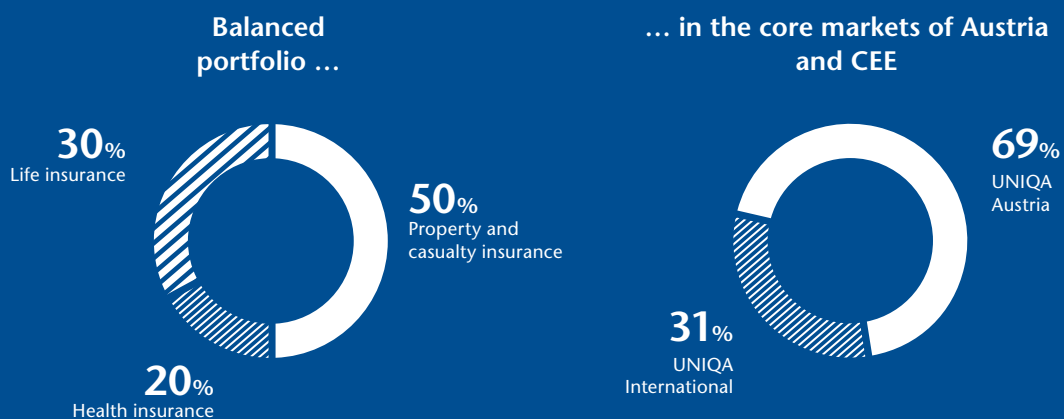


# Think safer, better, longer living.

UNIQA Group is one of the leading insurance groups in its two core markets: Austria and Central and Eastern Europe (CEE). Around 20,000 employees and exclusive sales partners serve 9.5 million customers across 16 countries. Commanding a market share of 22 per cent, UNIQA is the second largest insurance group in Austria. In the CEE growth region, UNIQA is present in 15 markets: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia and Ukraine.



Premium distribution



## UNIQA Group at a glance

Consolidated key figures	2017	2016	Change
In € million			
<b>Premiums written</b>	<b>4,811.7</b>	<b>4,643.1</b>	<b>3.6%</b>
Savings portions from unit-linked and index-linked life insurance (before reinsurance)	481.6	405.1	+18.9%
<b>Premiums written including savings portions from unit-linked and index-linked life insurance</b>	<b>5,293.3</b>	<b>5,048.2</b>	<b>4.9%</b>
of which property and casualty insurance	2,639.7	2,518.4	+4.8%
of which health insurance	1,042.0	1,003.7	+3.8%
of which life insurance	1,611.6	1,526.1	+5.6%
of which recurring premiums	1,357.7	1,356.9	+0.1%
of which single premiums	254.0	169.2	+50.1%
<b>Premiums written including savings portions from unit-linked and index-linked life insurance</b>	<b>5,293.3</b>	<b>5,048.2</b>	<b>4.9%</b>
of which UNIQA Austria	3,656.6	3,631.5	+0.7%
of which UNIQA International	1,608.5	1,399.9	+14.9%
of which reinsurance	1,091.6	1,130.8	-3.5%
of which consolidation	-1,063.4	-1,113.9	-4.5%
<b>Premiums earned (net)</b>	<b>4,627.9</b>	<b>4,443.0</b>	<b>4.2%</b>
of which property and casualty insurance	2,495.1	2,359.1	+5.8%
of which health insurance	1,038.9	1,000.4	+3.9%
of which life insurance	1,094.0	1,083.6	+1.0%
Savings portions from unit-linked and index-linked life insurance (after reinsurance)	476.2	384.7	+23.8%
<b>Premiums earned including savings portions from unit-linked and index-linked life insurance</b>	<b>5,104.1</b>	<b>4,827.7</b>	<b>5.7%</b>
<b>Insurance benefits<sup>1)</sup></b>	<b>-3,558.6</b>	<b>-3,385.6</b>	<b>5.1%</b>
of which property and casualty insurance	-1,644.8	-1,550.6	+6.1%
of which health insurance	-877.6	-843.6	+4.0%
of which life insurance <sup>2)</sup>	-1,036.2	-991.4	+4.5%
<b>Operating expenses (net)<sup>3)</sup></b>	<b>-1,276.0</b>	<b>-1,286.4</b>	<b>-0.8%</b>
of which property and casualty insurance	-788.5	-763.2	+3.3%
of which health insurance	-168.0	-175.5	-4.3%
of which life insurance	-319.5	-347.7	-8.1%
<b>Cost ratio (net after reinsurance)</b>	<b>25.0%</b>	<b>26.6%</b>	<b>-</b>
<b>Combined ratio (net after reinsurance)</b>	<b>97.5%</b>	<b>98.1%</b>	<b>-</b>
<b>Net investment income</b>	<b>560.9</b>	<b>588.9</b>	<b>-4.7%</b>
<b>Profit/(loss) on ordinary activities</b>	<b>242.2</b>	<b>225.5</b>	<b>7.4%</b>
<b>Net profit/(loss)</b>	<b>162.8</b>	<b>149.6</b>	<b>8.8%</b>
<b>Consolidated profit/(loss)</b>	<b>161.4</b>	<b>148.1</b>	<b>9.0%</b>
<b>Operating return on equity</b>	<b>9.3%</b>	<b>10.0%</b>	<b>-</b>
<b>Investments</b>	<b>19,877.7</b>	<b>20,024.8</b>	<b>-0.7%</b>
Shareholders' equity	3,177.6	3,186.3	-0.3%
<b>Equity, including non-controlling interests</b>	<b>3,193.4</b>	<b>3,212.8</b>	<b>-0.6%</b>
Technical provisions (net) <sup>4)</sup>	21,757.6	21,812.7	-0.3%
<b>Total assets</b>	<b>28,743.9</b>	<b>33,639.2</b>	<b>-14.6%</b>
Number of insurance contracts	19,372,143	18,785,051	+3.1%
<b>Average number of employees (FTE)</b>	<b>12,839</b>	<b>12,855</b>	<b>-0.1%</b>

<sup>1)</sup> Including expenditure for deferred profit participation and premium refunds

<sup>2)</sup> Including expenditure for (deferred) profit participation

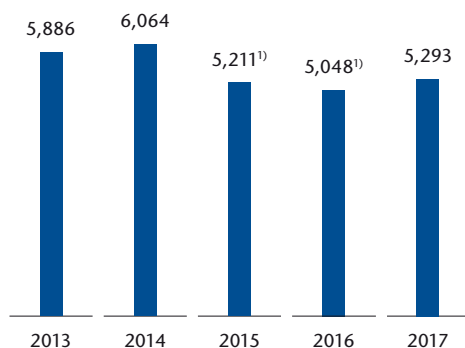
<sup>3)</sup> Less reinsurance commissions and share of profit from reinsurance ceded

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

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

## Premiums written

In € million

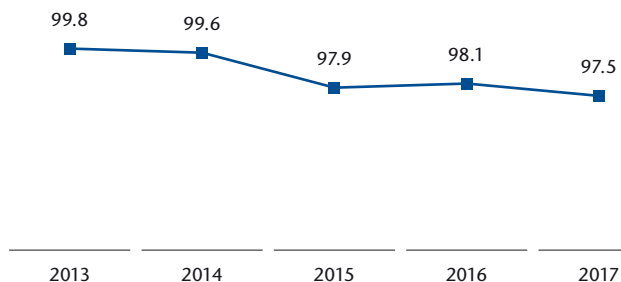


<sup>1)</sup> Excluding Italy

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

## Combined ratio

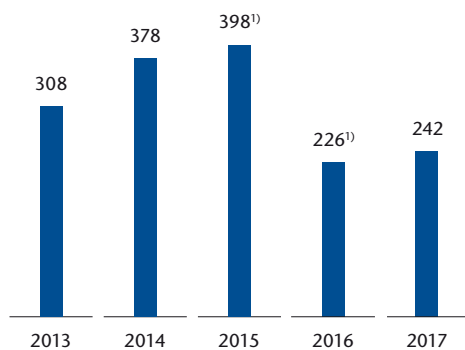
In per cent



(After reinsurance)

## Earnings before taxes

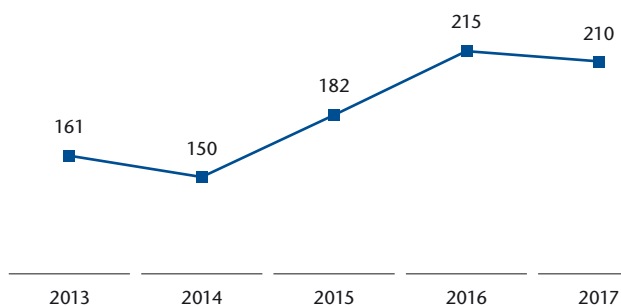
In € million



<sup>1)</sup> Excluding Italy

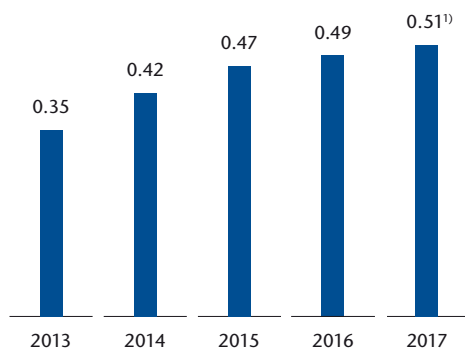
## Economic capital ratio (ECR ratio)

