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Hopefully a joy to read



The cover of our Annual Report 2016 shows the smiling face of one of our customers or employees. What are we trying to say with this? We want to convey a joy of life, both to you and to other people with whom we have dealings – or, as we put it in our mission statement, to support you with “safer, better, longer living”.

But please don't get the wrong idea: we're not in any way presuming to be able to enforce a joy of life. That would be grossly overestimating the significance of insurance in people's lives, despite all the goodwill which abounds in our industry. Yet we do want to make a small but tangible contribution wherever we can, such that our customers can enjoy greater security and freedom in their lives through our products and services. We endeavour to make a personal contribution to safer, better, longer living.

Hopefully you're one of our customers. Hopefully you're one of our shareholders. Ideally you might even be both ... In any case, you're in contact with our company merely by virtue of the fact that you're currently

reading or at least browsing through this Annual Report. And that's why we don't want to give you just any old annual report. We don't want to bore you, but rather we want to contribute to your joy of life, or at the very least your joy of reading. We've included plenty of information on the diverse work that we do and some meaningful statistics. We've even thrown in a healthy dose of self-irony here and there.

Service is our business. For ten million customers, for our sales partners, and for our shareholders. We, the employees of UNIQA, are very aware of this, though we're also only human. We tackle issues with commitment and enjoy getting to grips with tasks, but we do also make mistakes. That's why it's so important to us that you understand, despite these mistakes and despite our potential for improvement, our efforts and our intention to become better.

We would love it if our Annual Report 2016 were to make a small contribution towards your personal perception of how we work.

Andreas Brandstetter
CEO UNIQA Group

¹⁾ External evaluation

²⁾ Audited

Think
clearly
and
be ambitious.



UNIQA 2.0 strategy 2011–2020

The current structural conditions pose major challenges as well as attractive opportunities for insurance companies. In particular, the sustained period of low interest rates and changes in customer needs in the digital age are putting significant pressures on the traditional business model. Against this background, UNIQA launched an ambitious strategic programme in 2011 entitled “UNIQA 2.0” and featuring multiple stages. A house—the UNIQA House—was developed as a memorable image for the programme’s objectives and strategic actions (as already mentioned in the letter from CEO Andreas Brandstetter). An illustration of this house can be found on the previous double page.

Specific objectives, ...

UNIQA is already at the third stage of the strategic programme, which is running from 2016 until 2020. The objectives for this third stage were adapted in the first quarter of 2016 and presented to the public:

1. Growth: UNIQA expects average growth of around 2 per cent per annum in premiums written for the period until 2020. While expectations

for premium growth in life insurance in Austria are muted, UNIQA expects average growth of just under 3 per cent p. a. in health insurance and of approximately 4 per cent p.a. in property and casualty insurance for the period stated.

2. Cost ratio: The aim is to improve efficiency and the cost structure on a continuous basis. Although the investment programme launched in 2016 of around €500 million over ten years will lead to an increase in the cost ratio in the medium term, UNIQA does expect an overall cost ratio of under 24 per cent from 2020 as a result of these investments.¹⁾

3. Combined ratio: The combined ratio in property and casualty insurance is the most important key figure for UNIQA in terms of profitability in the core underwriting business. The objective of bringing the combined ratio below 95 per cent on a sustainable basis by 2020 is therefore a high priority.

4. Economic capital ratio (ECR ratio): UNIQA is striving to achieve an economic capital ratio of 170 per cent with a fluctuation margin (target range) of between 155 and 190 per cent.

5. Profitability: The operating return on equity is defined as the criterion for profitability.²⁾ Achieving a rate of return on capital employed in line with the risk is a central prerequisite for any economically sustainable business model. To this end, UNIQA aims to achieve an operating return on equity of around 13.5 per cent on average in the period between 2017 and 2020.

6. Attractive dividends: Shareholders should receive an attractive dividend in return for providing their capital. Despite high ongoing investments and a sustained low-interest environment, UNIQA intends to continue increasing its annual distribution per share over the next few years as part of a progressive dividend policy.

... compact strategy

A series of measures and initiatives have been defined and introduced aimed at achieving these ambitious objectives. A brief overview of these is provided below, with more details on the individual areas provided on the following pages.

Capital—the foundation

Customer confidence in our ability to meet our liabilities at any time forms the basis of our business. A balance sheet that is strong and balanced is therefore a strategic must for UNIQA. UNIQA has set itself the objective of attaining an economic capital ratio (ECR ratio) of 170 per cent for this purpose, with a fluctuation margin (target range) of between 155 and 190 per cent. This enables us to ensure that UNIQA remains solvent at all times, including under structural conditions that have deteriorated significantly, and is also able to make the most of any →

¹⁾ This objective has been adjusted in the Group following the signing of the agreement to sell the Italian companies and the decrease in single premium business associated with this.

²⁾ Definitions of the essential key figures can be found in the glossary on page 246.

opportunities in the insurance business, but also remains capable of attaining appropriate interest on the capital employed at the same time. We have been very successful in recent years in implementing this capital objective. A gradual strengthening of equity and targeted reduction in risks means that we are able to build on very strong and healthy foundations today.

Five Group initiatives – how we are increasing efficiency and profitability in our core business

Several strategic initiatives in the core underwriting business are building on the foundation of this strong capital base. We have developed a programme aimed at safeguarding and/or increasing sustainable operating profitability in each of our three business lines of property and casualty insurance, health insurance and life insurance and are now implementing these programmes under the responsibility of the relevant expert Board Member. Two further strategic initiatives are running in parallel to this with a Group-wide effect on the core business, namely IT Core and the Target Operating Model (TOM).

1.

Property and casualty insurance – combined ratio below 95 per cent:

A significant increase in technical earnings power is one clear objective in the property and casualty insurance division. The combined ratio is the index used to measure this, i.e. the ratio of expenditures for insurance operations and benefits to premiums. Here we have initiated a number of projects aimed at reducing the combined ratio to below 95 per cent on a sustainable basis by 2020, supported by investments in operational excellence. The priority with these includes a focus on optimising pricing processes, portfolio management and claims management, as well as on enhancing the efforts to fight fraud.

2.

Health insurance – defending market leadership:

We are the clear market leader in Austrian health insurance. This division is a crucial centre of excellence and therefore a main pillar that supports the company's earnings, and is also closely linked to the UNIQA brand. This is why defending our leadership position in this profitable division is one of our most important objectives. Further expansion in services to our customers is a key priority with this. Selective investments are planned for this along the value chain in the areas of health advice and provision, health services as well as digital health solutions.

3.

Life insurance – optimising the product portfolio: Earning capital costs over the long term is difficult under the current conditions in the capital markets, depending on the relevant investment strategy. The capital forming life insurance that traditionally prevails in Austria is particularly affected by this. The strategic initiative in this line of insurance is therefore targeted predominantly at ensuring a new direction for the product portfolio and increasing the profitability of existing contracts. One crucial element here involves designing life insurance products that generate the required margins both for customers as well as for UNIQA despite the low interest rates and that have capital requirements in line with profitability.

Innovation and digitalisation – we are building the future

Building on these initiatives in the core business, we are providing additional momentum aimed at continually adapting our business model to current requirements. The overriding objective here is to be able to inspire our current customers in the future as well.

Innovation – developing into a service provider: This strategic initiative is concerned with further evolution of the insurer value chain from purely providing rates to being a fully-comprehensive service provider. This transformation, which is closely linked to digitalisation of our industry, includes a package of different measures. These range from analysis of innovative business models from outside the insurance sector to selective investments in start-ups in the financial and technology sector through to collaborations with incubators.

Digitalisation – rethinking the business and service model:

Our service concept and also “keeping” the promise to the customer in the digital age are central to this strategic initiative. Realignment of our customer contact points and downstream service processes are at the centre of this, since communication channels and customer requirements related to quality, response times and service expectations will also undergo a significant transformation over the next few years in the insurance industry. We have to rethink our own business and service model from the customer’s point of view given this level of disruption in the market environment. In light of UNIQA’s leading position in health insurance we are placing a particular focus on the area of health.

4. 5.

Group-wide initiatives – new direction for IT and business processes: There are two initiatives here that are largely interlocked and inter-dependent: on the one hand, the complete realignment of UNIQA’s IT landscape (UNIQA Insurance Platform, UIP) and on the other, the extensive overhaul to business processes (target operating model, TOM). The new UIP is replacing existing IT systems that no longer map innovative processes, products and functionalities effectively. Efforts to implement this efficient and powerful IT platform in turn require harmonised business processes and standardised products. As such, both initiatives together will fulfil the requirements aimed at offering simpler and more comprehensible solutions and products that suit our customers even more perfectly. We gain increased flexibility at the same time for further innovations, allowing us to respond more quickly and effectively to new challenges in future.

CAPITAL POSITION

The right resources for the job



For Kurt Svoboda, the Management Board member responsible for Finance and Risk Management, solid and balanced capital resources are just as important as the right equipment for a mountaineering trip: you have to have just the right amount in your rucksack – not too much, not too little – if you want to reach the summit.

“You wouldn’t take crampons and an ice axe to go hill-walking on the Hohe Wand, a popular excursion destination near Vienna, and on the other hand, running shoes are hardly the right choice for the Grossglockner, Austria’s highest mountain,” says Kurt Svoboda, opening the discussion with a vivid comparison. “We want to find the right balance between safety and freedom of movement.” The same applies to the UNIQA Group’s capital resources: they have to meet the stringent security requirements of an insurance

company, yet at the same time also facilitate profits that are appropriate for this business model. UNIQA has made significant progress towards this goal in recent years, creating significant room for manoeuvre in the future.

So how can this improvement be measured? First of all, there is the capital ratio target according to Solvency II of at least 170 per cent, which UNIQA has more than met for two years now: in 2015, the capital ratio stood at 182 per cent, and in 2016 at 215 per cent. “In 2011, when we formulated our new Group strategy, we were still under 100 per cent. We’ve been able to make massive improvements,” says Svoboda. “At the same time, we have significantly improved the structure of our assets and thereby drastically reduced volatility. We learned our lessons from the Greece disaster of 2011.”

Optimisation of the capital structure along three themes

“By consistently streamlining the portfolio, the market risk of our capital assets has been reduced from more than 75 per cent to less than 65 per cent. That’s a good level. In addition, unlike some of our competitors, we do not view government bonds as risk-free. Instead, we accept an additional capital requirement of over €600 million.” At the end of 2016 the Italian business was sold off, as part of a renewed focus on the Group’s core activities. That will drive the capital ratio further up by about 20 percentage points.

Parallel to this, UNIQA has optimised its asset-liability management, meaning the fine-tuning of maturity structures for benefit obligations, especially from life insurance and investments. Kurt Svoboda: “Imagine if we had to pay out on an existing contract to a customer, for example next year, to the tune of €15,000, but the investment covering that benefit still had five years to go; these aspects have to be better coordinated. We have shifted our portfolio and changed the allocation of assets to individual insurance sectors. By doing this, we’ve managed to reduce significantly what’s called the ‘duration gap’ between assets and liabilities.”

Capital market issues were a third field of activity – a capital increase, the “re-IPO”, in the autumn of 2013 and two subordinated bonds in 2013 and 2015. “All issues were significantly oversubscribed, which just underlines our attractiveness for investors,” says Svoboda, emphasising the success of these transactions.

Kurt Svoboda, 50

Kurt Svoboda has been a member of the UNIQA Group Management Board since 2011 and has been responsible for UNIQA Austria and UNIQA International since 2016. Kurt Svoboda is currently the Chief Financial and Risk Officer. He studied business administration in Vienna and completed the International Management programme in St. Gallen. Kurt Svoboda began his career at KPMG in Vienna and built up experience at Wiener Städtische and AXA.



The same applies to our role as an employer. At the same time, we are meeting the ever more complex, and sometimes excessive, requirements of the regulatory authorities. We also receive positive scores from the rating agencies, thanks to our sound capital positioning, which in turn has a favourable effect on the price of capital. And last but not least, our shareholders profit from a dividend yield that is 6 to 7 per cent above the industry average."

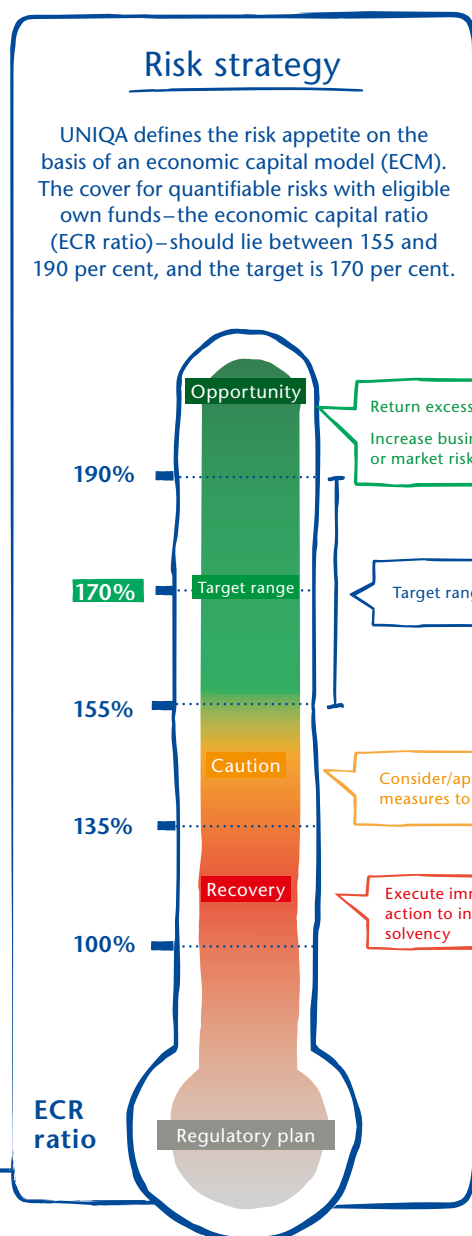
Springboard into the future

But above all, he says, the way is clear for the future: building on a solid financial foundation, UNIQA will be able to address challenges such as increasing digitalisation and the low-interest environment, which Svoboda believes will continue for years, in a proactive way. "At the same time, we have sufficient latitude for investments, such as the investment program of €500 million which began in 2016. Of course merger and acquisition (M&A) activities are also conceivable, as long as the geographical footprint and the strategic fit are a match. Our solid capital structure makes us well-equipped for all of this. To return to my metaphor of the mountain-eering tour: UNIQA should be able to climb any mountain with these resources."

