and Raiffeisen Insurance merged and became part of UNIQA in 1999, making Raiffeisen one of the "roots" of the company. Following the sale of the stock package in December 2016, Raiffeisen currently holds a 10.9% share in UNIQA Insurance Group AG.

Austria Collegialität: The two core shareholders, UNIQA Versicherungsverein Privatstiftung (Group) and Collegialität Versicherungsverein Privatstiftung, are tied to the predecessor of UNIQA, Austria Collegialität, which merged with Bundesländer Insurance and Raiffeisen Insurance Austria in 1997; the name was changed to UNIQA in 1999. Together, these core shareholders now hold 49.0% and 2.5%, respectively, of the shares in UNIQA Insurance Group AG.

UNIQA Insurance Group AG – Group Executive Board

The Management Board of UNIQA Insurance Group AG consists of Andreas Brandstetter, Kurt Svoboda and Erik Leyers. In the meetings of the Management Board, Hartwig Löger, Wolfgang Kindl and Klaus Pekarek are usually included with an advisory vote. The resulting body is known as the Group Executive Board, presented below.



KLAUS PEKAREK
Management Board
member for Bank Sales
UNIQA Austria

WOLFGANG KINDL
CEO UNIQA International

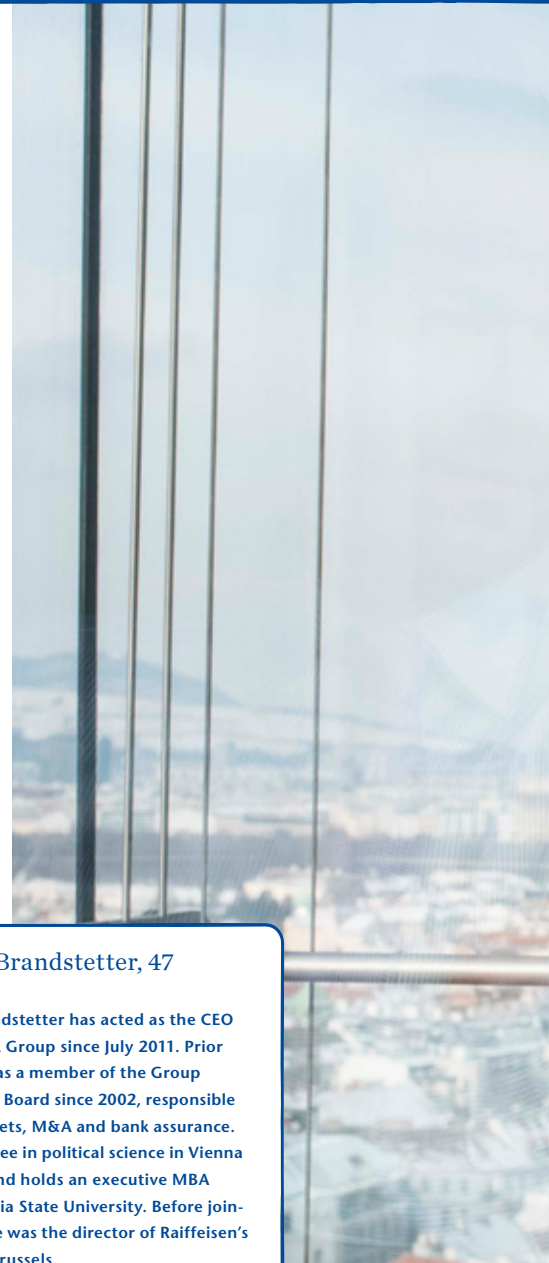
ANDREAS BRANDSTETTER
CEO UNIQA Group

KURT SVOBODA
CFO/CRO UNIQA Group

ERIK LEYERS
COO UNIQA Group

HARTWIG LÖGER
CEO UNIQA
Austria

“We have torn our strategy apart and put it back together.”



Andreas Brandstetter, 47

Andreas Brandstetter has acted as the CEO of the UNIQA Group since July 2011. Prior to that, he was a member of the Group Management Board since 2002, responsible for new markets, M&A and bank assurance. He did a degree in political science in Vienna and the US and holds an executive MBA from California State University. Before joining UNIQA he was the director of Raiffeisen's EU office in Brussels.

Ladies and Gentlemen,
dear Shareholders,

The year 2016, which we are presenting to you in this report, began intensely for both you and us: in January, we informed you that we would be changing the strategic direction of the third and last phase of UNIQA 2.0, our long-term strategy programme.