In per cent



## Dividend per share

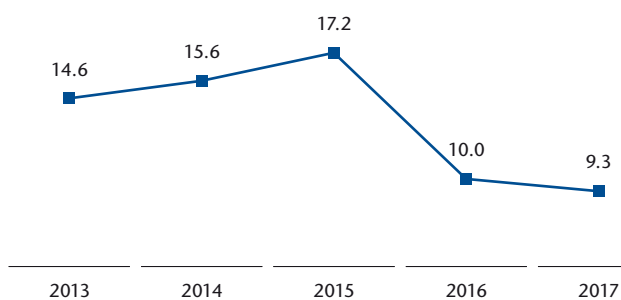
In €



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

## Operating return on equity

In per cent



# Highlights of 2017

## UNIQA relies on partial internal model for Solvency II

The UNIQA Group has been relying on a partial internal model (PIM) for the purposes of determining the quantitative capital requirements in property and casualty insurance since 2017. This model, which has been approved by the Austrian Financial Market Authority (FMA), allows UNIQA to map actuarial risks more precisely in line with the Company's individual structure.

## S&P CONFIRMS UNIQA'S EXCELLENT RATING

In an update on UNIQA published in June 2017, Standard & Poor's confirmed UNIQA's current rating of "A-" with a stable outlook. Above all, the strong capital and earnings position, as well as the balanced product portfolio in life, property and health insurance, had a particularly positive impact on the rating.

## UNIQA sets the course for the future

Since 1 January 2018, UNIQA has been dealing with topics such as the future of digitalisation and changing customer expectations and market requirements through separate functions represented at the Management Board level. Alexander Bockelmann now heads the Digitalisation department at both UNIQA Austria and UNIQA International, and therefore has taken on responsibility for this topic across the entire Group. Sabine Usaty-Seewald has taken over the Customers and Markets department at UNIQA Austria. Peter Humer took over responsibility for Sales on the Management Board of UNIQA Austria.

## UNIQA expands start-up portfolio

In October 2017, the UNIQA Group invested in the Czech fintech company Twisto, which provides innovative short-term financing options for everyday use. This was the fourth start-up in 2017 after "fragnebenan.at" (a neighbourhood platform), the SME funding platform "FinCompare" and "FINABRO", a digital advice service for private savings and long-term investments. And in 2018, things are continuing to progress at an undiminished pace: in February, the UNIQA Group

invested in "bsurance", a start-up specialising in affinity products, providing insurance products to end-customers via retail enterprises and other companies with broad customer bases.

## UNIQA invests in infrastructure

UNIQA made two further investments in the area of infrastructure in 2017. In Hungary, UNIQA co-financed the expansion of the airport terminal in Budapest, and in Germany UNIQA was involved in investments for the construction of an off-shore wind farm in the North Sea. As a result, UNIQA had investments of around €130 million in infrastructure bonds and loans at year-end.

# 200

## UNIQA employees support the Special Olympics World Winter Games 2017

The tasks the volunteers in Styria took on included catering for participants during the Games, security service tasks, and setup and removal activities during the competition.

## UNIQA SELLS SHARES IN CASINOS AUSTRIA

In January 2017, UNIQA decided to sell its indirect stake of 11.35 per cent in Casinos Austria Aktiengesellschaft to CAME Holding GmbH. The legal aspects of the sale were completed in the first quarter of 2018, and it therefore had an effect on the net income for this quarter with an extraordinary accounting profit of €47.5 million.

## UNIQA completes sale of its Italian subsidiaries

The legal aspects of the sale of UNIQA Assicurazioni SpA and its subsidiaries operating in Italy were completed on 16 May 2017. This allowed UNIQA to strengthen its focus on the core markets of Austria and Central and Eastern Europe. Although the transaction reduced net income for 2017 by €33.4 million, we significantly fortified our capital position and also reduced our market risk considerably as a result.

## UNIQA opens Innovation Lab at weXelerate

November 2017 saw the opening of a 9,000 square metre innovation centre and start-up hub in Vienna's Design Tower. It is the largest of its kind in Central and Eastern Europe. UNIQA is not just the lessor, but is also corporate partner to weXelerate, providing an opportunity for close collaboration between selected start-ups. This allows start-ups to benefit from the insurance company's established infrastructure, prominence, market experience, and – last but not least – financial strength.

## UNIQA Austria launches innovative health services

Acute care insurance "Akut-Versorgt" has given customers from Vienna, Lower Austria and Burgenland the opportunity to receive primary care for acute conditions at the Döbling Private Hospital around the clock since March 2017.

## UNIQA publishes its first ever SFCR for 2016

UNIQA published its Solvency and Financial Condition Report (SFCR) 2016 on 24 May 2017. The UNIQA Group's economic capital ratio, which serves as an indicator for capitalisation, was 215 per cent as at 31 December 2016, and therefore is at a very high level.

## UNIQA increases dividends to shareholders

The UNIQA Group continued its progressive dividend policy of recent years as planned in 2018, and proposed a dividend increase to 51 cents for the 2017 financial year to the Annual General Meeting.

## UNIQA is main sponsor of the Austrian Cup

The UNIQA Group will be the main sponsor and also the namesake of the UNIQA ÖFB Cup (Austrian Cup) for the next five years – until 2022.

Dear ladies and gentlemen,  
dear shareholders,

For three reasons, 2017, the sixth full year of our long-term strategy programme UNIQA 2.0, was a good year for your UNIQA Insurance Group AG, as you will learn below.

**Firstly**, we have further strengthened the foundation of our “house”<sup>1)</sup>, i.e. our **balance sheet and capital position**. Above all, due to the sale of our Italian subsidiaries and the capital this released, our SCR quote has increased to a strong – even in an international comparison – 250 per cent. Our even stricter internal measure, the economic capital quote ECR, is sitting at 210 per cent as at the end of 2017; well above the target range of 190 per cent. As a result, UNIQA now has surplus capital amounting to around €700 million. Over the next few years, we want to use it prudently, to selectively invest in sustainably profitable growth when the opportunity arises.

**Secondly**, we are constantly making progress on our **five Group initiatives**, which we presented in March 2016 and which form the “first floor” of our “house”. Supported by the economic tailwind, the demand for insurance products in both our core regions has seen good growth. Thanks to the attractiveness of the UNIQA brand, we benefit exceptionally from this: in terms of premium volume, we grew organically by 4.9 per cent in 2017 – not just stronger than expected, but stronger than most of the insurance industry in Europe.

- We significantly improved the long-term profitability of the **life insurance** line in the low-interest-rate environment by selling (Italy) or ceasing (Austria) capital-intensive business. We are now accelerating the supply of products that focus on hedging biometric risks.

“In terms of premium volume, we grew by 4.9 per cent in 2017 – not just stronger than expected, but stronger than most of the insurance industry in Europe.”

- Despite an above-average claim load, we have continued to develop the **property and casualty insurance** line, in line with our strategy. In 2017, the entire primary and reinsurance industry was hit hard by natural catastrophes; UNIQA losses amounted to around €50 million above the average for the previous years. Nevertheless, we were able to further improve the combined ratio to 97.5 per cent – an encouraging step on our way towards the desired 95 per cent in 2020.
- The **health insurance** business line performed well at a high profitability level. When it comes to health insurance, we earn an attractive pre-tax margin of around 350 basis points on the technical reserves.
- The implementation of the **UIP** (UNIQA Insurance Platform), our new component-based core system, links the expected high capital with human resources. The project requires a great deal of attention and time, but is progressing according to plan. Beginning in summer 2018, the production of our new life insurance products in bank sales in Austria will start running on the new platform.

The **regulation** of our business also requires extensive IT resources. We are implementing new, EU-wide regulations, such as the new insurance distribution guideline IDD or the EU General Data Protection Regulation, just as diligently today as we prepare for the new accounting regulation, IFRS 9 and 17, which takes effect in 2021. This project alone is likely to debit us with more than €30 million – much more than the introduction of Solvency II.

- The thorough renewal of all business processes in our largest sales market in Austria under the working title **TOM** (Target Operating Model).

<sup>1)</sup> The “UNIQA house” symbolises the third phase (2016–2020) of the UNIQA 2.0 strategy programme, which began in 2011. This figure can be found on page 31 of this report.