"We shouldn't forget that this was only possible because of the foundation provided by a functioning and profitable core business," says Svoboda. Even if UNIQA's earnings performance in 2016 suffered somewhat from the low interest rate environment and the comprehensive investments we made for the future, significant improvement has been achieved over the years. Svoboda: "But there's still some room for further improvement; in the medium term, we have even more demanding goals for the technical result. In other words, we continue to work tirelessly on optimisation of both the core business and the capital structure."

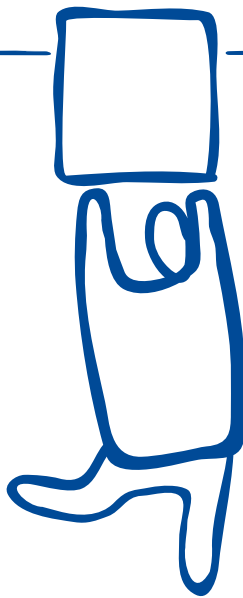
Advantages for all stakeholders

Of course, all of this is not an end in itself. "All stakeholders benefit from properly dimensioned capital cover," says Svoboda. "We can also offer our customers security by meeting our benefit commitments, even in economically difficult times. This also makes us a reliable, long-term counterpart for our sales partners."



LIFE INSURANCE

A balancing act



Peter Eichler, the Management Board member responsible for personal insurance at UNIQA Austria and UNIQA International, speaks in an interview with Thomas Jaklin (Head of Life Insurance) and René Knapp (Head of Actuarial Mathematics and Risk Management) about how difficult it is in the current low-interest environment to offer endowment pension products. And explains why it was necessary to bring a new generation of products to the market.

You are responsible on the Management Board for personal insurance, including classic life insurance. How difficult are things right now?

Peter Eichler: The entire situation is a paradox. Interest guarantees are extremely expensive today – the key words are “Solvency II” and “increased equity capital requirement” – because of ongoing low interest rates, and therefore such guarantees are de facto not economically feasible. And yet these guarantees have been at the heart of every classic life insurance product for a long time. At the same time, the demand for pension insurance is greater

than ever. It was clear to us as early as 2014 that classic life insurance as we have always known it was on its way out. This is why we’ve overhauled the product. Our new classic life insurance features a 100 per cent capital guarantee on paid-up net premiums, instead of actuarial interest in the classic sense. Also, the costs correlate with the percentage of profit and, with today’s earnings level, are significantly lower than in previous models. That is a real advantage for our customers. So we’ve found a balance between a good solution for our customers and a viable product for us. We’re very proud of that.

How will interest rates develop in future?

René Knapp: We are assuming that interest rates will remain at this low level over the next five years.

And how would you react if interest rates fell into the negative range over the long term?

Thomas Jaklin: Then classic life insurance as we know it today would no longer be feasible – nor would it make sense for our customers. No one wants to get a guarantee that they

will receive noticeably less money in 30 years than they paid in. In this situation, regulators would have to intervene. We would have to readjust the asymmetrical distribution of profit and loss between the customer and the insurer. To do this, the legal framework would have to be significantly changed – for example with guaranteed buy-back values that could vary during the term to maturity.

Retirement savings have all but disappeared from the market. What would legislators have to change so that these products could be offered again?

Jaklin: Regulations for investment would have to be liberalised, above all the mandatory minimum percentage of investments to be held in equities would have to be dropped. It is technically difficult to structure, and from a risk and return perspective, it’s not useful either to customers or to us.

Is classic life insurance still profitable?

Eichler: From today’s perspective – yes, but only as long as the environment does not deteriorate further in a major way.

How high is the average guarantee commitment for all classic life insurances?

Knapp: Currently it stands just under 2.5 per cent.

You have to make supplementary reserves to meet long-term liabilities for endowment life insurance. How high are these reserves right now?

Knapp: The supplementary reserves serve to strengthen our equity. We are ploughing money back now so that, if we need it, we can provide it to our customers to fulfil our guarantee commitments in a “worst case” scenario at

Peter Eichler, 56

Peter Eichler has been the Management Board member responsible for Austrian personal insurance since 1999. In 2016, he also assumed responsibility for the personal insurance of the entire Group. Eichler studied law and commerce at the University of Vienna, completed the International Management programme in St. Gallen and started his career in 1988 at Austria Versicherung.

René Knapp, 35

René Knapp has been responsible for overall risk management functions at the UNIQA Group since early April 2015. His career at UNIQA began in 2007, directly after completing his degree in applied mathematics at the Technical University of Vienna. After working as an actuary and head of actuarial practice in life insurance for the Austrian companies of the UNIQA Group, in 2012 he was entrusted with the leadership of actuarial services for the entire UNIQA Group.

Thomas Jaklin, 39

Thomas Jaklin has been the head of underwriting for life insurance at UNIQA Austria since February 2012. Before assuming this post, he spent more than seven years gaining industry experience in actuarial mathematics. Jaklin has a degree in mathematics and has been responsible for the actuarial obligations of all UNIQA Group life insurance companies in Austria since April 2016.

some later point in time. So far, we have set aside provisions of about €100 million according to Austrian reporting regulations (the Austrian Commercial Code), and this amount will be tripled by 2020. The financing for building up this reserve is coming from our shareholders and customers, through a lower profit participation. At the present time we are not assuming that we will need this reserve, however. In other words, we are confident that this money will again benefit our shareholders and customers in the future.

Will you offer new retirement products in the coming year?

Eichler: We want to launch a new unit-linked life insurance in 2018. This product will be very attractive for our customers, above all due to its low cost. Customers who pursue a long-term savings goal and are prepared to accept some risk can spare themselves the 27.5 per cent capital gains tax that usually has to be paid for profits from funds or shares. This is because this tax does not apply in the insurance context.

RENÉ KNAPP, Head of Group Actuarial Mathematics & Risk Management
PETER EICHLER, Management Board member responsible for personal insurance
THOMAS JAKLIN, Head of Life Insurance



HEALTH INSURANCE

“... want to become the first point of contact when it comes to health ...”



PETER EICHLER, Management Board member responsible for personal insurance

We interviewed Peter Eichler about the future of medicine. He explains why it's necessary to develop new products and provides a first glance at the new UNIQA Mobile app, which will allow customers to view and settle bills for future health benefits on their smartphone.

How will health insurance as a product change in the future?

We are holding a series of future workshops right now to find that out. In these workshops, we are working together with employees from a broad variety of departments and concentrating on exactly this question. The idea is to focus on topics that make the product more viable in the future. For example, we are examining what the world might look like in the year 2030. In a second step, we are thinking about how we can take what we learned in the first step and let it flow into product solutions. And what has emerged from this is the realisation that it's not just digitalisation that we have to overcome. People also have age-old needs that we can't yet satisfy in this form.

Such as?

For example, the question of how we can avoid extremely long waiting times in the outpatient section of the hospital outside of office hours, especially in urban areas. At the beginning of the year, we launched a new product for acute care insurance “Akut-Versorgt” that allows patients with acute problems to seek first treatment in the Döbling Private Hospital. And that's been extremely well received. The first step was to offer acute care insurance to existing customers in Vienna, Lower Austria and Burgenland for a current monthly premium of just under €6.

What kind of products are you thinking about when you look to the more distant future?

I imagine that UNIQA will become a positive companion for life. People should turn to us if they need advice about health-related topics. Above all, I would like us to be there for our customers with medical assistance whenever their own physician isn't available.

What kind of medical developments do you expect by 2030 and how will that change things for you as a health insurer?

Many people are only thinking about how processes and customer needs will change. They forget that a major decisive factor is the development of medicine itself. And there is a real revolution underway here, ranging from genetic engineering – meaning the manipulation of genes for medical purposes – through artificial intelligence, telemedicine and robotics, to nanomedicine. The networking of knowledge will become much more important. The same will apply to prevention, meaning the targeted avoidance of disease onset by means of early detection. Last but not least, it's also about finding a way to align the costs that we will incur with the needs of our customers.

What does this mean for private health insurance—will insurance benefits become more expensive?

Yes, in moderation. Digitalisation may lower costs per se, but the consequence of digitalisation and medical development is that it is always possible to do more. In principle, this is good, and it's exactly what everyone wants: more and more illnesses can truly be healed, ideally even avoided. But of course this requires a significant expansion of services, and that has its price. This development will very likely lead to a further shift towards health care spending in every individual's expense portfolio. Hopefully this will continue to be countered by falling payments in other areas such as energy, clothing, etc. It will be our job to keep price developments affordable.

Let's come back to the world of today. UNIQA has long offered products which customers can use to receive advice from physicians from the Medical Experts Centre—or can receive money back if they perform well on a fitness test. Are there going to be any other innovations going forward?

We will continue offering customers even more support in their efforts to stay healthy. This could lead to the logging of biometric data. Of course, the question here is what we plan to do with the data. But I can reassure you that we do not intend to use these recordings to further differentiate premiums. The data will be used exclusively to serve customers and help them to assess their own behaviour properly and to help them change themselves for the better.

UNIQA is currently developing a mobile app that will allow customers to view and settle bills for health insurance benefits. When will the app be ready?

The app is ready, in principle. But we want to test it in-house first, to play it safe. About 100 employees who are privately insured are going to try out the app. I think the app will be market-ready in the fourth quarter of 2017.



The old truck has done its time.

After a total of 70,000 check-ups across Europe, the second UNIQA truck is now being sent into retirement. The success story now continues with two innovative box concepts. By mid-2017, two boxes will go into service, making it possible once again to offer fitness profiles and health check-ups, regardless of location.



Acute care insurance "Akut-Versorgt" offers patients from Vienna, Lower Austria and Burgenland the choice to get primary care for acute conditions at the Döbling Private Hospital.



PROPERTY AND CASUALTY INSURANCE (P&C)

Significant reduction in the combined ratio in property insurance

Andreas Kößl, the Management Board member responsible for property insurance in the Group, speaks in an interview about the package of measures that UNIQA wants to use to lower the combined ratio, how driverless cars will change the automobile business, and the differences between the markets in Austria and in CEE.

Which segments in the property insurance line make you happy, and which ones are difficult?

Currently automobile liability insurance and private household and homeowner's insurance are going swimmingly in Austria; the classic property insurance business is developing very positively in the commercial sector. What is not so simple in Austria is the rest of the commercial business, industrial liability insurance, and comprehensive auto insurance. Comprehensive insurance is exposed to very strong price pressure. Revenues hover around zero in this line. But those lines in which we have some room to be creative also give us some pleasure. Of course we have to work to cover our costs and attain a certain profitability.

What isn't working with the comprehensive auto business in Austria?

One example is replacement parts, which have become more expensive because cars are equipped with more and more technology. Before, a side-view mirror was made of metal and a mirror. Today, it can swivel and dip, has special non-mirroring glass and integrated indicator lights.

How does the business in Austria and CEE differ?

In Austria, the policy portfolio is much broader. Also, the insurance penetration is higher. One example is household insurance: 98 per cent of Austrians buy it, but only 50 per cent of people in CEE. Auto insurance products dominate the business in CEE. The profit situation in CEE often varies with the profit situation in Austria. In CEE, we have managed to make comprehensive auto insurance profitable, but auto liability insurance remains under high pressure.

Why is that?

The legal regulations, which are developing and change often – in some countries, such as Poland, changes are even retroactive. That means that we have to pay out higher benefits for old claims, yet we have premiums in our portfolio that were calculated at the levels that existed before the law was modified.

There are several developments in the auto industry that could influence the business, such as car sharing or driverless cars. What do you think of these developments?

I believe that the auto business is going to change massively due to technological developments and new mobility behaviour. This topic comes up with increasing frequency, especially in urban areas: "using instead of owning." Many people don't have a car anymore; they just rent one when they need one. We're already seeing this trend in Vienna. Add to that technological developments that make cars increasingly independent. It's a fact that most accidents are caused by a chain of human mistakes.

The combined ratio indicates the ratio of expenditures for insurance operations and benefits to premiums.

This could change with driverless vehicles. However, many questions still have to be answered; for example, who is liable for an accident? It could be the software or product manufacturer. What's comforting is that we will of course continue to serve our existing auto insurance customers for a long time.

These developments may have positive effects in future on the combined ratio. In 2016, the combined ratio was at 98.1 per cent, and not at the average target value of 95 per cent. Why?

Our progress in increasing earnings performance was neutralised by counteracting factors: in Austria, there were unexpected losses from the processing of older claims from legal insurance. In CEE, especially in Poland and Romania, we were confronted with changes in the law that made the automobile line profits deviate significantly from the plan.

What measures are there to attain the target combined ratio in future?

We are working on a plan consisting of six measures (see the box). For example, we want to increase the accuracy of the risk calculation, but also improve fraud detection – not least for the benefit of all of our honest customers. We will also bring more innovative products to market. If we are successful with all of these measures, we will bring our combined ratio under 95 per cent by 2020, and for the long term.

Which innovations do you have in mind?

The trend is heading in the direction of pay-as-you-use. We are already well underway with SafeLine, our telematics tariff, and we are doing a product refresh in the middle of the year. Furthermore, we are planning to offer telematics products in CEE too – specifically in Warsaw, Prague, Budapest and Zagreb. →

Lowering the combined ratio – the action plan

1. Portfolio management

Reducing expensive risks in favour of more profitable ones.

2. Pricing

Continue to offer sound premiums.

3. Claims management

Optimisation of regulation partner landscape in the field of international auto claims.

4. Product innovation

Roll out additional telematics tariffs for auto insurance and other successful products in the CEE markets.

5. Anti-fraud

Uncover and prevent insurance fraud.

6. Corporate business

Technical support for sales partners and underwriters to be able to better assess risks in large transactions.