There were two reasons for this: first, necessary investments of about €500 million in IT, digitalisation and innovation in the coming years, to help us be proactive when facing the challenges of the Internet age;

and second, negative effects from the current low-interest rate environment which are resulting in diminishing income from capital investments in general and from life insurance in particular.

The fact that in January, thanks to our strong capital position, we decided to affirm our plans to increase our dividends each year, despite these two short- and medium-term revenue-impacting effects, nevertheless did not assuage the concerns of

many of our shareholders. Our share price went into a tailspin, down to an all-time low of €5.04 on 11 February 2016. Obviously we, myself included, did not manage to communicate the long-term, value-adding effects of our – admittedly high – investments in a persuasive and credible way.



This disappointment on the capital market has of course given us a lot of worry. After an intense Group Management Board meeting at the end of August, during which we literally tore apart our strategy, in the form of a tabulated evaluation, and put it back together, we developed the picture of a house. A sketch of this “UNIQA House”, which we presented to the Supervisory Board in precisely this form in early September, is on pages 16 and 17. I would like to use this illustration to strengthen your

trust in our company, or perhaps even win you over for the first time. Please take a few minutes of your time to think about my personal thoughts about this house.

Our solid capital and our strong balance sheet form the **base** of our house. The green thumbs below and next to the house symbolise measures that we use to strengthen our capital further, and red lightning bolts indicate those positions that may pose risks. We defused most of

the lightning bolts in 2016, although particularly the decision to sell our Italian businesses was not easy to make.

The top priority for us is to defend our strong capital position, especially in the current unstable global environment, and to be especially careful with it.

The **first floor** of our house represents our five Group initiatives. I have circled two of them in red, namely “Life” and “IT Core”, because these two projects represent major investments and an intense allocation of resources. This means that they affect income in the short term – ours, and yours as our shareholders. That is all the more bitter for “Life”, because in the current low-interest environment, about 42 per cent of our business volume (this value still contains business in Italy) ties up about 70 per cent of our risk capital without bringing in appreciable income (see also the portfolio graphic to the right of the house).

What can we do about this, and what is our strategy for moving forward? We want

- to shed capital-intensive business in **life insurance** (Italy) or close it (Austria), instead promoting biometric life insurance; no experiments in life insurance asset investments, but a somewhat more aggressive spirit, for example in infrastructure investments;
- to keep **health insurance** at a high level of profitability, and
- to increase the earnings performance of **property insurance** (this did not happen in 2016 unfortunately, due primarily to developments in Poland) and to continue growing in a controlled way in this sector. →

Above the portfolio circle, you'll see "HR: Pimp up Our Teams" on the right side. This means that we have to and want to continue developing our organisational culture and how we work. Purely in terms of the structural organisation of our Group, this is relatively easy for us – the seamless merger of our four Austrian companies into the new, large UNIQA Österreich Versicherungen AG last year testifies to that. In terms of a performance culture, however, we have a few things to do if we want to develop a team of about 20,000 employees and exclusive sales partners into a state-of-the-art service provider and really work in a customer-centred way. This, more than anything else, personally gives me pause.

“Digitalisation is not a temporary fad; it will decide whether a company lives or dies in our industry.”

The **second floor** of our house is where innovation and digitalisation “live” – two eminently important subjects for our future. In 2016, we managed to cement the idea in the collective consciousness of all Group leadership that digitalisation is not a temporary fad; it will decide whether a company lives or dies in our industry. What we and many others in the insurance industry have not (yet) managed to do is short-term monetisation of this phenomenon, meaning to turn digitalisation into predictable income and profits. We are learning, training, bringing “digital natives” on board, investing time and money, starting to work cross-functionally, dealing with social media, investing in start-ups. We have great ideas one day that we often discard the next – yet neither our company nor our industry has



ever truly had a relevant, radical innovation in its DNA. This is why we are still at the starting line. Our disadvantage is that we have to be particularly careful with the limited resources that we have, at least in comparison with our global peers. Our advantage is that we can work with more agility than some competitors and will certainly not back down from this subject, because we want to win!

There was a change at the shareholder level in 2016, as you can see in our three major stakeholder groups in the top section of the sketch. The syndicate that has existed for 20 years between the Raiffeisen banking group, the UNIQA Versicherungsverein Privatstiftung (private foundation), and the Collegialität Versicherungsverein Privatstiftung (private foundation) remains unchanged, yet the ownership structure has shifted in favour of the foundations. From a company perspective, it is important that we continue our excellent sales partnership with Raiffeisen – both in CEE and in Austria (where our cooperation has already been extended until 2022). I am aware of the possible problems of my personal dual function as CEO of the UNIQA Group and Chairman of the Management Board of UNIQA Versicherungsverein Privatstiftung, so I will not occupy this dual position over the long term.