**Thirdly**, on the “second floor” of our “house”, where we are building the future of our Company around **digitalisation and innovation**, we are getting better and better at using our resources – already limited due to the UIP’s large appetite – more effectively. In the short-term, we want to significantly improve the customer experience at selected relevant brand touchpoints – not just in the digital customer experience, but also in the existing, analogue world. In the long-term, we are working intensely on the future of the four ecosystems: Health, Mobility, Smart Home and Finance/Risk Management, where we are also investing in select start-ups through our own corporate venture entity. In 2017, we also took into account the special significance of this sector and the associated new working methods with three personnel adjustments: as a member of the Group Management Board, Alexander Bockelmann is responsible for Digitalisation and Innovation throughout the Group; Sabine Usaty-Seewald (Customers and Markets) and Peter Humer (Sales) strengthen the UNIQA Austria Management Board.

On the subject of personnel changes: following the inauguration of Hartwig Löger, who was CEO of UNIQA Austria until December, as the Austrian Federal Minister of Finance, Kurt Svoboda, CFO/CRO of UNIQA Insurance Group AG, temporarily took on this role. In the medium-term, however, he will not maintain this dual role.

“The revolutionary changes in the insurance industry make our industry one of the most exciting in the world at the moment.”

Finally, ladies and gentlemen, I would like to reiterate our intention to continue to pay out a higher dividend per share every year – not from the substance of our Company, but on the basis of continuously growing income, our extremely strong capital position and sustainable cash flow.

I would also like to thank you all on behalf of all of our employees for your interest in our Company. The revolutionary changes in the insurance industry – the low interest rates, technological developments, transition of the business model, disruptive competitors and ever-changing customer needs – make our industry one of the most exciting in the world at the moment. My colleagues on the Board and I are, therefore, happier than ever working for you, and hope that we are making a small contribution towards ensuring that our customers, and you as well, enjoy safer, better and longer living.

Best regards,  
A. Brandstetter

**Andreas Brandstetter**  
CEO UNIQA Insurance Group AG

“People  
are the  
sum of  
their  
data.”

An interview with Markus Müller,  
rector of the Medical University of Vienna

**Professor Müller, as Austria's largest health insurance provider we would like to know: what are the biggest trends that will shape medicine in the years to come?**

Today, we are at the point where we can portray a human genome – the thing that makes this one person different from everybody else – at an economically viable price. In the beginning, this cost 3 billion US dollars; today, it is feasible for around €500. Behind this lies the incredible progress of digitalisation. And meanwhile, we are already approaching the next phase – the new model emerging in medicine, which states: people are the sum of their data. So now you can not only characterise a person in detail at the genetic level, but also at many other levels, such as that of their proteins and metabolism and save a digital “avatar” of a person. This means you are in a position to predict how a person's health will develop in future.

**So, do these developments mean that humans will live longer?**

Yes, because it means that any disease will be seen as a unique situation. You don't just have cancer, but rather a specific and individual tumour that will also be treated individually. This concept could be used for any illness, not just for oncology.

**Won't medication become extremely expensive if it has to be made specially for each patient?**

Not necessarily. In Austria, we currently have about 10,000 medicines at our disposal. What we often don't know is exactly which of them will be useful against a disease. So we don't really have a good basis for making decisions; medication is administered on an empirical basis. With the new methods you can basically look for the needle in the haystack, so to speak, to find the pivotal switch that is causing the disease. Then you can analyse exactly which of the existing medications will work best in that particular case.

**What does this development mean for a sick person?**

In about ten years we will probably analyse every person's genome right when they are born. That will make the so-called precision-medicine model viable, meaning that you will no longer get off-the-shelf medicine, but rather customised medicine.

**“Today, we are at the point where we can portray a human genome at an economically viable price. In the beginning, this cost several billion dollars; today, it is feasible for around €500.”**

**Then society would become healthier as a whole?**

Yes, that is the hope. Today, we mainly practise curative medicine – so we wait until a disease appears and then we treat it. This isn't really ideal. Conversely, the idea behind the new technologies that I mentioned is to target prevention. In other words: moving away from hospitals and towards near-patient care. Ideally, you discover a disposition towards a certain illness very early, and can already start treatment in this early stage. And so the trend is moving away from curative medicine to preventative medicine.

**How would a person's lifetime develop in light of these new changes in medicine?**

There are futurists who say that a person can live to be 130 years old. And then there are realists who say that the goal is not to maximise the amount of years you have, but rather to have as many healthy years as you can. Because this is our biggest problem nowadays, especially in Austria. We are living long, but we are unhealthy for many of those years. From the age of 60, most of us have plenty of pains and often end up spending the next 20 years in suffering. I think the challenge is to reduce this period of suffering from the bottom up. And the best way to add healthy years

## MARKUS MÜLLER

Markus Müller has been rector of the Medical University of Vienna since 2015. Previous to that he was head of the University Clinic for Clinical Pharmacology at the Vienna General Hospital (AKH). He completed his training as a specialist in internal medicine and clinical pharmacology in Austria, the US and Sweden.

“The objective is not to maximise the years you have, but to have as many healthy years as you can. Because this is our biggest problem nowadays, especially in Austria. We are living very long, but we are also unhealthy for many of those years.”

to your life is through a healthy lifestyle: nutrition, way of living, hygiene, exercise. The fact that we live to be 80 nowadays instead of 40 is a civilisational achievement.

#### **Why is Austria doing so poorly?**

Because many Austrians smoke and drink alcohol on a regular basis.

#### **So, that means that Austrians would have to eat differently, more vegetarian, in order to live longer and, above all, healthier?**

Well, you don't necessarily have to eat a vegetarian diet, but a healthier one. This would allow us to make progress and reduce costs in the healthcare system.

#### **Can I picture the genome like a personal code?**

Yes, exactly. You are made up of about 25,000 genes and the genome is like a book that contains everything your parents passed on to you. In addition, there are also other influencing factors, such as the environment, and risks to which you expose your body.

#### **But what does that mean now for insurance? Will insurance companies in future only provide health insurance to people who can show that they have a good genome in terms of health?**

There are certainly many discussions about that. But this “cherry picking” would go against the concept of insurance, after we had just evened the odds against fate.

#### **What effect will these trends have on hospitals?**

Austria continues to be among the front-runners when it comes to the number of hospital admissions and the length of stays compared to other countries. This isn't very wise because a hospital is not a safe environment – there are dangerous germs there. In the US, the first “hospital without patients” was founded. This is a telemedical concept that uses sensors and wearables via Skype to try to prevent patients from going to the hospital, and instead to support them at home so that they can take care of themselves. It works quite well for some diseases, such as diabetes. This form of self-management will become a trend. And that means that huge hospitals like the ones we know today may cease to exist.

“The genome is like a book that contains everything your parents passed on to you.”

We also see this very prominently in oncology: today, around

80 per cent of patients receive their chemotherapy on an out-patient basis. The step from in-patient to out-patient care will become more common. We also won't need to have doctors for every specialisation any more. One example might be radiology, or, image recognition. You have already seen this on your mobile phone, where photo recognition can pick out all the pictures of your mother automatically. In future, you will send in an x-ray and a machine will generate a report. This means that patients will no longer be dependent on the subjective impression of a radiologist. The principle is also similar in pathology. It's about pattern recognition, and that's what machines will do in future. Because it's so easy to process by machine, pure knowledge no longer has any economic value, which means that even as a well-informed human you no longer have any competitive advantage.

“Austria continues to be among the front-runners when it comes to the number of hospital admissions and the length of stays compared to other countries.”

“Today, around 80 per cent of patients receive their chemotherapy on an out-patient basis. The step from in-patient to out-patient care will become more common.”

**Will it ever come to the point where humans have built-in sensors and in future are simply notified when they should go to the doctor?**

I think so, in 20 to 30 years maybe. It's already being worked on. Many things that happen today were unthinkable 30 years ago. It was thought that it would be impossible to identify a genome in less than 100 years. At that time, they simply underestimated the rapid development of technology. In 2045 there will likely be an interface between humans and machines. That means you will be able to process information that is formed in the brain directly on a computer. So you could save the information stored in your brain on a hard drive, where your feelings, your memories, would be recorded. But I am not worried that doctors will disappear, quite the contrary. There are many things that machines cannot do nearly as well as we do: show feelings, integrate and cooperate, be creative. In future in this high-tech environment doctors will stand by their patients as empathetic companions. And in my opinion that is good, because it helps to make the medical field less technical and cold. Doctors will accompany people along life's path.

**“In 2045 there will be an interface between humans and machines. That means you can plug the brain into a computer.”**

“In future, you will send in an x-ray and a machine will generate a report. This means that patients will no longer be dependent on the subjective impression of a radiologist.”