ANDREAS KÖSSL,
Management Board member
responsible for property insurance

Andreas Kössl, 51

Andreas Kössl has been on the Management Board of UNIQA International since January 2014. He has also been a member of the Management Board of UNIQA Austria, responsible for property insurance since June 2016. He studied business and began his career in the Internal Audit department at UNIQA in 1995. He has held a series of senior posts in his many years with the Company, including as CEO of UNIQA Slovakia.



Many of the activities in claims processing are supposed to be outsourced to the UNIQA Group Service Centre in Slovakia. How many Austrian jobs will this cost?

It's true that we are relocating more activities in the coming years, including in claims processing, to Nitra in Slovakia. The switch to Nitra, however, is being done via natural fluctuation. Almost every position that falls away here – due to retirements, for example – will move to Nitra.

Can you promise shareholders that the combined ratio for 2017 will be lower than it was last year?

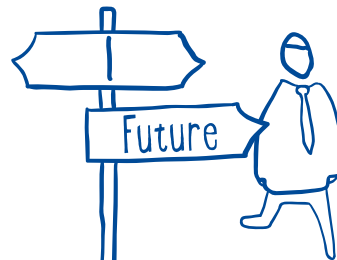
That's the goal we've set, and we're going to work hard to reach it. Our target is a maximum of 97.5 per cent. That would be an improvement in profit of €18 million.



Since 2008, UNIQA has been offering the telematics tariff SafeLine in motor vehicle insurance. This should help keep drivers safer. One third of all accidents happen because they are distracted by a mobile phone while driving. To counter this trend, UNIQA rewards car drivers who put their smartphones away.

TARGET OPERATING MODEL (TOM)

Always serving our customers, also behind the scenes



Since the beginning of the UNIQA 2.0 strategy programme in 2011, the Group has been working on making all of its customer processes more efficient, faster and less expensive. A team has been working with Erik Leyers, COO of the UNIQA Group, since last year on a new target operating model for UNIQA Austria, also called TOM. But what exactly is this model?

Erik Leyers explains what aims UNIQA Austria is pursuing with TOM and what the implementation is supposed to achieve: "At the general level, the target operating model is about making processes 'behind the curtain' more efficient and more comfortable and modern for customers ('in front of the curtain')." This is made possible by bundling business development units at the places where services can be provided well and affordably, and also by standardising many individual processes and, above all, products. Before the start of UNIQA 2.0, every regional headquarters acted like its own small insurance company; the first step, however, has concentrated the processing of a majority of business transactions in three central service centres (CSCs). "In recent years, we have developed best-practice examples that we have used to standardise our work," says Leyers.



The target operating model is now the next step

In the target operating model, business transactions are assigned to one of two categories: simple/standardised and complex business transactions. In the future, all standardised business transactions will be handled automatically or will be taken care of in Nitra in Slovakia (first-level processing). It goes without saying that current service levels and all regulatory requirements have to be met. All complex transactions (second-level processing) on the other hand will be handled in central processing units under the guidance of specialised management. Specifically this means that Peter Eichler, Management Board member responsible for personal insurance, will be responsible for the personal insurance CSCs. Andreas Kößl, Management Board member responsible for property insurance, will supervise the property insurance CSCs.

The number of employees who work at UNIQA Austria in processing and customer and sales partner servicing

will fall from the current number of 2,800 to about 2,500 by 2020. But the target operating model is not a termination-based dismantling programme. “We are assuming that capacity changes will take place as much as possible in the course of natural fluctuations and in concert with our employees. I am sure that we will reach our goal by 2020.”

The implementation of the new target operating model will make it even easier for customers to get in touch with UNIQA Austria. Along with the private customer business, the corporate customer business will also be shifted step by step from the regional headquarters to the new target structure by 2020. Leyers: “The regional headquarters will be able to focus more on sales and customer service on-site.”

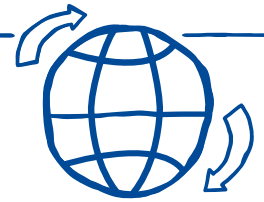
The target operating model increases efficiency by means of standardisation. By 2020, about 20 per cent of all business transactions will be categorised as complex.

The savings potential that comes about with the implementation of the new target operating model rises gradually and will reach the level of double-digit millions of annual savings before 2020.



Erik Leyers, 47

Erik Leyers has been a Group Management Board member since 2016 and oversees the operating processes at both UNIQA Austria and UNIQA International. He has been with UNIQA since 2014. Prior to that, he worked at the Allianz Group in Munich in various operations departments. Erik Leyers did a degree in economics in Munich and began his career in 2001 at McKinsey.



UNIQA INSURANCE PLATFORM (IT CORE)

Reforming the IT landscape



The UNIQA Group is starting the transformation of its business with a far-reaching renovation of its IT landscape, calling this the UNIQA Insurance Platform (UIP). It lays the foundation for a comprehensive re-design of the UNIQA business model. The UIP creates the necessary conditions for better satisfying the expectations and wishes of customers in future, which will change faster and more radically in an increasingly digital world. The UIP will soon send a fresh breeze through UNIQA's IT landscape. Read about how it's going, what's needed, and why the IT system is required for remaining attractive against the competition.

Stable IT processes prevent breakdowns

Whenever an insurance contract is concluded today, hardly anyone thinks about the IT processes that run in almost real time in the background. A glance behind the curtain shows how complicated the network of various programmes truly is. "If a customer

would like to know how much the premium is for a specific product, we have to take a lot of parameters into account, such as the customer's creditworthiness, age, or how many of our insurance products they already hold. It's a complex, multi-layered process," says Erik Leyers, COO of the UNIQA Group.

It is clear that even a small breakdown in a critical IT system can have a major impact. "A robust IT system has the uppermost priority to ensure the seamless functioning of our daily business," says Leyers. This is why intense work continues to minimise interruptions in business-critical systems, so-called major incidents. And with success. The IT systems at UNIQA have become measurably more stable in the past year.

Yet in comparison with the complete restructuring of the IT platform, it is business as usual. That is because ensuring high stability is one part of the largest project in UNIQA's history: the general overhaul of the entire process and IT landscape.

New platform creates flexibility

"This project is designed to last for more than ten years and will put our business on a completely new foundation. To do this, we rely on standard products that help us become more efficient and agile. In an increasingly globalised world, these are the basic requirements for staying competitive. Digitalisation isn't just blurring national boundaries; it is also completely transforming customer requirements and will continue to do so at a rapid tempo. The new UIP may not be the reinvention of space travel, but it will bring us unbelievably far forward," says Leyers.

After comprehensive analyses, UNIQA decided to go with IBM Austria as its general contractor and integration partner. The subcontractors are msg life (Germany), innovas (Germany) and Guidewire (US).

The purpose of the new platform implementation is to create a uniform basic structure on which as many products as possible can be built in a modular manner. Leyers: "In the automobile industry, the platform idea was turned into a reality. The same basic components, for example floor panels or a chassis, are used for several models. This makes production more efficient, faster and less expensive for customers. Development and innovation cycles were reduced in a major way." This will also be the case in the insurance industry. In the end, customers will benefit the most from the investment. Erik Leyers puts it in concrete terms: "Only with a new IT platform can we offer our excellent products and services in the digital age, thereby keeping our promise to our customers for 'Safer, better, longer living'."

Preparations in full swing

The first product to be integrated into the new UIP will be presented to customers by mid-2018. “We are starting with unit-linked life insurance in the bank assurance segment in Austria. In addition, the ‘electronic documentation’ for the sales force will be ready for use by mid-2017”, says Leyers about the first steps, which are currently being implemented. This digitally supported tool helps sales advisers to approach their customers interactively and individually, and to understand their needs, requirements and preferences in a structured way. But that’s only the first step. The support documentation is similar to the car configurator used for buying a new car. It was developed gradually in such a way that the customer can go through the record of the meeting at a later point on their own.

UNIQA is investing a total of €300 million (€240 million of this will be recognised in profit or loss) over the next four years to realise the initial essential parts of the overall transformation programme.

EXPENSES 2016–2020

Expenses affecting earnings	
Operational Excellence (optimisation measures that make processes more efficient and orient them more towards customer needs)	~ €60 million
Digitalisation	~ €65 million
UNIQA Insurance Platform (IT core system)	~ €115 million
Total	~ €240 million

INNOVATION

“Modern banking is revolutionising our relationship with the customer.”



Has the insurance industry let digitalisation pass it by?

Basically, yes. But the pressure has increased since banks began digitalising their relationship with customers. Until now, the sale of insurance policies has always been a protected zone, and there hasn’t been any particular urgency to develop new sales models. But the positive experience with modern banking is now revolutionising our relationship with the customer.

Which megatrends should the industry prepare for?

The customer is looking for a comprehensive ecosystem of financial services. We will continue to evolve towards becoming an integrated service provider. I expect to see a relentless trend reversal in this regard.

And how is the industry reacting to this trend?

I can only assess that to a limited degree. But there’s one thing I can say: at UNIQA, we have definitely come to appreciate the degree to →

THOMAS POLAK,
Chief Innovation Officer



Thomas Polak, 44

Thomas Polak has been on board at UNIQA since April 2016 and is serving in the newly created position of Chief Innovation Officer. Throughout his career as an investment banker and entrepreneur, Polak has helped establish 15 companies in a variety of cutting-edge sectors, from telecommunications and software to pharmaceuticals and life sciences as well as design and media. Most recently, he played a major role in making I-NEW Unified Mobile Solutions a success.

which digitalisation permeates our entire sector. It's something that the Group management has internalised 100 per cent.

You've been with the Company for almost a year, are there already specific programmes in place?

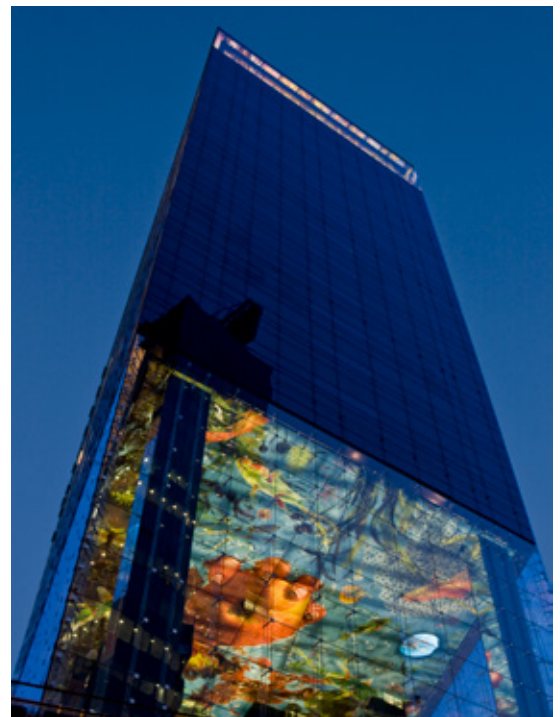
Yes, in two respects. On the one hand, our four work streams in Finance, Mobility, Home and Health have come up with some very specific ideas on how to improve our existing business. And along with that, we're also trying out some completely new things. An example is our participation in the platform "fragebogen.at", which people in the community can use to network with one another better. This is an initial small venture – but we are confident that we can use it to acquire new customers or to generate leads for potential customers.

You are on the Senior Advisory Committee at weXelerate – how should this initiative be classified?

It's going to be Austria's largest innovation hub. In the Design Tower, a prime downtown location in Vienna, UNIQA is assisting exceptionally innovative start-ups with extensive resources and numerous events. We are expecting to receive more than 10,000 applications annually from innovative start-ups from around the world for the Accelerator Programme, which the winning candidate can use free of charge for 100 days. It offers us an exciting opportunity to create a new innovation landmark for the entire CEE region.



Andreas Brandstetter at the kick-off event for the new innovation centre weXelerate in March 2017.



weXelerate fast tracks innovation

As an integral part of a proactive innovation and digitalisation strategy, UNIQA is getting ready to open the Design Tower – which also houses the Sofitel Vienna Stephansdom – for top international start-ups. In over 8,000 square meters of space, on the lower four floors of the tower, weXelerate is creating one of the world's largest start-up hubs. Starting in the summer of 2017, the centre will be open 365 days a year around the clock and will serve as home to a public co-working space on the ground floor. The Accelerator Programme will be located on

the first floor, with a Champions Floor on the second floor for established start-ups. The third floor is available to channel partners, investors, business angels, corporates, consultants and funding bodies. Up to 100 start-ups from the internet of things, FinTech and media will be working here alongside large enterprises, incubators, venture partners, investors and service providers to create new digital business models. This is how UNIQA is bringing together the who's who of the Austrian start-up ecosystem at an attractive location.

DIGITALISATION

“We want to be more relevant for our customers.”



ALEXANDER BOCKELMANN,
Chief Digital Officer

What comes into your mind when you think about digitalisation in the insurance world?

Digitalisation is changing customers' expectations, but there is no “silver bullet” solution yet. In recent years, huge amounts of money have been pumped into venture capital and start-ups in this area. That has produced many excellent innovations, but so far I haven't seen a real breakthrough which is going to revolutionise the insurance business.

Does that mean you are not afraid of Amazon or Google as they enter the market?

Not when I think about our core business – insuring risks on a collective basis. But there is a danger that we may lose direct access to our customers. Then we would become just another replaceable supplier.

What changes does UNIQA need to make to prevent customers from switching to competitors?

We have to be visible all the time, wherever customers look for us, and whenever they need us. That means we need to offer additional services which are used with greater frequency.

Do you have any specific plans? What sort of services do you have in mind?

UNIQA could become a provider in the mobility sector, offering solutions for getting from A to B. Regardless of whether someone owns a vehicle or not. If UNIQA were to enter that market, we would be connecting with our customers almost every day. I could imagine something similar in the health sector. I'm thinking about nutrition, fitness or e-health.

How will these new topics be prepared?

We are implementing our digital projects with small, focussed project teams who work interactively on one solution at a time. These teams consist of specialists, designers and IT colleagues who work together to develop solution approaches in two-week sprints. Every two weeks the results are evaluated and the next sprint is adjusted to reflect what we have learned.