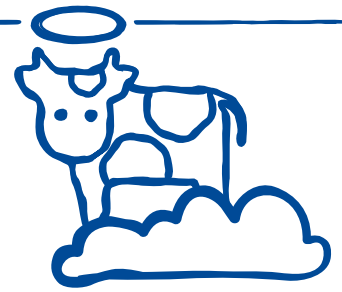
The red lightning bolt at the upper right – where you see “Stock Price” and “Valuation” – brings us back to the opening of this letter. It expresses the fact that we are gradually increasing the weak ROE of 2016 and thereby want to make our own contribution to a higher share price. Even though we are extremely well capitalised at the moment, we don’t want to do this by means of a special dividend (which would only be effective in the short term); instead, we would rather invest our capital carefully in the growth of our profitable core underwriting business. Just like our investment programme of over €500 million, we also want to embrace our long-term responsibility of managing a company that wants to please some ten million customers in 18 European countries. This is the basis of our declared intention to pay out dividends that increase in absolute terms every year – not from

the substance of our company, but on the basis of growing income and sustainable cash flow.

On behalf of all of UNIQA’s employees, I would like to express our sincere gratitude to you for your interest in the UNIQA House. Even if the world in which the house stands is currently turbulent and complex, it gives me and my colleagues on the Management Board great pleasure to work for you every day, with enthusiasm and consistency.

Sincerely,

Andreas Brandstetter
CEO UNIQA Group



2016

1 AT GLANCE



UNIQA invests €500 million

At the beginning of 2016, we launched the largest programme of investment and innovation in the Company's history: the aim is to adapt our processes and products to the changing needs and expectations of our customers in the context of digital transformation. Investments of around €500 million will be spread over several years, focusing principally on redesigning our business model and on essential modernisation of our IT systems to support this development.



€250 million supplementary capital bonds repaid

At the end of December 2016, we repaid two supplementary capital loans totalling €250 million.

Now only one direct insurer in Austria

In October 2016, we merged Raiffeisen Versicherung AG, FINANCE LIFE Lebensversicherung AG and Salzburger Landesversicherung AG with UNIQA Österreich Versicherungen AG. Since then, UNIQA Austria has been our sole direct insurer in the Austrian market, serving around 3.5 million customers—a market share of over 21 per cent.

UNIQA is getting trimmer

In addition to the merger of the four direct insurance businesses operating in Austria, we have created a functional group structure, and with that trimmed the number of board members from 22 to ten. By concentrating our activities in this way and creating

group-wide areas of responsibility, we are making structural adjustments appropriate to the changing needs of our customers and to the demands of the market. Since June 2016, the essential core activities of the UNIQA Insurance Group AG have been led by three management boards rather than five as previously.

New start-up centre supports innovators

In summer 2017, we will open the Vienna Design Tower for innovative start-ups from all over the world. Successful applicants can

use the “Accelerator Programme” devised by weXelerate for 100 days completely free and will have the chance to work together with large corporations, “incubators”, venture partners, investors and service providers to develop new digital business models.

UNIQA Privatstiftung increases UNIQA shareholdings to 49 per cent.

In December 2016, UNIQA Versicherungsverein Privatstiftung acquired 17.64 per cent of the equity in UNIQA from Raiffeisen Zentralbank Österreich AG, increasing its voting rights from

31.36 per cent to 49 per cent. RZB holdings have been reduced to 10.87 per cent; the syndicate agreement between the two groups of shareholders remains in place.

Concentration on core business

Disposal of investments in Austria

In August 2016, we withdrew from our financial investment of 13.22 per cent in Niederösterreichische Versicherung AG, achieving a capital gain before tax of around €37 million. Similarly, we are also disposing of our indirect holdings, totalling 11.35 per cent, in Casinos Austria Aktiengesellschaft, with an expected capital gain of around €47.6 million. Approvals for this transaction are expected in the first half of 2018 at the latest.

UNIQA sells Italian subsidiaries



To sharpen our focus on the core markets of Austria and Central and Eastern Europe, we are transferring our Italian companies to the Italian insurance group, Reale Mutua. Regulatory approvals for this transaction are expected in the first half of 2017. The sale has had a profound effect, particularly on UNIQA's economic capital ratio, which improved significantly by around 35 percentage points.