# Who are we?

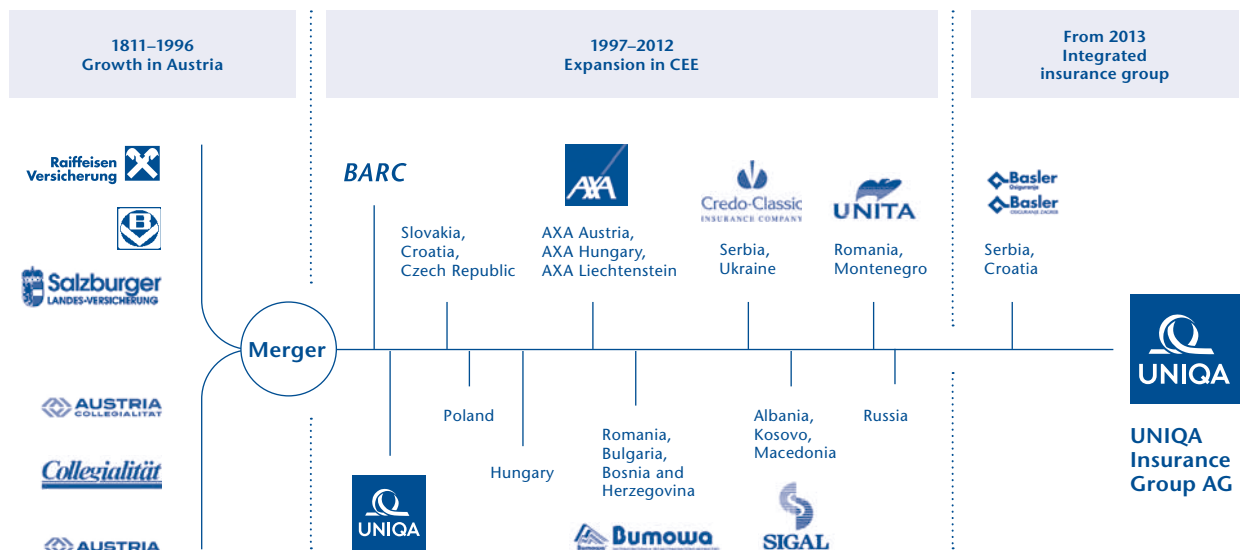
Four words are enough to describe UNIQA's mission: our customers should enjoy safer, better and longer living.

Think  
safer, better,  
longer living.

To the best of our ability as a service provider, we want to use our products and services to help our customers enjoy greater security and freedom in their lives.

We want our benefits to be as useful as possible and support more and more people in leading a safer, better and longer life in an independent manner. We always approach this mission with a sense of delight and commitment – despite any issues we might come across.

In business for over 200 years



# Solid base in Austria, attractive potential in CEE

Austria and CEE are our two core markets. Both are crucial in their own way to the success and future potential of the UNIQA Group.

## Austria: strong brand, strong position

We have been operating our insurance business in our domestic market of Austria for more than 200 years. With a market share of 22 per cent, we are the second-largest of all Austrian insurance companies today and rank first in the health insurance segment. In Austria we support 3.6 million customers, either directly or together with our banking and sales partner Raiffeisen.

Our healthy market position is based on innovative products, an outstanding sales and distribution structure and the strong brands of UNIQA and Raiffeisen. We are also optimistic about the future: solid macroeconomic data, political stability and a highly prudent regulator continue to make Austria an attractive market. There is also the fact that the average Austrian spends €1,895 each year on insurance. This is still relatively low for Western Europe, particularly given the high level of living standards in Austria.

## CEE: growth potential for many years

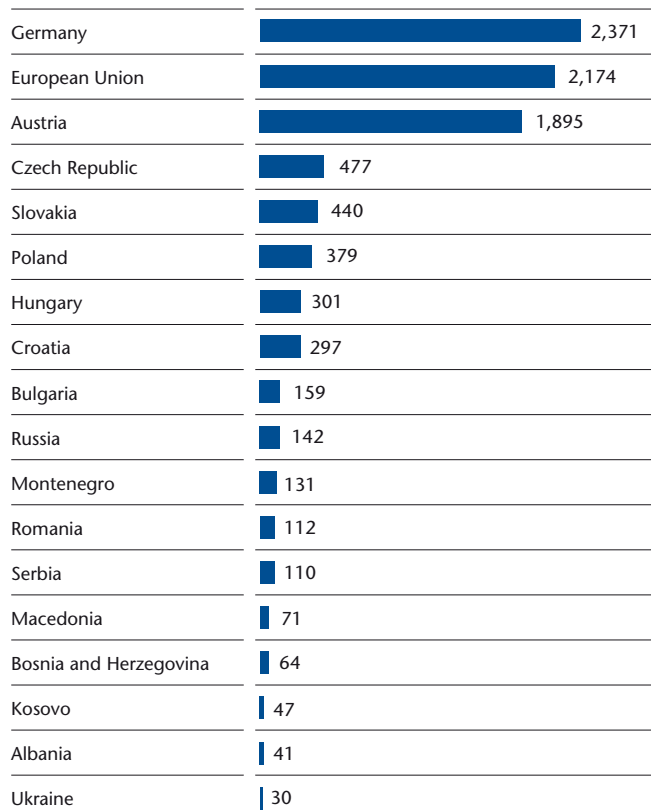
The increased spending on insurance in our CEE markets is even more significant. This region is home to more than two-thirds of our customers, i.e. more than six million people. With a population of around 160 million people – rising to about 300 million people including Russia – the region has experienced a noticeable economic recovery since 2016. The insurance density is also rising gradually in line with the improvement in the overall economic situation. In addition to motor vehicle liability insurance which, as a mandatory insurance, has traditionally been

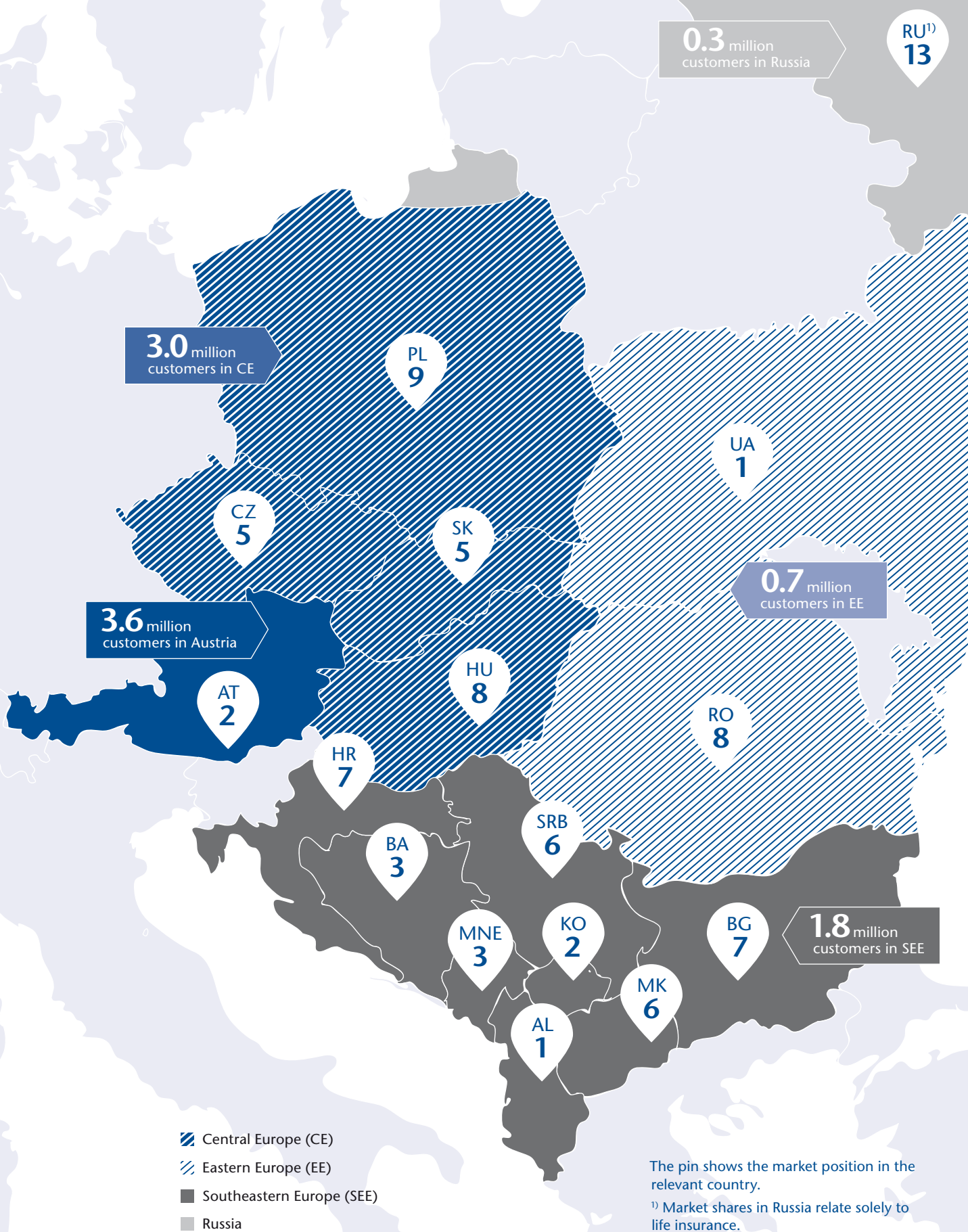
the highest-selling product in CEE, there is now also a growing demand for household and homeowners insurance, as well as products for personal protection such as accident and health insurance.