This way we can watch the new solutions grow over time, just like little plants.

So when do you expect the first digital projects to be launched?

Right now we are working on electronic documentation for UNIQA Austria's sales force. That will be introduced in the first quarter of 2017. We also want to get UNIQA employees involved in the product design for our mobile solutions. The health sector app will initially be launched within the Company, and we will use the feedback from colleagues to fine-tune the details, before we actually put the solution online for our customers.

Is that a health insurance app which allows you to submit doctors' bills through the app?

Yes, exactly. In fact we have renamed the app UNIQA Mobile, as the aim is to offer services across a range of sectors on a mobile basis.

Why was the app renamed?

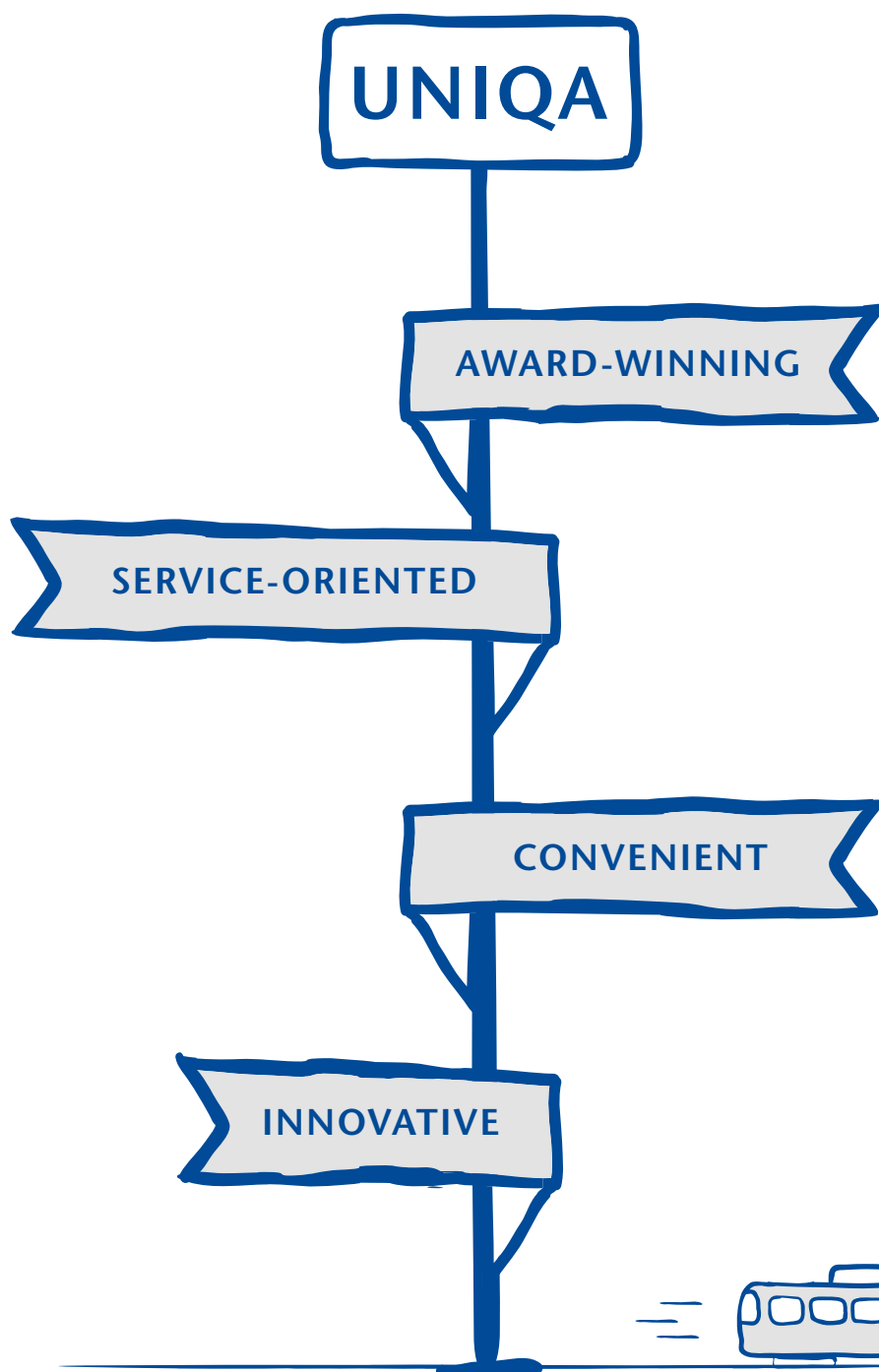
Across the whole group there are at least 13 apps. It's my assumption that customers don't want multiple UNIQA apps. So over time we will aim to consolidate all our app solutions in a single app.

Alexander Bockelmann, 43

Since June 2016 UNIQA has had its own Chief Information Officer and Chief Digital Officer. Alexander Bockelmann, who has a PhD in environmental science and extensive experience in the German and US insurance industries, joined UNIQA in October 2013 and has been responsible for the Group's IT since then. He began his career at the Boston Consulting Group.

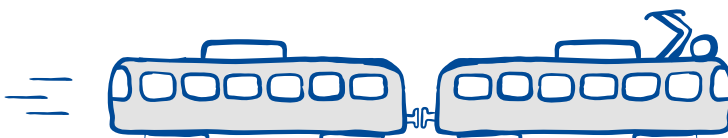
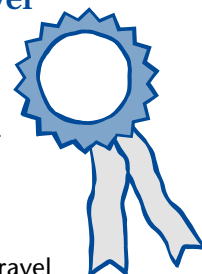


Attractive to customers



UNIQA travel insurance wins in the category Full Coverage Individual Travel

The Austrian Association for Consumer Studies (Österreichische Gesellschaft für Verbraucherstudien, ÖGVS) conducted a thorough review of travel insurance in early 2016. Their finding: the comprehensive travel protection offered by UNIQA scored an overall grade of "good", and in the category "total protection individual travel" the company ranked first out of nine providers tested. The decisive factors for the top ranking were above all the pricing structure, the convenience and the customer service line. Almost 30,000 travel insurance policies have been concluded online since the introduction of UNIQA travel insurance in 2013, making it the most popular online product.





UNIQA legal expenses insurance is test champion

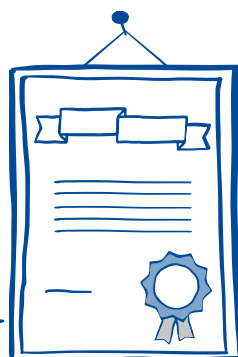
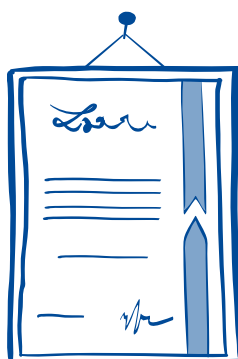
Thanks to utmost satisfaction in the categories premium, benefits and quality of service, UNIQA's legal expenses insurance took first place in a test of legal protection policies carried out by the ÖGV. The product, newly launched in 2014, made an impression with its supplementary modules, such as patient and property rights protection, legal protection for motor vehicle policy owners and coverage of up to €140,000.



UNIQA takes several awards in Hungary



In September 2016, the UNIQA subsidiary pocketed several awards in Hungary. The Association of Independent Insurance Agents awarded it not only best private property and casualty insurance but also best life insurance. And at the annual competition between best asset managers – "MoneyMoon Best Choice 2016" – UNIQA won first place as "Best Insurer of the Year".



UNIQA wins Czech Business Superbrands Award



For the second consecutive year UNIQA was awarded the "Czech Business Superbrands Award". This makes the Company one of the top B2B brands in the Czech market and an outstanding example for the successful implementation of a brand management strategy. Every year, the global organisation Superbrands honours B2B and B2C brands in 90 markets worldwide that are the absolute leaders in their respective fields.





Austria launches online health insurance



In early 2016, UNIQA Austria began offering the first two health insurance plans that can be concluded online. Both variants, "Sonderklasse Select-Kompakt" and "Sonderklasse nach Unfällen" (Premium treatment after accidents), guarantee a private insurance level of care while in the hospital and a choice of doctors in the event of serious illness or accident. The new online service is aimed primarily at young people between the ages of 18 and 35, who almost always check online first before buying insurance. It's a success: since its launch, more than 15,000 online visitors have calculated the premium for private health insurance.

Health insurance now also available in Romania



With iMed, UNIQA Romania introduced a private health insurance plan to the market in October 2016. The plan focuses primarily on prevention and provides customers with services such as nutrition counselling and fitness classes for a healthier lifestyle. In addition to dental insurance, pregnancy check-ups and a medical call centre, customers can draw on a network of 500 medical partners.

Currently, Romania comes in last in Europe in terms of health insurance. While the annual average per capita premium in Europe is €203, in Romania it is a mere €0.4. With an expected growth rate of 20 to 30 per cent, Romania is considered an enormous growth market in this sector.



UNIQA customers who have taken out private health insurance enjoy first-class treatment in hospital.

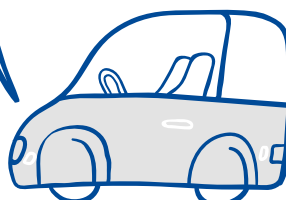
UNIQA Ukraine insures devices immediately upon purchasing



Since October 2016, electrical appliances purchased at an Auchan or Onay hypermarket in Ukraine can be insured by UNIQA right in the store. With this new product, UNIQA Ukraine provides, among other things, protection against damage caused by voltage drops in the power grid, which occur frequently, especially in rural parts of the country. This allows customers to extend the warranty on their devices. In the event of damage, they can receive a refund not only for transport and repair costs, but they can also be reimbursed any remaining value if the device cannot be repaired.



Think
Steering
your own life.



Christian Korzinek works in our Service Centre at the motor vehicle registration office of the Vienna regional office and helps our customers register their cars.

Innovative motor vehicle rate rewards foregoing mobile phone use and reduces drink driving



Since 2016, the advanced motor vehicle rate Safe-Line from UNIQA Austria allows customers to enjoy reduced premiums if they forego the use of mobile phones while driving. It not only helps them reduce their personal budget, it also prevents accidents, because about 28 per cent of all accidents in Austria are caused by mobile phone use at the wheel. Under this new rate, an app

is used to record when a phone is not in use while driving. On the one hand, the points collected reduce the insurance premium while on the other hand the points can be redeemed for goodies worth up to €200 per annum.

Young customers under the age of 25 receive an additional bonus if they leave their car parked on weekend evenings and instead use public transport or driving services. That's another way UNIQA Austria is providing an innovative answer to a pressing issue: one in four of those killed in traffic accidents in Austria is under the age of 24, and drink driving plays a major role in a quarter of all accidents in this age group.

Strong position
in sales and
service





Lots happening on the Eastern front

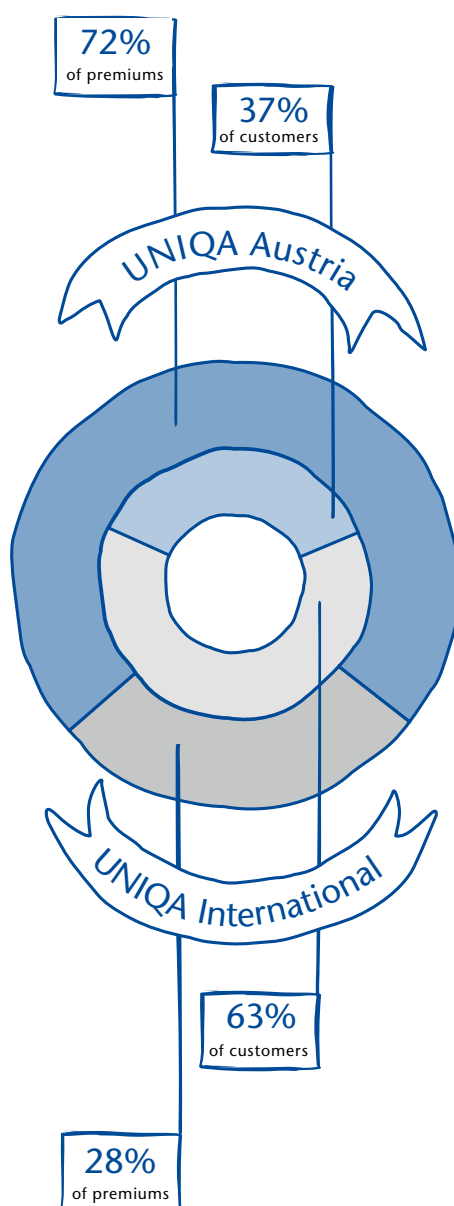
In Central and Eastern Europe (CEE) we are delighted to report not only solid growth, but also good potential for further development. Key success factors in the region include the strongly anchored UNIQA brand identity, a broad mix of sales channels, as well as our established partnership with Raiffeisen.

The UNIQA Group is represented in 15 countries in CEE. And with its diverse sales channels and strong branding, we are well placed in all these markets to participate in the overall upswing in the region. “We now serve more than six million customers in CEE”, Wolfgang Kindl, CEO of UNIQA International, outlines the importance of the Group’s international business.

Attractive long-term potential

However, while two thirds of UNIQA customers live in CEE, only approximately one third of the Group’s premiums are currently generated from this region. “This isn’t necessarily a bad thing – quite the opposite, it represents an enormous market potential”, emphasises Kindl. “International studies and our experience show that insurance premiums in emerging markets are growing at a much faster rate than overall economic output. This should continue the catching-up process with Western Europe in terms of insurance density, as well as premiums per capita.”

Distribution of premiums and customers by core markets



The formula is as follows: when the overall economic situation improves, the demand for products beyond basic coverage also increases. In addition to motor vehicle liability insurance, there is also a growing demand for household and homeowners insurance, as well as products for personal protection such as accident and health insurance.

Rising insurance density

As a matter of fact, the CEE region, with its 160 million inhabitants, has experienced a noticeable economic recovery since 2016. Indicators such as increased employment, rising wages and increased registration of new vehicles should also bring growing prosperity and form the basis for an ever-growing demand for insurance benefits.