CEE currently only accounts for around one-third of the Group's premiums, with an average premium per person annually of €200. Yet the region is catching up considerably: in the more developed insurance markets such as the Czech Republic, Hungary, Poland and Slovakia the average premium per person is €400 and rising. Growth is almost inevitable. In order to exploit this potential, we rely on strong inside sales in CEE as well and on our established partnership with Raiffeisen. The extensive sales partnership with Raiffeisen Bank International (RBI) gives us direct access to approximately 14 million Raiffeisen customers in 13 countries in CEE.

## High potential in CEE

Insurance spending per person and year in Euro





3.0 million customers in CE

3.6 million customers in Austria

0.3 million customers in Russia

0.7 million customers in EE

1.8 million customers in SEE

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

The pin shows the market position in the relevant country.  
<sup>1)</sup> Market shares in Russia relate solely to life insurance.

# Motivated & competent UNIQA employees

We demand a lot from our employees. They should always listen to customers and sales partners, and offer the best possible support at all times. We endeavour to create a working environment that is as attractive as possible in this regard – because employees who feel comfortable also provide first-class service.

## Value-oriented and capable

We are a company with character. We have many strengths, but of course we also make mistakes. And we define this character through UNIQA's values. They represent us and our spirit and provide the guidelines for our actions:

We have defined four specific core competencies for each of these values, ranging from customer focus to openness, and we see these as the basic requirements for successfully fulfilling our diverse responsibilities. That is why we pay particular attention to these competencies with new hires, in addition to considering their technical knowledge. With a clearly structured onboarding process, we ensure that new employees feel that they are in good hands at UNIQA right from the beginning, and are able to contribute towards the Company's success as soon as possible.

1.

## We inspire

- Focus on the customer
  - Recruitment and assembling teams
- Being able to listen
- Motivating others

## Well educated

We support employees with their personal and professional development through a comprehensive range of educational and continuing education. Managers and employees work together as part of the annual employee appraisals to define specific development measures for further personal and professional growth based on their main tasks and defined objectives. UNIQA's training and development courses consist of numerous e-learning modules, live seminars and on-the-job training.

Aside from specific subject knowledge, the central topics of these modules are conflict management, communication, corporate wording and proper telephone conduct.

There are also two leadership programmes specifically tailored for management staff: "SHAPE" is aimed at managers who report directly to the Group Management Board as well as to Board members of UNIQA International AG, and "NEXT" is aimed at all other executives responsible for managing staff. The programmes, launched in 2016, are both designed to last two years, and participation is voluntary.

## Diverse

As an employer in 16 countries, we value the diversity of our teams, as this is an important element of our success. In addition to ensuring representation of different nationalities and age groups, maintaining a gender balance is also very

important to us. More than half of the employees in the UNIQA Group are women. The proportion of women in senior management positions is 23 per cent throughout the Group as a whole, and 28 per cent in UNIQA International.

We also actively work to recruit new female talent: Daughter's Day gives girls an insight into the professional environment at UNIQA – presented live by UNIQA's female managers.

## Sharing in our success

Commitment and performance are valued highly at UNIQA and are thus also rewarded accordingly. A bonus system for managers based on the Company's financial success (Short-Term Incentive, STI), and a performance-related bonus scheme for field sales

Employer in  
**16**  
Countries

management (EB-AD), are therefore essential components in our variable remuneration systems.

A bonus system (profit sharing) has also been developed for employees who do not have variable salary components, as we believe that all employees at UNIQA should benefit from the Company's success. In addition, UNIQA also provides

long-term support for employees in the form of retirement pensions, occupational disability benefits and survivors' pensions.

## 2. We shape the future

- Business sense
- Creativity
- Ability to solve problems
- Understanding ourselves

service portal provides a wide range of information and services on the topics of health, family and benefits, as well as leisure, culture and mobility.

Children's days are held regularly at UNIQA Tower in order to relieve the burden on employees with family responsibilities. UNIQA also offers help and advice to employees who are taking a leave from work. Meetings for employees on parental or unpaid leave provide information on the latest developments within the Company as well as on practical aspects for returning to work. They also provide an opportunity to exchange experiences and stay in touch.

In addition, we rely on flexible working time models and enable part-time and remote work in a targeted effort to promote the compatibility between career and family life.

### Healthy and committed

Happy and healthy employees are motivated performers. That is why we focus on direct health promotion with initiatives

such as free vaccinations and discounts on massages, while also emphasising the importance of prevention through various initiatives. The services offered range from health screenings to expert presentations on avoiding burn-out, as well as specific fitness tips from UNIQA VitalCoaches. Likewise, employees can also receive support with their private or professional problems through the KEEP BALANCE psychological telephone advisory service. In addition, they can also make use of extensive sport and relaxation opportunities free of charge. The UNIQA Sport Club provides a wide range of options encompassing 22 different areas – from tennis and volleyball to sailing and yoga.

Social responsibility is a part of our corporate culture, which is why we also encourage social commitment on the part of our employees. Every year, employees can take a social day upon which they get involved in social matters and work with disadvantaged groups. The Company releases them from work for the day. The allocated time can be increased to two days for special occasions.

### Supported and free from burden

Time at UNIQA means time for living. Supporting employees in finding the right balance between leisure, family and work is extremely important to us. The "UNIQA Freiraum"

## 4. We deliver

- Focus on results
- Measuring and demanding performance
  - Persistence
- Setting priorities

## 3. We are straight- forward

- Providing information
- Integrity and trust
- Courage to lead
  - Openness

Feedback from employees is important to us, which is why we conduct regular employee surveys – the last survey took place in September 2017. In a dialogue between managers and their teams, the results were discussed internally, and concrete action plans for further improvements were drawn up, which will be implemented in the course of 2018.

# Group Executive Board

## **Andreas Brandstetter, 48**

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

## **Erik Leyers, 48**

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.

## **Alexander Bockelmann, 44**

Since June 2016, UNIQA has had its own 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 digitalisation strategy ever since. He began his career at the Boston Consulting Group.



## **Wolfgang Kindl, 51**

has been CEO of UNIQA International AG since 2011. Previously 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. A doctor of social and economic sciences, he began his career in sales. His degree focused primarily on insurance and personnel management.



Andreas Brandstetter, Erik Leyers, Alexander Bockelmann, Wolfgang Kindl, Kurt Svoboda, Klaus Pekarek

### **Kurt Svoboda, 51**

has been a member of the UNIQA Group Management Board since 2011 and is responsible for the areas of Finance and Risk Management. In this role, he has also been responsible for UNIQA Austria and UNIQA International since 2016. Since the end of 2017, Svoboda has also been the CEO of UNIQA Austria. 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.

### **Klaus Pekarek, 61**

has been responsible for the UNIQA Austria bank sales since 2016. Before that, he was the Chairman of the Management Board at Raiffeisen Insurance Austria. Before joining UNIQA, he held various positions at Raiffeisen Landesbank Kärnten, most recently as General Director. Klaus Pekarek has a degree in law and social and economic sciences from Graz.

# What do we do?

With a broad range of products in property and casualty, life and health insurance, the UNIQA Group covers all major sectors of the insurance industry. As a full-coverage insurance provider, UNIQA is therefore a valuable partner for private as well as corporate customers in all matters of insurance.

# Protection against loss of assets

## Property and casualty insurance

A “classic”: when it comes to insurance, most people think first and foremost of traditional indemnity or property insurance. For a good reason: it’s likely that the oldest insurance contracts – they go back to antiquity – pertained to seafaring, which was a property risk. An essential feature was, and is, the transfer of an individual risk to a larger collective that is responsible for the loss of assets due to possible damages.

Not only is property insurance the oldest, it is also the largest segment of the insurance industry in the world based on premiums. This is also true for UNIQA: around 50 per cent of the premiums written in the Group are generated in this sector.

## The “classic” insurance ...

### Hedging fundamental risks

This high amount reflects the elementary importance of the things being insured. It’s about living – and thus one of the basic human needs; it’s about property, mobility and protection against accidents or natural catastrophes. Put simply: it’s about protection against major financial losses in the event of a claim. This applies to private individuals as well as businesses who – apart from traditional property insurance – also need protection against operational interruptions and disruptions or, more recently, against damage caused by cybercrime.

### A variety of topics and products

The UNIQA Group offers a wide range of property and casualty insurance in line with the diversity of hedging needs. In addition to motor vehicle insurance, these include homeownership, private accident, legal expense, liability, online shopping, transport and travel insurance, as well as numerous custom-made packages for corporate customers. In addition to the aforementioned insurance against operational interruptions or cyber crime, there are further economic modules such as technical, termination or all-risk insurance, as well as industry-specific solutions such as the agricultural insurance bundle.

The bare insurance offer is also supplemented in this sector with various additional, attractive services. These include the UNIQA ServiceBot, which helps customers navigate through UNIQA’s numerous service and product offerings, or various hotlines like the Anwalt PLUSservice for legal advice over the telephone, the Zuhause PLUS24service that organises services including plumbers, locksmiths and electricians in the event of damage, or the 24-hour emergency service specifically for businesses.

### Innovation with a capital I

As in the other sectors, the UNIQA Group constantly adjusts its product and service portfolios in property insurance to meet new requirements and needs in order to stay attractive to its customers. Living and mobility are especially important topics currently undergoing significant changes.

Developments surrounding **home ownership** and thus the potential business models for home ownership are advancing at a breath-taking pace under the keyword “Smart Home”.

For UNIQA, this trend represents interesting potential for new digital offerings, while providing more and more opportunities for customer-friendly online claim services to handle their claims.

On the other hand, developments in the **motor vehicle industry**, such as car sharing or autonomous cars, could massively change mobility behaviour and thus the insurance business. People, especially in urban areas, are increasingly

## ... generates around 50 per cent of the group premiums

relying on the principle of using instead of owning. This also has an inherent impact on the insurance solutions needed. And in the case of self-driving cars, the question arises as to whether the software or product manufacturer bears the responsibility in the event of an accident. Here again, need-based, innovative insurance is in demand.

At the same time, the safety requirements in vehicles are becoming ever higher. According to an EU regulation, all passenger cars and light commercial vehicles newly registered since the end of March 2018 must be equipped with an automatic emergency call system. UNIQA was well ahead of this change and can now look back on ten years of experience and 35,000 satisfied customers with its innovative product SafeLine. This add-on module uses a vehicle-mounted GPS device to quickly mobilise emergency personnel in the event of an accident. In addition, it offers, alongside various other

features, a premium savings option if a customer chooses not to use their mobile phone while driving.

### Around 50 per cent of Group premiums

As already mentioned above, around 50 per cent of the premiums written by the UNIQA Group come from property and casualty insurance. The private customer business accounts for the largest share at 70 per cent. But business with companies and corporations of all kinds – from a one-person business to globally operating corporations or public institutions to regional associations – is also of great importance to UNIQA, amounting to 30 per cent of the total premium volume.

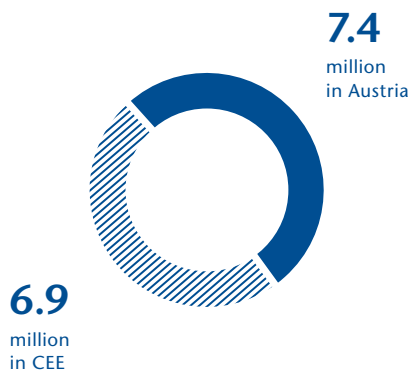
Most property and casualty insurance policies are taken out for a short term, usually of up to three years. A broad spread covering the risks of a great many customers and the relatively short maturity

allow for moderate capital requirements, making this sector attractive as a result.

In Austria, UNIQA accounts for approximately 44 per cent of the total premiums in property and casualty insurance; in CEE this number is 62 per cent.

Whilst the UNIQA Group's offerings are being utilized by customers in Austria to the fullest extent, motor vehicle insurance is currently dominating in CEE with a premium share of 56 per cent. The insurance penetration is also significantly higher in Austria. A good example is household insurance: in Austria, around 98 per cent of the population uses such a product; in CEE, only one in two currently does, but the trend is on the rise.

### 14.3 million contracts in property and casualty insurance



# Providing for the future

## Life insurance

Permanent financial security: Providing for times of future need in a timely manner is a basic human right. We all long for personal financial security, particularly for the people who are especially important to us, but for ourselves as well. In times of plenty, humans have always created stockpiles and set aside financial reserves for “uncertain” times.

Nowadays, this is particularly important for the stage in life after retirement. And even a quick look at the public pension system shows that some personal initiative is needed. The Republic of Austria, for example, is already pumping €10 billion into the pension system year after year to keep it alive.

The remedy for this is traditional life insurance. Even with just small monthly contributions, it allows every person to set aside an additional something for their old age. UNIQA also offers a diversified portfolio in this sector, which is the second largest in the Group in terms of premiums.

### A focus on savings products

The focus of UNIQA’s offerings is on classical capital-forming and unit-linked life insurance, on the one hand in the traditionally more popular savings-scheme option, and on the other hand against a single-premium policy. In a nutshell, the customer acquires the right to a one-time payment or a life-long pension. The claim usually occurs at the end of one’s working life or after reaching a certain age.

There are also “biometric products” which secure against risks such as occupational disability, long-term care needs

or death. They ensure that the customers themselves or their relatives can rely on protection against financial problems in the event of an emergency. There are also package offers for corporate customers for company pension and termination payments.

The greatest possible degree of flexibility is important for private customers. Because circumstances in life change over time – and often your financial situation changes with it. This is why customers can, in many cases, freely design their UNIQA life insurance policy and modify it again and again throughout the term of their contract. In addition to the amount of the premium, this includes, for example, the chosen form of assessment, the beneficiaries named in the policy, adding additional coverage and much more.

### UNIQA as a leader of innovation

In Central and Eastern Europe, the conventional life insurance model is currently facing major challenges. Historically low interest rate levels are adversely affecting all long-term forms of saving and investment, including life insurance. This requires the design of new products that provide a reasonable balance between return, investment and costs for both customers and for UNIQA.

As early as in December 2014, UNIQA Austria was the first insurance provider in Austria to introduce a brand-

new model for classic life insurance to the market. It does away with a discount rate, but offers a 100-per cent capital guarantee on net premiums. The product is not only flexible and transparent, it also distributes the costs fairly: the closing costs, i.e. the commission for the sale, are not taken out in advance, but rather are earned over time. This guarantees customers a high redemption value right from the start.

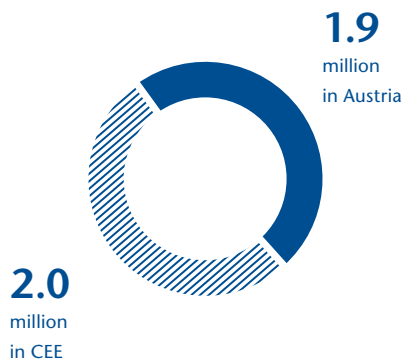
UNIQA has also been offering a completely newly designed version of unit-linked life insurance since December 2017 – once again a novelty on the market. The resulting offered investment opportunities are very clear and easy to understand, and particularly interesting, for young people who have more than 15 years to contribute to their savings. It is also very attractive in terms of cost thanks to significantly lower initial charges.

## Permanent financial security

### Second-largest sector according to premium volume

Around 30 per cent of the premiums written by the UNIQA Group come from life insurance. That makes it, as previously mentioned, the Group's second-largest business area. Private individuals account for about 95 per cent of the total premium volume; the remainder comes from corporate customers for occupational pension and termination insurance. In total, UNIQA manages 3.9 million contracts in this sector.

### 3.9 million contracts in life insurance



Around 66 per cent of the premiums written by the UNIQA Group in life insurance are in Austria, with CEE currently contributing around 34 per cent. In Austria alone, life insurance accounts for around 29 per cent of total premiums compared to 34 per cent in CEE. The CEE region in particular offers interesting growth potential, as the steadily rising standard of living increases the need for long-term hedging.

Around  
**30 per cent**  
of the premiums  
written by the  
UNIQA Group  
come from  
life insurance.

# In the service of health

## Health insurance

Health insurance has been an important core competency of UNIQA for many years. On our home market, we are the undisputed market leader in this sector, with a market share of around 46 per cent. That's why the UNIQA brand in Austria is closely linked with the concept of health insurance.

In CEE, however, the health insurance business is still in its infancy. This is because willingness to spend money on health requires a certain standard of living. But increased levels of prosperity make the long-term growth potential here even greater.

The objective that UNIQA is pursuing with a broad range of health insurance offerings is the same everywhere: we want to give people access to better healthcare in less time and at an attractive cost. Additionally, we would like to advise and support our customers with complementary services and motivate them to adopt a healthy lifestyle.

### Needs-oriented offerings

With these offerings, UNIQA precisely meets a fundamental need of the people. Health is indispensable when it comes to well-being, quality of life and an actively lived life. It is therefore unsurprising that health is regularly ranked as most important when Austrians are asked about what really matters to them most in life.

Equally important is rapid relief in cases of illness: anyone who is sick would want to receive first-class medical help quickly. Apart from the question of how to avoid excessive waiting times in hospital outpatient departments or doctor's offices, the trust placed in the attending physician or chosen hospital is given high importance. As a result, more than 30 per cent of Austrians have private health insurance.