Currently in the 15 UNIQA CEE markets, the premium per capita per year is, on average, €150. In comparison, each Austrian citizen spends €1,995 per year on insurance. “In the more developed insurance markets in this region – Czech Republic, Hungary, Poland and Slovakia – the average is about €360, and in the medium term, the remaining CEE countries will also catch up to this level”, says Wolfgang Kindl confidently. →

Strong growth in the last few years

The development in the past few years proves that this optimism isn't unfounded. "In CEE alone, premium volumes have grown by more than 9 per cent in 2016 – and this after adjusting for exchange rates," says Zoran Višnjić, Sales Director at UNIQA International. "In some key markets – Poland, Czech Republic, Slovakia and Romania – UNIQA achieved considerable success, partly through improved pricing in vehicle insurance and also due to double-digit growth in car sales." While the competitive landscape remains challenging, "a certain consolidation effect can be observed in some CEE markets," explains Višnjić.

Focus on non-life and accident insurance

Most of the business in the region is comprised of non-life and accident insurance; more than two thirds, followed by life insurance with 30 per cent. The medical insurance division plays a minor role, with only 3 per cent of the total premium income. Wolfgang Kindl: "Offering health insurance in CEE is seen above all as an investment in the future. This is because neither the infrastructure nor the legal framework is available here to the same extent as in Austria. We nevertheless have to start with basic products. In this way, we can build upon our experience as the market leader of this division in Austria."

In some markets, there were difficult decisions to make in 2016 in the area of life insurance, in order to enable us to re-position UNIQA's product range appropriately for the low interest rate



Wolfgang Kindl, 51

Wolfgang Kindl has been responsible for UNIQA International AG as CEO since 2011, before which he was managing director of UNIQA International. He was the CEO of UNIQA Assurances in Geneva from 2000 to 2004. Wolfgang Kindl has worked at the Group since 1996. The doctor of social and economic sciences began his career in sales. His degree focused primarily on insurance and personnel management.

environment. Thus the Group reduced the guaranteed discount interest rate for new business in many countries and discontinued the classic life insurance in favour of single-premium insurance. Having completed these measures in the second half of the year, the companies in the affected countries are now able to implement the next strategic steps and begin 2017 on a solid footing.

Successful strategic partnership with Raiffeisen

An important strategic success factor for UNIQA is the long-term partnership with Raiffeisen, above all in CEE. Specifically, the cooperation with Raiffeisen Bank International (RBI) extends to 13 countries in CEE. In light of the past successes, this partnership was strengthened in 2013 by a consolidated, indefinite sales cooperation. Johannes Porak, Director of Banking Sales at UNIQA International, is satisfied with the result: "Thanks to this sales cooperation we can reach approximately 14 million Raiffeisen customers in CEE with our insurance solutions specifically tailored to the needs of the bank's customers. The sale of our continuously expanding product range is mainly carried out through the more than 2,500 branches of RBI, as well as through alternative distribution methods such as call centres or digitally. We are convinced that through the joint development of the partnership, we will continue to take full advantage of our existing potential in the coming years." →



CEE: Great potential in health insurance



Policyholders
per 100 inhabitants

AT



CZ



RO



SRB



Johannes Porak, 56

Johannes Porak has been the UNIQA International AG Group Management Board member responsible for Bancassurance & Affinity in the international business since July 2011. He has worked at UNIQA since December 2000, prior to which he worked at the former Creditanstalt in Vienna and at J.P. Morgan Group in London. Johannes Porak has a degree in economics from Canterbury, England. He began his career at Coopers&Lybrand in his native Argentina.



Combined women's power in Southeastern Europe: UNIQA CEOs in Southeastern Europe – Saša Krbavac (Croatia), Senada Olević (Bosnia and Herzegovina), Nela Belević (Montenegro) and Gordana Bukumirić (Serbia) – in intensive discussion with Vinzenz Benedikt (head of Controlling at UNIQA International).

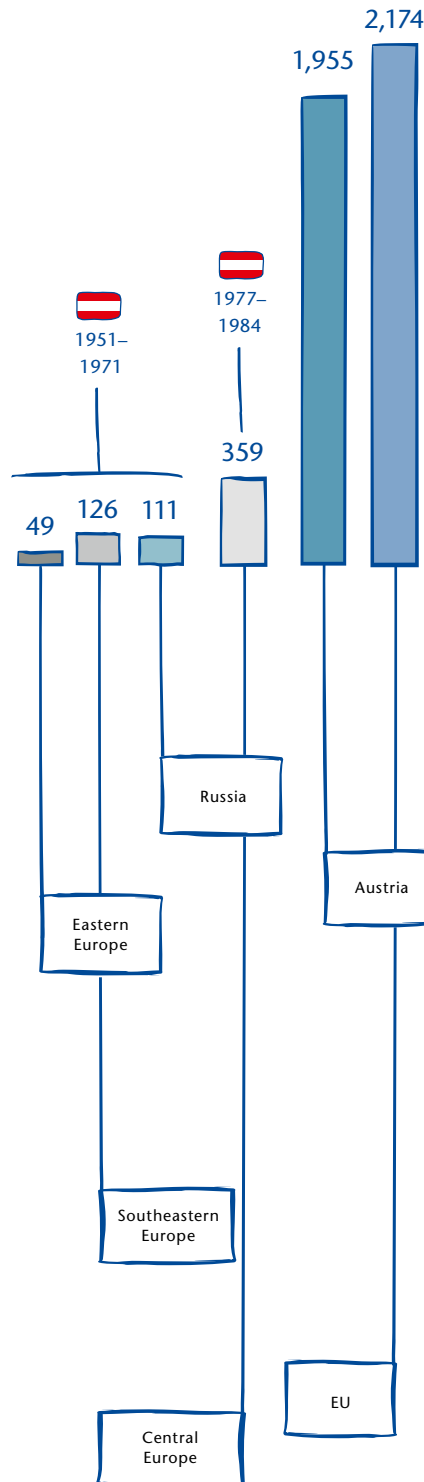
Faster digitalisation than in Western Europe

Though digitalisation is already causing massive changes in the domestic market in Austria, UNIQA expects even more significant effects in CEE. Wolfgang Kindl: “The transition to digital will be more pronounced in CEE because the insurance industry there does not have as long a tradition as it does in Austria.” In addition, the maturities of the policies in CEE are, on average, shorter than those in Western Europe, so that the disruptive replacement of the traditional business model can take place starting at a certain point in time without having too much of a detrimental effect. “This is particularly true for private customers, and, here in particular, the commodity sector with such products as, for example, simple vehicle and household insurance,” says Kindl. “In ten years, the new business models will become highly relevant in CEE. In Austria, the transformation will probably be somewhat slower.”

And how does UNIQA International react to these challenges? “Through investment in online solutions and the development of new partnerships, UNIQA International continued to diversify its sales channels over the course of 2016,” says Wolfgang Kindl. “The primary objective here is to be market leaders in customer satisfaction. Although some independent studies already confirm UNIQA’s lead position in many markets, the Group continues to strive for ongoing improvement.”

High potential in CEE

(Insurance spending per capita and year in EUR)

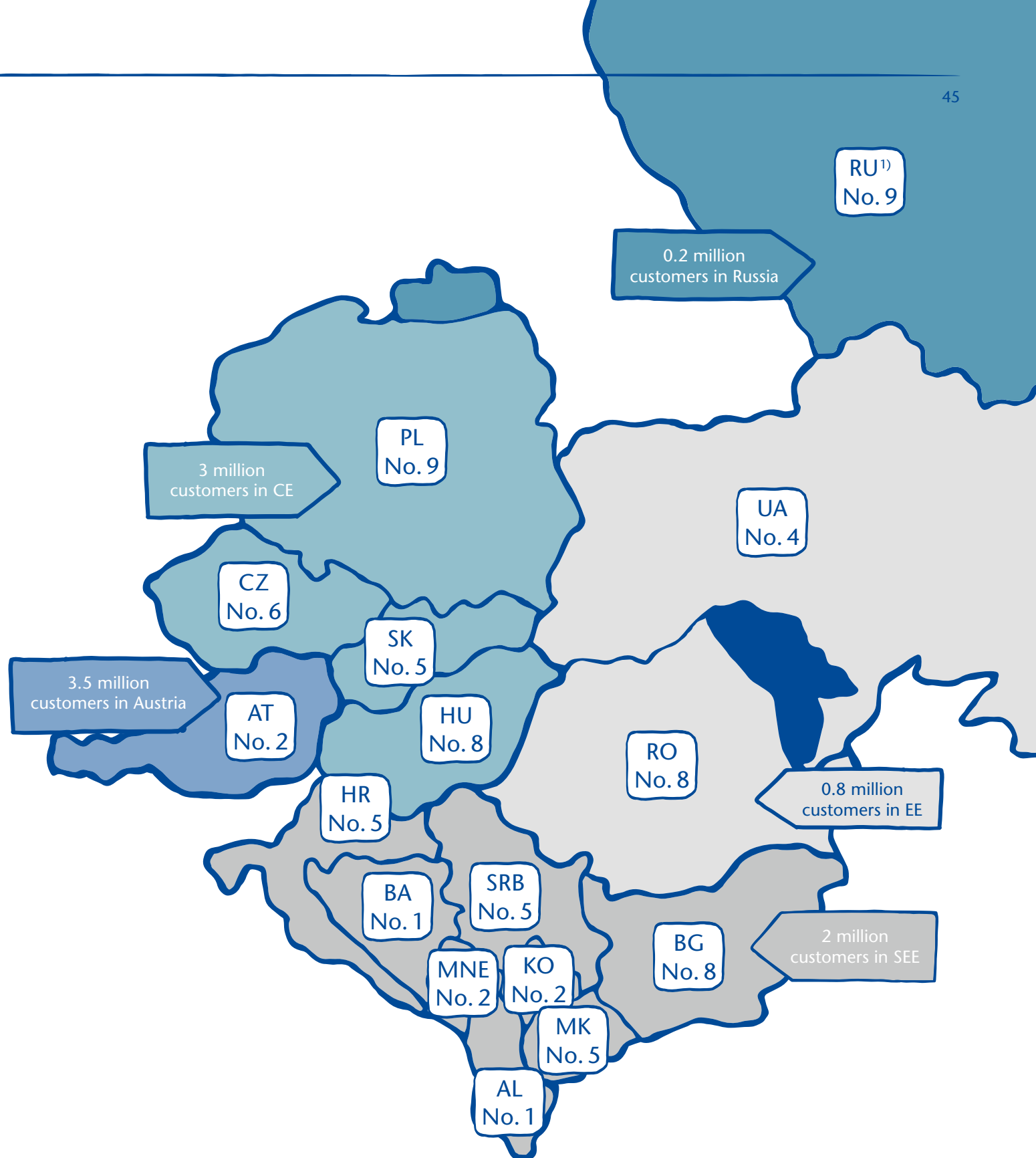


Zoran Višnjić, 48

Zoran Višnjić has been the Group Management Board member at UNIQA International AG responsible for sales (not including banks) since 2011. Prior to this, he worked for five years as CEO of UNIQA Insurance in Belgrade. He worked as a manager in the banking and insurance sector in Canada for twelve years before moving to UNIQA. Zoran Višnjić holds degrees in economics from Belgrade and in finance (FRM, CFA) from Canada.

Sustainable further growth

We continue to place an emphasis on developing our CEE business, while keeping an eye on the balance between growth in premiums on the one hand and costs and risks on the other. A balanced product portfolio and a good mix of sales channels form a robust foundation for this. Our committed and professional sales team, supported by strong back office staff and the strength of the UNIQA brand identity in the CEE region, are excellent ambassadors for us in this market.



- Central Europe (CE)
- Eastern Europe (EE)
- Southeastern Europe (SEE)
- Russia

No. X Market positions in the various countries

¹⁾ Market shares in Russia refer to life insurance only.

“Advisors who only care about selling contracts – and not about quality – are going to have a hard time in the future.”

For Hartwig Löger, CEO of UNIQA Austria, closeness to customers requires individual service. Consultation and sales may take place online more often in future but service quality does not have to suffer at all. UNIQA's new electronic documentation is an important tool for this.

UNIQA Austria advertises that it has a great many locations so that it can be available locally to the customer. What kind of advantages does this bring, and doesn't that stand in diametrical opposition to online sales?

No, our basic principle relies on an integrated model. Regardless of whether customers buy a product on the Internet or in person from an advisor, they can always count on personal advice. It is precisely this direct contact and highly individualised consultation that set our sales operation apart. We have a total of nine regional headquarters in Austria and over 400 regional locations that offer on-site insurance. Our network of advisors is comprised of a 3,000-strong exclusive sales force and more than 4,000 independent brokers. However, customer



Hartwig Löger, 51

Hartwig Löger has been the Chairman of the Management Board of UNIQA Austria since 2011. He also oversees sales. Prior to that, he was the head of exclusive distribution at the UNIQA Group and managing director of UNIQA International Versicherungs-Holding GmbH. Hartwig Löger graduated from the International Management programme at the University of St. Gallen. His career began traditionally – in sales at AON Jauch & Hübener – followed by stints at Allianz, Grazer Wechselseitige and Donau Versicherung.

“This direct contact and highly individualised consultation set our sales operation apart.”

behaviour is in a state of constant flux when it comes to information and communication, as well as buying products and services – and that means that we will have to make the appropriate adjustments.

What will this mean for the sales force once this homework is completed?

The ways in which we measure success will change. Today, the focus is on the commission that is directly associated with a successful sale. In future, the quality of service will be the criterion for advisor commissions. The new sales guidelines, called IDD, are already restructuring sales in this direction.

How can the quality of consultation be assessed if not by the signing of a contract?

It will create a system in which the customer evaluates the quality of service and expresses their satisfaction.

Will there be fewer sales employees?

Customers' behaviour will ultimately decide this. But clearly, if customers are able to do certain things themselves because of digitalisation, such as change their address themselves or add components to their contracts online, then this will influence the number of salespeople. This will require even more concentration on the quality of service.

Currently, only about 2 per cent of all contracts are completed online at UNIQA Austria. Why is this figure still so low?

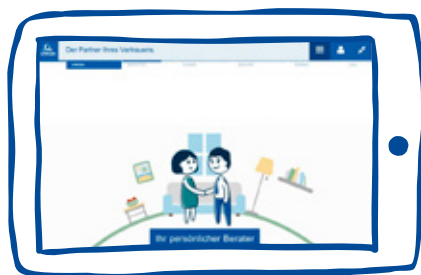
This is because customer demand remains restrained, and our online services are not yet fully developed. However, consultation will continue to be done very often in person. Of course we are aware that a great number of our customers gather information online before they come to us, and certainly the trend of buying products online will only get stronger in the future.

How many contracts were completed online in 2016, and which new premiums were you able to realise with them?

At www.uniqua.at our customers can already calculate premiums for 15 products and also take out contracts for 13 of these products. Travel insurance is the bestseller. Here we saw an increase in sales of 81 per cent in 2016. In 2015, 7,500 travel insurance policies were completed online, and last year we sold over 13,600. Since we started the health insurance needs calculator in the first half of 2016, we've already made almost €300,000 in new premiums.

What do you expect from the new IT system that is being implemented right now?

The UNIQA Insurance Platform (UIP) is a long-overdue reformation of our entire IT system. The new platform will support us in becoming even more efficient and in further optimising our processes. I expect that our customers will benefit in particular from this because, thanks to our new IT system, we will be able to offer products solutions that can be processed better and more quickly.



What is electronic documentation?

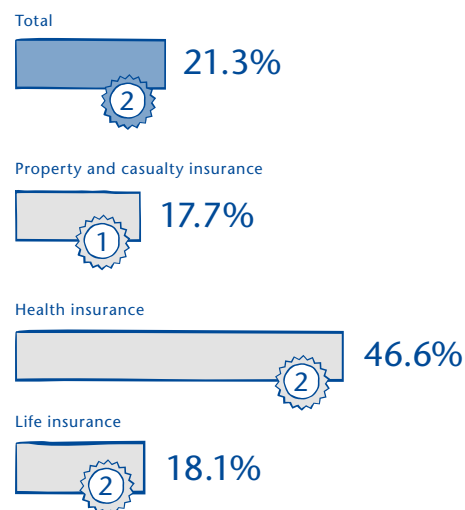
From pinpointing needs to underwriting.

Electronic documentation is being tested in the sales force in the first quarter of 2017. This will then be used in the entire business. What is new is that this innovative tool helps us assess customer demand electronically, and keep track of it digitally. The new consumer protection guideline, IDD, which is entering into force in 2018, means that a very individual and exact needs assessment must be done, in a transparent and comprehensible way, before the product sale. The new electronic documentation provides precisely this puzzle piece and makes data collection and underwriting even more modern and efficient. It also enables targeted customer relationship management (CRM), meaning integrated data implementation and use.

Where do you see opportunities in the portfolio to establish insurance products in additional areas?

In all of the lines. Even if at the moment it is incredibly difficult to present classic life insurance, the product still remains very important for our customers. This is because the basic public pension system is increasingly hitting its limits. It will be our responsibility, despite the prevailing conditions, to offer products that are relevant and interesting for our customers. In the automobile insurance line, we are seeing a trend from car owners to users. In urban areas, such as Vienna, there is already a shift towards car-sharing models. I believe that the new circumstances will create new opportunities in certain niche segments, or as a service provider. In our core area, health insurance, we are already in a good position, but I see major demand especially in this line.

UNIQA market share in Austria 2016



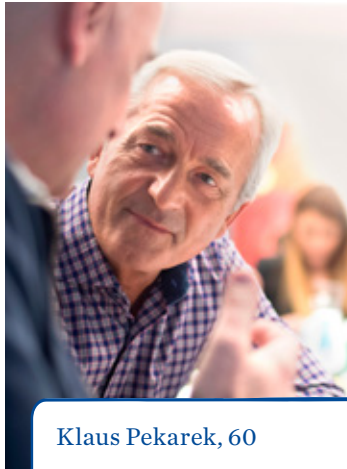
Source: Market forecast statistics February 2017 from the Austrian Insurance Association (VVO)

Partnership with Raiffeisen: attractive products, successful dual-brand strategy

In Austria last year, UNIQA generated almost a quarter of new premiums through banks. Klaus Pekarek, member of the Management Board of UNIQA Austria with responsibility for overseeing bank sales, sees the partnership with Raiffeisen as a clear win-win for everyone involved. With its innovative products and deliberate choice of a dual-brand strategy, UNIQA Austria is aiming to develop the significant potential this area of business presents.

“Customers who purchase a policy over the counter generate benefits in three different ways,” says Klaus Pekarek in answer to the question of what makes bank sales so attractive. They conveniently receive all services from a single provider, while the bank benefits from stronger, more sustainable customer loyalty, and for UNIQA Austria sales through banks present an additional business opportunity. “That makes it a clear win-win-win strategy,” notes Pekarek.

In fact, bank sales offer tremendous potential for insurance companies, which in Austria have been confronted by a saturated market for quite some time. Pekarek: “Our goal is clear: have bank sales grow faster than the market as a whole. Thanks to our close partnership with Raiffeisen, we’re able to make that happen on a regular basis.” While the Austrian insurance market as a whole grew by an average of 1.3 per cent over the last



Klaus Pekarek, 60

Klaus Pekarek has been responsible for UNIQA Austria's banking sales since 2016. Prior to that, he was the Chairman of the Management Board at Raiffeisen Versicherung. Before he switched to UNIQA, he held various positions within Raiffeisen Landesbank Kärnten, ultimately as Director-General. Klaus Pekarek studied law as well as social science and economics in Graz.

“Win-win-
win strategy”

“Benefits customers
in three different ways”

five years, Raiffeisen Insurance Austria grew by 2.8 per cent. “Customer demand is particularly strong in private pension and risk prevention,” says Pekarek.

Attractive products ...

The ingredients of success are a collaborative partnership and attractive products. In the life insurance sector – the traditional focus of bank sales – the Raiffeisen Insurance brand has recently even proven to be a trendsetter. In view of a changed market environment brought about by low interest rates, classic life insurance has

Working together with **pilot banks**, we will conduct an evaluation of the nationwide sales launch of health insurance in 2018. Parallel to that, we are preparing to launch a new unit-linked life insurance next year as well. Moreover, we are working with sales partners to implement the joint omni-channel strategy and, as a consequence, on digitalisation of the bank sales business model. This involves fully integrating Raiffeisen insurance products into Raiffeisen Banking Group's new digital banking system scheduled for 2018.

had to completely adapt to new circumstances. Pekarek: “We responded with a very innovative product. We created a classic life insurance, which – although it foregoes a traditional discount rate – offers a 100 per cent guarantee on paid net premiums as well as maximum flexibility. This is made possible by a fair and transparent compensation model that spreads the premium over the entire term.”

... under the Raiffeisen brand

The products in bank sales are marketed under the brand name “Raiffeisen Insurance”. Pekarek: “We have deliberately opted for a dual-brand strategy, because it accords with Raiffeisen’s philosophy of a sole-source provider with the original look-and-feel of the brand identity ‘Raiffeisen. My bank’.” The customer’s personal banker at his regional bank serves as his exclusive point of contact, while UNIQA Austria provides support in the background as product and service provider, furnishing policies for bank sales under the Raiffeisen Insurance brand. Pekarek: “The insurance policies may be produced by UNIQA Austria. But it’s like when someone buys a Fanta. They don’t really care that it’s actually produced by the Coca-Cola Company. What’s important is that the product is from a strong, well-known and trusted brand name. And for Raiffeisen customers, that’s Raiffeisen.”

To make sure this “background activity” functions perfectly, UNIQA Austria significantly streamlined its own structures last year and merged Raiffeisen Insurance with UNIQA Austria. Pekarek: “We not only successfully optimised our products and services, we revamped internally as well.” The merger of the two

1.3

million customers

companies creates significant synergies while retaining the greatest possible continuity for customers and sales partners.

New products and online services

The newly emerging UNIQA Insurance Platform (UIP) will for the first time offer new unit-linked life insurance for bank sales. “In 2017 we will be completely revising unit-linked life insurance and specifically adapting it for bank sales,” says Pekarek.

Meanwhile, in bank sales we are also working on implementing an omni-channel strategy, “digital regional bank”, and, thus, moving ahead with the digitalisation of our business model. Pekarek: “Specifically, this involves the full integration of our insurance products into digital banking at the Raiffeisen Banking Group: in future, this will let Raiffeisen customers take out and manage their Raiffeisen insurance electronically via online banking.” Pekarek sums up: “We are constantly working to provide our mutual customers with the best at every level. Our partnership with Raiffeisen is the perfect synthesis.”

**At the end of 2016,
bank sales accounted
for about 1.3 million
customers and
1.8 million contracts.**

Safer, better, longer living

All it takes is four words to get to the heart of UNIQA's mission. We look to support our customers in living safer, better and longer lives. And thereby contributing, in our small way, to their experience of the "joy of life". That's the message that should be expressed in all of the services UNIQA provides, both within our company and outside it. And in this annual report as well. To achieve this, UNIQA draws on a whole set of measures.



How does the positioning of "joy of life" fit with an insurance company like UNIQA? "Better than you might think at first glance," says Gabriela Rusu, Head of Group Marketing & Communication. "For one thing, it's supposed to show that we are providing customers with more security and freedom, and therefore greater joy in life, through our products and services. But it also means that the company wants to model this same spirit and transmit it to others; in other words,





it's also about how we treat each other as well as the customers. In 2016 we settled on a very concise way of saying this: 'Safer, better, longer living'. That's our mission statement in a nutshell."

Genuine customer focus

We aim to make the Group's positioning constantly palpable. Gabriela Rusu: "Everything that serves as a 'tangible' point of contact for customers – for example, our branch offices, general agents, sales materials, brochures, as well as our website or e-mails and letters." And that applies across the entire shared "journey" that customers undertake with UNIQA: starting with the information stage, through concluding a contract and settling a claim in the event of an accident, to ongoing support and servicing.

"We are currently scrutinising all the stages of this journey, taking a detailed look at all the contact points to see whether they actually convey the Company's values, whether they really represent the world of UNIQA," Rusu says. A broad-based process carried out in Austria and in international markets ensures that necessary changes and improvements are identified and implemented. Regular reviews using internal and external surveys and mystery shopping serve as the basis for continuous readjustment. More than 500 brand coaches throughout the Group are responsible internally for creating awareness and inspiring morale.



**"A sense of joy
should be present
at all points of
contact."**



Honest, transparent and digital communication

And of course joy of life provides the central approach to marketing and advertising. Gabriela Rusu: "As a company with almost ten million customers, UNIQA relies on all the usual channels of broad-based communication – television commercials as well as print ads and direct mail, websites as well as leaflets and brochures." The Company considers it particularly important that the latter not only look good, but are also easy to understand. Rusu: "That also holds true for our correspondence, whether it's by post or email – all the originals are carefully reviewed with a view to their clarity and are progressively revised."

Digital communication clearly plays a central role and will become even more important in the years to come. "We want to go where the digital natives live – and that's the internet," said Rusu. "We also want to process information very differently." UNIQA is therefore working intensively to develop a newsroom, where the Company wants to provide its stakeholders with a broad portfolio of information on relevant topics, but also an opportunity to engage in an exchange of information. Gabriela Rusu on this important innovation project: "Through coordinated, targeted and media-savvy communication with our customers, we can improve our products and services to ensure – with UNIQA's support – safer, better, longer living."

GABRIELA RUSU

Gabriela Rusu has been Head of Group Marketing & Communication at the UNIQA Group since 2016.



Social responsibility? Surely yes!

Sustainable economic success is inconceivable without a social and environmental vision. This is why UNIQA supports a wide range of initiatives to benefit people and the environment. The overriding aim, as ever, is to ensure safer, better, longer living.



LARA FELIX, FOOTBALLER

“It’s great that UNIQA supports the girls’ school football league like this. We can kick just as well as the boys.”

Since 2016 the central contact person in the Group for corporate social responsibility (CSR) and sustainability has been Andreas Rauter, Head of Regulatory & Public Affairs. In 2017 UNIQA is publishing its first-ever separate sustainability report, which will go well beyond the statutory requirements of the latest Global Reporting Initiative (GRI).

So how exactly does UNIQA define social responsibility? “As Austria’s largest health insurer, we care a great deal about our customers’ quality of life,” explains Carl Gabriel, Head of Sponsoring at the Group. “The aim is to ensure that our customers, our employees and all those to whom we provide direct or indirect support have safer, better and longer lives – that is our mission and gives us credibility.”

Young people’s health is particularly important to the Company. The spectrum here ranges from sport and nutrition right through to mental health. Unlike some competitors, UNIQA is not content just to have a presence as sponsor through advertising banners at sporting events, or to have top athletes representing the Company as brand ambassadors: “We want to reach parents and children through sports idols,” explains Gabriel. Motivation is provided here by Olympic ski champion Matthias Mayer, along with Benjamin Raich and Marlies Raich-Schild, who after careers in Austrian skiing are now spreading enthusiasm for a sustainably healthy lifestyle.

Elite sport and sports for all

Lara Felix shows just how quickly a sport-loving child can become an up-and-coming star: the fourteen-year-old girl from Vienna not only helped her own team to win the title at the UNIQA Girls’ Football League in 2016, she also scored the deciding goal at the final victory in 2016, as the only girl in a team of boys.

UNIQA also supports school leagues for handball, volleyball and basketball – but anyone who thinks that the Group is only interested in promising up-and-coming professional talent is mistaken: in 2016 UNIQA also helped more than 200 children, young people and their parents to get moving again with the free one-day “Fit aufwachsen Camps” (“Grow-Up-Fit Camps”). The parallel initiative “Vital4Brain” aims to balance learning with exercise in schools.