### High-quality medical care

UNIQA health insurance offers answers to these questions. Within the scope of various types of contracts, customers can secure high-quality medical care when they need it, involving in-patient treatment in a hospital's premium category or out-patient by established private doctors. This includes a free choice of hospitals and doctors, as well as advantageous appointment scheduling for diagnosis and treatment.

All forms of illness and/or therapy can be covered by this insurance, ranging from premium treatment in the hospital to dentures. Particular policies have been also available online since 2016.

The wide range of offerings makes an impact. In December 2017, UNIQA asked more than 2,000 Austrians about health issues. Those who had private health

insurance rated their state of health at 80 per cent, significantly better than those without private health care. Of these, only 65 per cent were satisfied with their health.

### Consultation and prevention

The UNIQA Group also measures up to its role as a responsible insurance provider with its wide range of consulting and other services. The hotlines and digital consultation platforms that the Company uses to support its customers in navigating the increasingly complex healthcare system are a key element of these services. For example, the MedPLUS24 service team of doctors can provide quick answers by phone or e-mail when it comes to obtaining a second medical opinion, preventative or travel medicine, information on hospitals or doctors, nutrition tips or support services.

In addition, UNIQA is actively dedicated to preventing disease and promoting a healthy lifestyle. Health examinations, fitness tests, individual consultation by professional VitalCoaches, exercise initiatives for children and youth or supporting mass sport events are just a few examples of this. Companies can use the UNIQA HealthCheck boxes for fitness or health check-ups. With these offerings, UNIQA also meets a major wish people have: more than half of Austrians have a personal goal of improving their health through weight loss, exercise and healthy nutrition.

## Market leader with growth potential

### First-class service continues in the future

These services will become even more important in the future. UNIQA wants to develop into a positive, responsible companion in people's lives. We would like to invite our customers to contact the Company whenever they need advice and support for all things health related – whether it's dealing with the public healthcare system, providing expedient and unbureaucratic access to medical services or just when they have medical questions.

It is becoming increasingly difficult for people to keep track of things. There has been a real revolution when it comes to developments in medicine. The field ranges from genetic engineering through artificial intelligence, telemedicine and robotics, to nanomedicine. As a result, the networking of knowledge will become much more important than it is today. The same will apply to prevention, meaning the targeted avoidance of disease by means of early detection. This is precisely where UNIQA is working hard to provide customers with added value, for example, in the form of a web portal dedicated to holistic health.

### More moderate premium shares, higher profitability

With about a 20 per cent share of group premiums, health insurance is, in absolute terms, our smallest sector. But it contributes significantly to UNIQA's profitability, and therefore is a solid capital resource. Health insurance is characterised by stable contributions, long-term contracts, and a positive growth outlook. In addition, premiums rise together with the development of health costs and life expectancy. And the rate of cancellations is low, as provisions formed during the term of the contract are not transferrable in the event of a withdrawal.

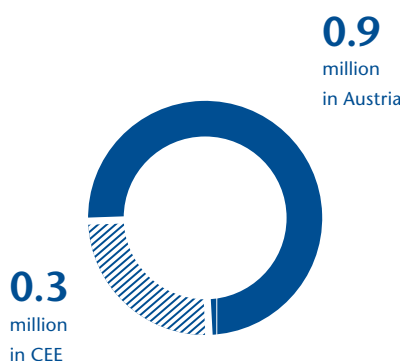
## FACTS & FIGURES

- Record births: for the first time since its founding in 1919, more than 1,500 babies were born at the "Goldenes Kreuz" private hospital in Vienna in 2017. In total, almost 70,000 children have been born here so far.
- Heart specialists: more than 1,000 cardiac catheterisations were performed at the Confraternität Private Hospital in Vienna in 2017.

More than 90 per cent of the premiums written in health insurance are accounted for by Austria, with CEE currently contributing around 6 per cent of the total premiums in this sector. While UNIQA covers both in- and out-patient services in Austria, out-patient care is clearly paramount in CEE – especially since at this time, there are hardly any private hospitals there. In the medium to long-term, however, we expect changes in this potential region similar to those we've seen in Austria and Western Europe.

By the way, UNIQA generates about one-third of the premiums in health insurance through group insurance, such as those offered to the employees of a company.

### 1.2 million contracts in health insurance



Health insurance has been an important core competency of UNIQA for many years.

On our home market of Austria, we are the market leader in this sector, with a market share of around

**46 per cent.**

What  
makes us  
attractive  
to  
investors?

# UNIQA 2.0 – ambitious objectives, clear strategy

In 2011, UNIQA launched an ambitious strategic programme entitled “UNIQA 2.0” featuring multiple phases. After a first implementation phase during 2011 and 2012 where we concentrated on “getting ready”, we were able to achieve initial successes in the second phase (2013 to 2015). On page 30, you can find a summary of the key objectives for these two phases and our progress regarding their implementation.

Due to fundamental changes in customer expectations and behaviour, as well as disruptive developments to our market environment, in 2016 UNIQA began to rethink the business model as well as the underlying products and processes from the customer’s point of view. The result was an adjustment to the objectives for the third phase of the strategy programme, entitled “Shaping the future”. During this third phase, the symbolic representation of a house – the “UNIQA House”, which can be found on page 31 – was developed as a memorable image for the programme’s objectives and strategic actions.

UNIQA launched the largest innovation programme in the Company’s history in 2016 in order to trigger the innovation boost necessary for a successful future, in particular the digitalisation of the business. By 2025, the Group will have invested around €500 million into the future of the Company. Most of it flows into the redesign of our business model, the creation of expertise in terms of personnel and into the necessary IT systems required to transform UNIQA’s core business from an insurance provider into an integrated service provider.

# UNIQA 2.0 – Phase 3

## 1. Growth

We expect 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, we expect 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. 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. We expect an overall cost ratio of under 24 per cent as of 2020 as a result of these investments.<sup>1)</sup>

## 3. Combined ratio

The combined ratio in property and casualty insurance is the most important key figure for us in terms of profitability in the core business. The objective of bringing the combined ratio below 95 per cent on a sustainable basis by 2020 is therefore our top priority.

## 4. Economic capital ratio (ECR)

We are striving to achieve an economic capital ratio of 170 per cent with a maximum 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.<sup>2)</sup> Achieving a rate of return on capital employed in line with the risk is a central prerequisite for any sustainable business model. To this end, we aim 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

Our shareholders should receive an attractive dividend in return for providing their capital. Despite extraordinary investments and persistently low interest rates, we intend to steadily increase the annual distribution of dividends per share over the coming years as part of a progressive dividend policy.

<sup>1)</sup> This objective was adjusted when the contract to sell the Italian companies was signed and the single premium business accordingly declined within the Group.

<sup>2)</sup> Definitions of the essential key figures can be found in the glossary.

# UNIQA 2.0

## The growth strategy 2011–2020

1

### Customer growth

- Double the number of customers from 7.5 to 15 million by 2020
- Number 1 in Austria and number 3 in CEE by 2020

+33%

Number of customers  
2011: 7.5 million  
2015: 10 million

2

### Concentration on the core business

Concentration on the core business  
Primary insurance in both core markets of Austria and CEE

Disinvestments Investments

Regional	Mannheimer Versicherung in DE	Basler in HR and SRB, EBRD shares in CEE
----------	-------------------------------	--

Business	Hotels, media groups	Hospitals
----------	----------------------	-----------

3

### Implementation of key programmes

- UNIQA Austria: increase profitability
- Raiffeisen Insurance: increase productivity
- UNIQA International: grow profitably
- Risk/return: value-oriented corporate management

–7.1 PP

Combined ratio  
2011: 104.9%  
2012: 101.3%  
2013: 99.8%  
2014: 99.6%  
2015: 97.9%

4

### Solid capital base

- Strengthen equity
- Easier and exchange-friendly Group structure
- Re-IPO 2013

+80 PP

Economic capital ratio  
2011: < 100%  
2012: 108%  
2013: 161%  
2014: 150%  
2015: 182%

5

### Attractive financial figures

- Improving earnings before taxes by up to €400m

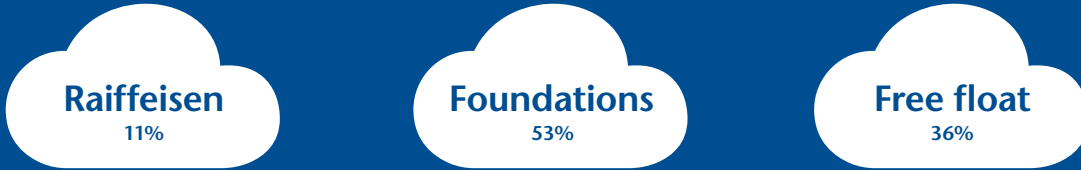
+190%

Earnings before taxes	Dividend per share
2011: €145m	2011: €0
2012: €204m	2012: €0.25
2013: €308m	2013: €0.35
2014: €378m	2014: €0.42
2015: €423m <sup>1)</sup>	2015: €0.47

<sup>1)</sup> Including Italian contributions

Getting ready  
Phase 1: 2011–2012

Initial successes  
Phase 2: 2013–2015



The "UNIQA House"

NEW ECONOMY

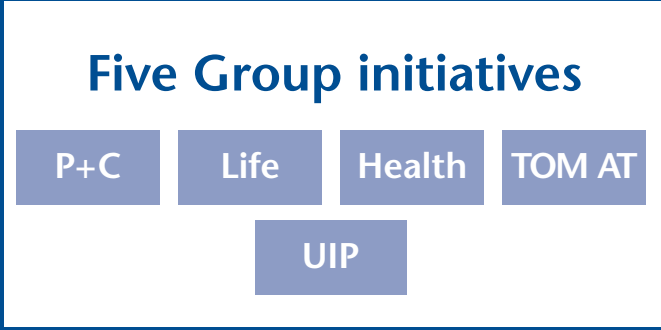
Build our future!