The Special Olympics are another very important story, where, as is well known, the focus is not on new sporting records, but rather on integrated experiences, pursuing goals and developing the potential of intellectually disabled athletes. “The participants in the Special Olympics radiate a joy for life, so they fit well into our brand positioning,” says Gabriel, explaining why UNIQA is the main sponsor for the 2017 Special Olympics World Winter Games, which were held this year in Austria for the second time. →



From 14 to 25 March, the 2017 Special Olympics World Winter Games were held in Schladming, Ramsau and Graz with UNIQA as the main sponsor. A total of 3,000 athletes with intellectual disabilities from 110 nations went to the starting line.



PHOTO © ELISABETH KESSLER

MARION KRÖLL, REGIONAL OFFICE
STYRIA/SCHLADMING, UNIQA AUSTRIA

"I'm proud that UNIQA sponsored the 2017 Special Olympics World Winter Games. Being able to share this joy with intellectually disabled people was an amazing experience. I have a special connection with the Games since my father was president of the Special Olympics movement in Austria for 23 years. I think it's great too that 200 colleagues helped with the games as volunteers."



1 Lara and Luis, the two mascots of the Special Olympics World Winter Games, were already present live at the UNIQA Christmas party to get all the employees into the spirit of this outstanding event.

2-5 Grow up fit: at the Grow-Up-Fit Camp, youngsters between the ages of eight and twelve spend a day learning about exercise, healthy nutrition, mental strength and safe media use in a playful and diverse way. Because parents are the most important role model for children, UNIQA also offers a special parent-coaching programme at the Grow-Up-Fit Camp.

Commitment & integration

Sponsorship may be a matter for the bosses, but providing employees with the opportunity to get involved in social issues also reflects UNIQA's corporate culture. Since 2013 we have allowed our employees to take one day off from work each year – known as a “social day” – to take part in charity projects. In special circumstances, the UNIQA Group even doubles this offer to two free days per employee, for instance, to help refugees or for the Special Olympics in 2017. And there's a good reason for that: more than 200 company employees volunteered with in just a few days at the Special Olympics alone, for activities ranging from serving food to dismantling stages.

The extent to which the concept of integration is ingrained in UNIQA employees' thinking is also shown through their commitment to refugees. Management Board members set the example by spending time at the Haus Damaris refugee centre, provided by UNIQA and run by Caritas, in Vienna's 19th District, and working to alleviate



SHUKRIA JAFFARI, ASYLUM SEEKER FROM AFGHANISTAN

“My family and I have found a new home at Haus Damaris in Vienna. Thank you UNIQA!”

the hardship suffered by asylum seekers through donations of food, clothes and money.

Culture & creativity

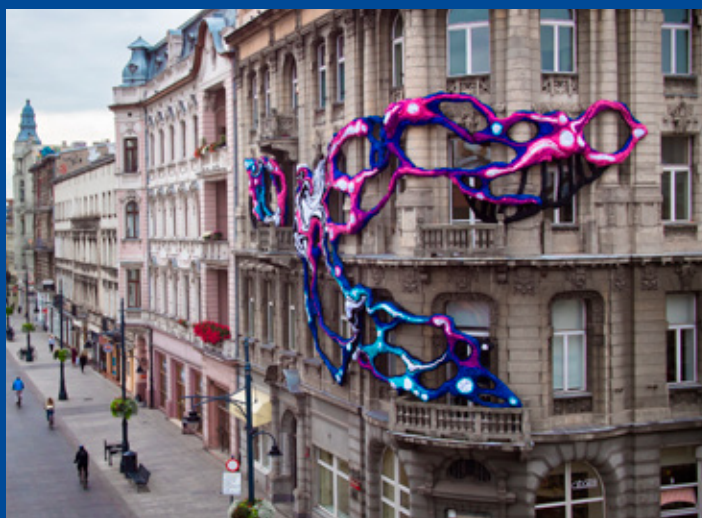
Whether from a migrant background or otherwise – Carl Gabriel is convinced that “Language is the key to a successful future and, as insurers, we always need to be thinking about the future.” That is why UNIQA is once again supporting the “SAG'S MULTI”

(“Say it multilingually!”) speech competition in the 2016/2017 academic year, as main sponsor for the eighth time; this year's competition includes not only German and a wide range of mother tongues, but also sign language for the first time.

Culture of course involves more than just language, and music also has the ability to connect people without words. From this perspective, UNIQA's sponsorship of the children's opera at the Salzburg Festival as well as the CEE Film Festival can most definitely be seen as a further contribution to integration and education. As Austria's biggest art insurer, the Group also focuses on sponsoring museums, but smaller and younger institutions abroad enjoy support from UNIQA too, such as a gallery for street art in Łódź, Poland, along with various other art projects. Creativity is also the theme at the UNIKATE ideas competition, through which UNIQA has since 2011 been encouraging students' technical innovations aimed at making life easier for disabled people. →

UNIQA stakeholder management – selection of key topics

- Sparing use of resources
- Regional value added
- Economic benefits for all stakeholders
- Demographic change
- Responsible investment
- Social commitment
- Health and safety
- Sustainable and solid business



US artist Crystal Wagner created the three-dimensional installation “Hyperbolic” on the front of an art nouveau building in Łódź's old town for the UNIQA Art Łódź project.



Making decisions together: at UNIQA, we take seriously what employees think and contribute.

In cooperation with our external partner, KibisCare, we offer our employees comprehensive childcare, even on long weekends, tutoring, as well as a wide range of health and sports activities.



Work & life

In terms of making life easier: “A work-life balance is important,” says Head of Group Human Resources Robert Linke, “which is why ‘UNIQA Frei-raum’ services offer our employees all sorts of help, from arranging child care to a laundry service right at company headquarters.” The UNIQA Sport Club also helps everyone stay in shape with sports such as running, sailing, tennis and volleyball.

Setting a good example is not enough for us. We want to help our customers achieve improved health and well-being through preventive measures such as advice from vitality coaches, or wellness retreats and preventive screening, all consolidated in the “UNIQA Vital-Plan”. Healthy lifestyles are rewarded with a Fitness Bonus and there are premium refunds for unused benefits. Of course, we think about companies as well as private customers: “UNIQA Vitalbilanz” (“Vitality balance”) offers 120 modules for occupational health management.

Training & empowering women

For Head of HR Robert Linke, training is also important on another level. “A key component in meeting our strategic objectives is the provision of customised training and development programmes,” says the Head of HR. “Our SHAPE programme is aimed directly at senior managers and Management Board members, while NEXT is targeted at selected up-and-coming talents within the Group.”

The leadership team at UNIQA features a mediocre ratio of women – although internationally the proportion of female board members and of women in executive positions is 29 per cent, in Austria it is just 20 per cent; for Linke this clearly needs to be improved. “We want to increase this percentage further,” he says, “which is why we give preference to women in the recruitment process, if skills and qualifications are the same.”

Green & clean

The UNIQA Group also sets a clear example in environmental issues. Environmentally friendly behaviour is rewarded with sustainable insurance products such as SafeLine car insurance, and unit-linked life insurance provides customers with the option of investing their premiums in sustainable funds.

In 2008, UNIQA Tower was one of the first buildings in Europe to receive the EU Green Building Certificate, along with the Facility Prize awarded by M+W Zander Facility Management GmbH for the best cost/benefit ratio; it was also awarded the LEEDS Certificate by the U.S. Green Building Council. Since that beginning, the Group has always believed that it has

UNIQA has nine electric cars for employees to use.



CARL GABRIEL

is responsible for sponsorship activities at the UNIQA Group.

ROBERT LINKE

has been Head of Group HR since 2016.

ANDREAS RAUTER

heads the Regulatory & Public Affairs department, and also coordinates CSR and sustainability.

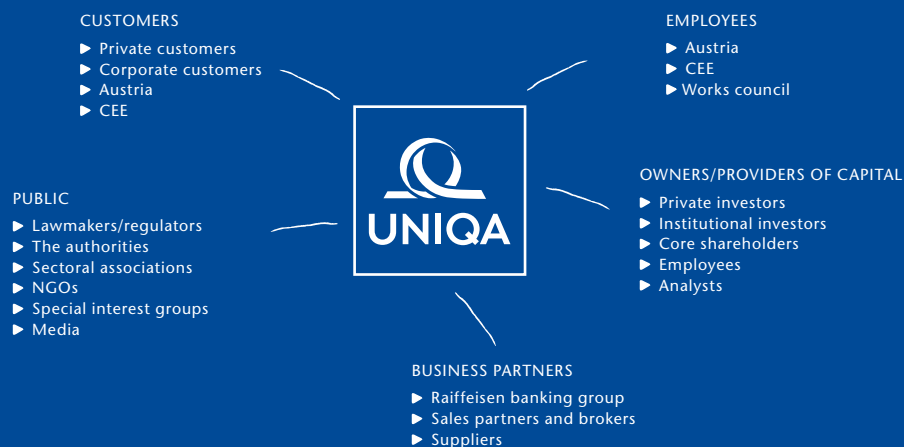
a duty to be an environmental pioneer. The Company procures 100 per cent of the power it requires in Austria from suppliers that have the “Green Electricity” certification, while the use of heat pumps decreases CO₂ emissions by 84 tonnes per year, and 33 per cent of the power for heating and cooling comes from geothermal sources – not to mention the fact that the UNIQA Tower uses 40 per cent less energy than comparable office buildings.

“Even our vehicle fleet plays its part in protecting healthy living spaces for future generations,” says Andreas Rauter, the Group’s lead Sustainability Coordinator. He is proud of their exemplary performance: “A company car from UNIQA uses on average 119 grams of CO₂ per kilometre, which is not only our best result so far, but also around 8 per cent less than the year before.” Eleven of approximately 200 company cars used in Austria are powered by electricity. Employees who do without a car altogether receive a discount when they buy tickets for public transport.

Ideas & innovation

“An insurance company fulfils the role of absorbing and containing the risks in our environment as effectively as possible,” says Rauter, explaining UNIQA’s commitment to the environment and climate protection. The Group awards prizes both internally and externally for innovative environmentally friendly solutions, through competitions such as the Raiffeisen Sustainability Challenge or through its support for the world’s biggest competition for sustainable business ideas, the EU-founded ClimateLaunchpad.

UNIQA Group – the most important stakeholders



Employees can even win prizes for efficient use of resources at home, for instance with the electricity reduction competition. The award goes to the employee who manages to save the most electricity in a year. A Climate Protection Manual also provides practical tips for private and professional everyday life.

An attractive investment

The economic environment remained very challenging in 2016. Our Group's steady business development nevertheless allows a further dividend increase to €0.49 per share. UNIQA is an interesting investment option in other ways too, with a strong brand, good market positioning, enduringly successful partnerships and solid capital resources.



The leading European index Euro Stoxx 50 increased by 0.7 per cent to 3,290.52 points in 2016. Including distributed dividends, a total return of 5.0 per cent was attained. Over the course of the year, only the Brexit vote and the presidential elections in the USA managed to cast a dark cloud, albeit short-term, over the development of share prices. The index profited particularly from the sound performance of the banks in the second half of the year.

European insurance values fell by about 6.0 per cent in comparison to

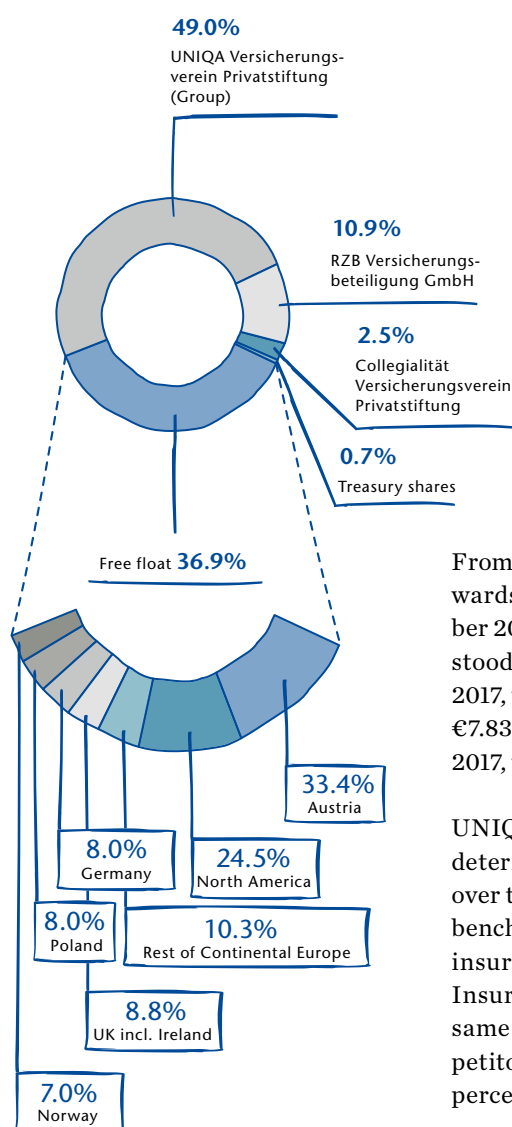
the 2016 leading index, due to the low-interest environment. After dividend distributions, however, the difference was only 1.6 per cent. Among the greatest losers in 2016 were Italian insurers, a development attributable primarily to their proximity to the Italian banking sector, which by year-end was relying increasingly on restructuring measures.

The Vienna Stock Exchange – in alignment with international share price performance – made a slow start in 2016: the ATX leading index even fell below the 2,000-point mark and

reached its lowest value of the year in mid-February. The subsequent recovery phase was interrupted again by the Brexit turbulence, and the ATX sank again below 2,000 points. From the middle of the year, however, a powerful upward surge began, based on favourable fundamental company data and positive economic developments in the expanded domestic market in Central and Eastern Europe. By the end of 2016, the ATX had climbed 9.2 per cent over its high point of the previous year to 2,618.43 points. This was the highest year-end figure since 2010.

UNIQA shares, which are listed in the prime market of the Vienna Stock Exchange have since 2014 also been listed in Austria's leading ATX index, after the successful re-IPO in October 2013 and the resulting sharp increase in liquid funds. The share price declined noticeably in early 2016 and reached its low point for the year on 11 February 2016 at €5.04. In addition to general market developments, the announcement of an investment and innovation programme on 18 January 2016 also had an effect. By early June 2016, the UNIQA share price had recovered to over €6.50, after which it fell slightly. By the end of October 2016, the price was oscillating between €5.20 and €6.10.

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

From there on it climbed steeply upwards, reaching €7.28 on 28 December 2016. At year-end, UNIQA shares stood at €7.20. At the beginning of 2017, the share price rose, reaching €7.83 on 1 February 2017. On 31 March 2017, the share price was €7.28.

UNIQA shares posted an overall deterioration in price of 4.4 per cent over the course of 2016 – while the benchmark index for the European insurance industry, EURO STOXX Insurance, lost 2.1 per cent in the same period of time, with some competitors even reporting double-digit percentage drops. →

UNIQA SHARES – KEY FIGURES

In €	2012	2013	2014	2015	2016
UNIQA share price as at 31 December	9.86	9.28	7.78	7.53	7.20
High	13.40	11.14	10.02	9.41	7.45
Low	8.75	8.12	7.34	7.04	5.04
Average daily turnover (in € million)	0.1	1.5	3.2	4.5	5.2
Market capitalisation as at 31 December (in € million)	1,672.3	2,183.5	2,397.6	2,320.6	2,218.5
Average number of shares in circulation	169,599,813	235,294,119	308,180,350	308,180,350	308,129,721
Earnings per share	0.75	1.21	0.94	1.09	0.48
Dividend per share	0.25	0.35	0.42	0.47	0.49 ¹⁾

¹⁾ Proposal to the Annual General Meeting

Research

The following investment banks currently publish regular research reports on UNIQA shares:

- Berenberg Bank
- Commerzbank
- Deutsche Bank
- Erste Group Bank
- J.P. Morgan
- Keefe, Bruyette & Woods
- Kepler Cheuvreux
- Raiffeisen Centrobank
- UBS

Change in the shareholder structure

The sale of a package of shares in UNIQA Insurance Group AG to UNIQA Versicherungsverein Privatstiftung, as announced in July 2016 by Raiffeisen Zentralbank Österreich AG, was legally executed on 15 December 2016 after approval by the relevant authorities. This means that the core shareholder UNIQA Versicherungsverein Privatstiftung (Group) now holds 49.0 per cent of UNIQA shares (Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH: 41.3 per cent, UNIQA Versicherungsverein Privatstiftung: 7.7 per cent). Raiffeisen Bank International AG now holds only 10.9 per cent through RZB Versicherungsbeteiligung GmbH as a core shareholder. The core shareholder Collegialität Versicherungsverein Privatstiftung still holds 2.5 per cent of UNIQA shares. The Company's portfolio of treasury shares remains at 0.7 per cent. The

free float increased slightly due to the transaction and amounted to 36.9 per cent by the end of 2016, more than one third of total shares. On 31 December 2016, market capitalisation based on the free float amounted to approximately €823 million.

Because of their pooled voting rights, shareholdings of UNIQA Versicherungsverein Privatstiftung, Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH, Collegialität Versicherungsverein Privatstiftung and RZB Versicherungsbeteiligung GmbH are counted together. Reciprocal purchase option rights were agreed.

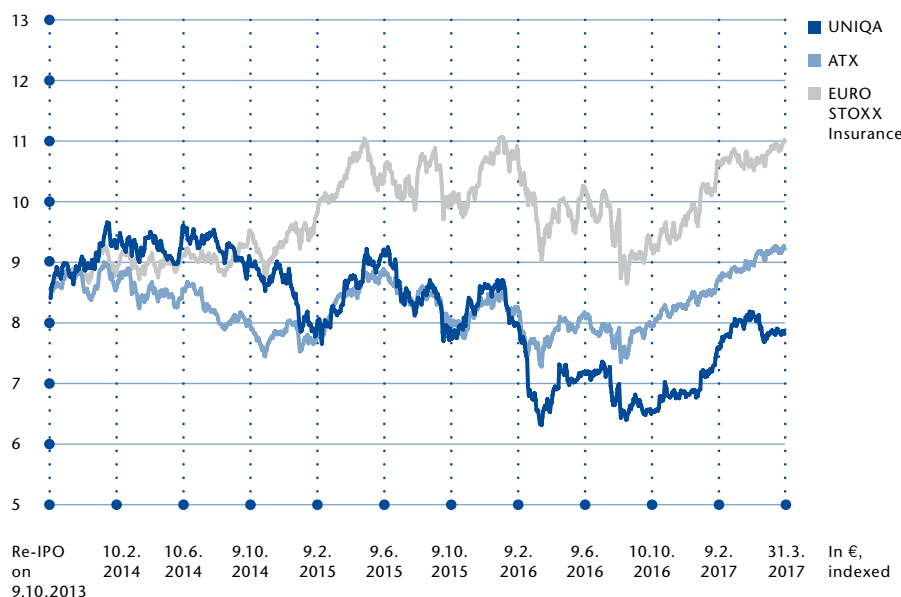
Progressive dividend policy

One of our prime concerns is to ensure that UNIQA's shareholders participate in the success of the Company to an appropriate extent.

To this effect, dividend distributions have been raised consistently over recent years. On the basis of the separate financial statements of UNIQA Insurance Group AG, the Management Board will therefore propose to the Annual General Meeting the payment of a dividend of €0.49 per dividend-bearing share for the 2016 financial year. This constitutes a total distribution of €150 million or 102 per cent of Group profit.

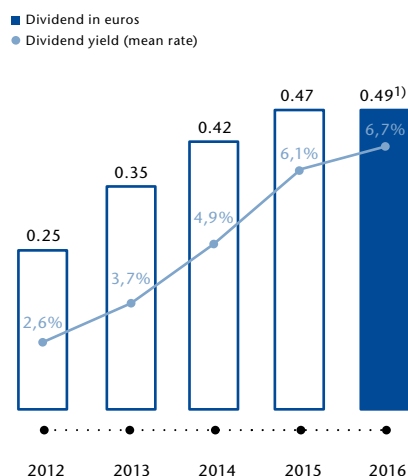
In connection with the sale of the Italian companies, the related goodwill value of €115 million was impaired by €73 million. This impairment had a negative effect in 2016 on the period results. However, it did not affect the operational results or the economic capital ratio (ECR ratio) – two critical parameters of dividend policy. The dividend payout for 2016, subject to the result of the Annual General Meeting, amounts to 47 per cent of the operational results. Compared to the previous year, the dividends have increased by more than 4 per cent.

UNIQA SHARE PERFORMANCE



Despite planned investments of around €500 million over the next ten years and the challenging economic environment, UNIQA plans to continuously increase annual dividend payments per share over the coming years as part of a progressive dividend policy.

Development of the UNIQA dividend



¹⁾ Proposal to the Annual General Meeting

In constant dialogue with analysts and investors

We attach the utmost importance to providing our shareholders as well as the entire financial community with regular, comprehensive, up-to-date information about the ongoing performance of the Company. To this end, the UNIQA management team was again available in 2016 to answer the questions of investors and analysts at numerous roadshows and banking conferences and also held a large number of one-on-one meetings during the year. The first UNIQA capital markets day took place in London on 14 March 2016. All reports and corporate information can be accessed online at: www.uniqagroup.com. In addition, our investor relations team is happy to answer individual questions: investor.relations@uniqa.at

“UNIQA is continuing on the right track.”

Andreas Wosol,
Pioneer Investments

What do you see as the main questions and issues for investments in the insurance sector?

Depending on regulatory requirements, the main factors for insurance companies are the strength of the balance sheet and the ongoing ability to generate cash flow and capital. Ultimately, this affects the sustainability of the shareholder return and the capacity to distribute dividends. Depending on the business model, the crucial factor in the life insurance sector is the question of the point at which reinvestment starts to yield returns, especially in the persistent low interest environment we have been experiencing for some years now.

How do investors perceive UNIQA compared to the competition?

UNIQA's position as market leader in the Austrian health insurance business means it offers a diversified and attractive business model. Insurance business in the CEE

region also offers long-term growth potential. UNIQA has also managed to significantly reduce risk in the balance sheet. This is reflected in very stable and conservative capitalisation.

What do you think of UNIQA's strategic focus?

As far as I can see, UNIQA has made good progress with implementing the UNIQA 2.0 strategic programme since this was launched in 2011. The current programme was redefined in 2016 and will now run until 2020; its focus on improved efficiency and earnings, as well as digitalisation means it is continuing on the right track. As I mentioned, I am particularly impressed to see a reduction in risk on the balance sheet, most recently through the sale of the Italian life insurance business. Equally positive aspects are the reorganisation of the Group and the resulting increase in efficiency and transparency.

Where do you think there might still be room for development?

The UNIQA 2.0 programme and the digital strategy have defined important strategic issues and objectives. I think there is still some potential for improvement in cost management, particularly in complexity costs. I think it would also be important to continue to reduce investments that are not part of the core business.



FINANCIAL CALENDAR 2017

19.5.	Record date for the Annual General Meeting
24.5.	First Quarter Report 2017
29.5.	Annual General Meeting
8.6.	Ex-dividend date
9.6.	Dividend record date
12.6.	Dividend payment date
23.8.	Half-year Financial Report 2017
16.11.	First to Third Quarter Report 2017

UNIQA SHARES – INFORMATION

Ticker symbol	UQA
Reuters	UNIQ.VI
Bloomberg	UQA AV
ISIN	AT0000821103
Market segment	Vienna Stock Exchange – prime market
Trade segment	Official market
Indices	ATX, ATX FIN, MSCI Europe Small Cap
Number of shares	309,000,000

“Rules are not an end in themselves.”

Rita Wittmann, Director of the Legal & Compliance Division of UNIQA Insurance Group AG and UNIQA Österreich Versicherungen AG, talks about the exploding density of regulations, sensitive data and uncontrolled development in the regulatory jungle.



Rita Wittmann, 39,

has been responsible for Legal & Compliance since September 2016. Previously she was a lawyer at Schönherr Rechtsanwälte GmbH. A registered attorney since 2010, she studied law and international business. Before joining Schönherr in 2012, she worked as an associate at international and Austrian law firms for five years.

The Legal and Compliance departments were merged in 2016. What are the main priorities of your job?

We see ourselves as a service department for the Group. Insurance companies face major challenges because the density of regulations has practically exploded, and legal requirements are becoming increasingly strict. The implementation of these rules means an enormous effort for the Group, but I also view this as an opportunity: it is forcing us to develop efficient processes, to harmonise process flows, and to practise self-discipline. This leads to more transparency and efficiency, which in the final analysis benefits customers and the Company.

Customers aren't always happy about all the questions that they have to answer now.

That's true. They have to fill out a ton of forms and answer questions that are sometimes quite personal. But we aren't doing this to spy on our customers; it's because the regulatory net is getting tighter and we have to meet certain legal requirements. Let's take the example of FATCA (Foreign Account Tax Compliance Act) & CRS (Common Reporting Standard): the implementation of these reporting laws, which are meant to facilitate international data exchange to prevent tax evasion and money laundering, means a lot of effort that basically

does nothing for us (laughs). Aside from incurring costs. But seriously, this is sensitive data that no one likes to give up, and the value for the customer is not immediately apparent. This is why it is all the more important to do a good job of explaining the background so that customers can also go through a process of learning and rethinking – as with banking secrecy, which was the holy grail in Austria but can't be upheld any longer.

Stock exchange compliance, which was also strengthened in 2016, is also about secrets, right?

Various organisational measures, including the establishment of constant and project-related confidentiality areas inside the Company, have been introduced to prevent market abuse and guarantee compliance with legal requirements. People who work with confidential information, which of course includes the Management Board and the Supervisory Board, but also employees in departments such as Finance or Investor Relations, are receiving training in the basic rules of confidentiality.

What other tasks did you focus on in 2016?

An important topic in Group management was and is international compliance. The Group is represented in 18 countries, sometimes even with multiple companies, that we review with annual company visits. We ask questions, collect random samples, take a look at local documents and write reports about each country's status. Since 2016 we also have an assessment tool that enables the countries to assess themselves by means of questions and answers in a traffic light system. Of course we check whether the countries' self-reporting agrees with our background information. In the final analysis, the tool is meant to make those responsible at the local level more aware of their duties and to deepen their familiarity with the topic.

“Guidelines have a tendency to spiral out of control, but rules are not an end in themselves. They must be streamlined and manageable.”

The implementation of the General Data Protection Regulation by 2018 – is this also a major topic?

Yes, because new functionalities had to be planned for our existing systems for administering contracts, so that we can meet the requirements of the General Data Protection Regulation. These include for example pseudonymisation, limitation of processing or ensuring data portability. The information obligations in data collection are being expanded comprehensively, and that makes the revision of several forms necessary. Achieving all of this in a timely manner requires enormous administrative and technical effort.

When people hear data protection mentioned, they automatically think of whistleblowers. Do you have a hotline for informants?

We are currently setting up our own platform, which should start to be operational in the first half of 2017.

What could be reported there? Insurance fraud? Corruption?

Insurance fraud is dealt with primarily by the specialists in underwriting, but we want to dedicate more effort to this area because there is a lot of money lying around there. Corruption falls into the category of reputation compliance: our Code of Conduct, which is summarised in a handy brochure, defines – along with ethical and legal business management – reasonable modes of behaviour – with customers as well as with agencies, business partners and colleagues – as well as how to deal with gifts and invitations. Certainly there are no objections to small gifts or a modest invitation to dinner, but if the value of the gift exceeds €100, then permission has to be granted. Even stricter rules apply to dealing with officeholders.

How do you coordinate all of these internal rules?

We are currently working on streamlining and restructuring our policy management – both as an instrument of Group management and in terms of implementing new regulations. Our Governance Policy stands above all of this, defining how the Group functions. It includes, at various levels and in differing degrees of detail, policies, standards, guidelines and manuals – something like a set of internal laws that govern how processes are supposed to run. These provisions have to be aligned so that whenever we make an adjustment here or there, the equivalent part of the mechanism in Bosnia or in Slovakia also moves in parallel. Guidelines tend toward uncontrolled growth, but rules are not an end in themselves. They have to be streamlined and manageable. And above all they have to be practicable.