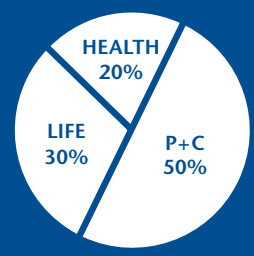
- Empower our teams
- Higher performance culture
- > Be radical!

OLD ECONOMY

Increase profit!

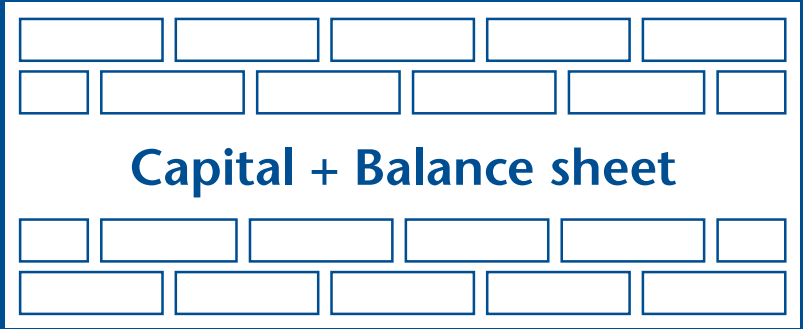


Portfolio:  
5.3 BN EUR



- Need for P+C growth!
- Opportunities:
- M & A
  - Sales cooperations

Protect our capital!



- ECR | SCR strong!

- STRABAG
- Goodwill CEE

- Italy
- Casinos

WHAT MAKES US ATTRACTIVE?

Shaping the future  
Phase 3: 2016-2020

## 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.

We have set ourselves the objective of attaining an economic capital ratio (ECR) within a fluctuation margin (target range) of between 155 and 190 per cent. This allows us to ensure that UNIQA always remains solvent, including under structural conditions that have deteriorated significantly, and is also able to make the most of any opportunities in the insurance business at all times.

With this objective in mind, we have consistently improved our capital position since 2011. As a result, UNIQA is now among the leading companies in European insurance in two aspects: not only is the achieved capital ratio very solid, the calculation used to determine it is also very conservative compared to our European competitors. For example, UNIQA doesn't apply any of the temporary regulations, and additionally deposits all government bonds with risk capital.

Our strong capital position supports our existing business, but above all puts us in a position to look intensively for growth opportunities, since it is becoming increasingly difficult to invest excess capital at an appropriate rate of return. With our strong capital base we can easily finance not only the organic growth that we expect above all in CEE, but we are also in a position to generate additional external growth through acquisitions. Here, however, we set strict standards and assume that potential acquisitions will strategically complement our existing business, show significant size and generate economic value.

# 210% ECR



Supported by a solid operating performance, UNIQA was able to increase the solvency capital requirement (SCR) to a very strong 250 per cent. We have recently been relying on a partial internal

model (PIM) for the purposes of determining the capital requirements in property and casualty insurance. This was approved by the Financial Market Authority after intensive internal preparation and assessment at the end of the year.

The economic capital ratio (ECR) at the end of 2017 was 210 per cent, well below the regulatory amount. The reason for this is primarily the consideration of risk associated with the investment in government bonds in the ECR. In the case of the SCR, however, certain government bonds are classified as risk-free.

## Five Group initiatives – this is how UNIQA is increasing efficiency and profitability in the core business

Five strategic initiatives in the core underwriting business build on the foundation of this strong capital base.

A programme was developed aimed at safeguarding and/or increasing sustainable operating profitability in each of the three business lines of property and casualty insurance, health insurance and life insurance, and this programme is now being implemented under the supervision of the relevant expert Board Member. Two further strategic initiatives are running alongside this with a Group-wide effect on the core business.

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

**Health insurance – defending market leadership**

**Life insurance – optimising the product portfolio**

**UNIQA Insurance Platform**

**Target Operating Model (TOM)**



## 1. Property and casualty insurance: combined ratio under 95 per cent

A significant increase in earnings performance is one clear objective in the property and casualty insurance segment, which is the segment from which UNIQA expects the largest amount of premium growth, especially in CEE. The combined ratio is the index used to measure this, i.e. the ratio of expenditures for insurance operations and benefits to premiums written. Supported by investments in operational excellence, a number of projects have been initiated that are aimed at reducing the combined ratio to below 95 per cent on a sustainable basis by 2020. Among other things, the focus will be on optimising premium calculation, portfolio management and claims management as well as on enhancing the efforts to fight fraud.



As planned, UNIQA further improved the combined ratio, especially in CEE, in 2017, and with 97.5 per cent came one step closer to reaching the target value. Key measures to achieve this include managing

the portfolio more intensely and targeted efforts to avoid unprofitable business.

In countries characterised by significant regulatory intervention, such as Poland, UNIQA has succeeded in enforcing price increases and therefore improving the profitability of its core insurance business. Fraud prevention was also further enhanced in 2017. In Austria, a system specialising in processing large amounts of data went into operation at the beginning of 2018, and it will shortly be rolled out in other countries.

## 2. Health insurance: defending market leadership

UNIQA is 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. This is why defending our leadership position in this profitable area is one of our most important objectives.

Rapid technological advances are currently the biggest driving force in healthcare. In the world of individualised medicine and adaptive insurance, the classic roles of the healthcare industry are being reshaped. UNIQA wants to actively play a leading role in this transformation. Further expansion in services to customers is a key priority here. Selective investments are planned for this throughout the value chain in the areas of health advice and provision, health services and digital health solutions.

As a trend-setting innovation, for example, the urgent care insurance project "Akut-Versorgt" (conducted in collaboration with the Döbling Private Hospital, which also belongs to the UNIQA Group) was implemented last year. Initially only available in the Vienna area, Akut-Versorgt grants rapid access to medical care on weekends or at night to UNIQA customers if they need urgent care, for example if they have cuts, circulatory problems or sports injuries. This service, which is offered as part of a low-cost insurance component, will also be extended to the capitals of other states in Austria in 2018.



The new UNIQA Mobile HealthCheck was also started in 2017 as a visible sign of our continued commitment to corporate health management. This 70-square-metre mobile medical facility service is in high demand, offering the UNIQA FitnessProfil, backend diagnostics and diverse medical tests. Likewise, in the past year, the online health platform medUNIQA was set up, and it is expected to be operational in 2018. On medUNIQA, UNIQA customers can find out about new and existing VitalServices and get informed about the topic of health. Upon request, they can be guided by an innovative chatbot through the world of UNIQA offerings.

### 3. Life insurance: optimising the product portfolio

The low interest rates that have persisted for many years have a particularly strong effect on life insurance. 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-generating life insurance that traditionally dominates the market 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.

In 2017, UNIQA once again took the lead in the life insurance sector in the Austrian insurance industry. After we were already the first to launch a classic life insurance policy without a guaranteed interest

rate in 2014, we have been offering another innovative feature in the form of a completely reworked offer in the unit-linked life insurance sector since 2017. We have thus taken an important step in the long-term optimisation of our product portfolio. Transparent, affordable and flexible for customers, the new product also meets all regulatory requirements. The uniform presentation of the costs of insurance products offers the customer better comparability with other providers, and therefore provides a competitive advantage.



**UPDATE  
2017**  
Life insurance

### 4. UNIQA Insurance Platform (UIP)

The objective of this programme is nothing short of the renewal of the core system in all sectors and the associated organisational transformation of the Group. In the medium-term, UIP will replace the existing IT core systems that no longer map innovative processes, products and functionalities effectively. This project is designed to last for more than ten years and will put UNIQA's business on a completely new foundation: UIP will dramatically reduce product development time (time to market), create flexibility in the product design and, in the medium-term, significantly reduce the operating costs of all data processing. Additionally, we will create the necessary conditions to better satisfy the expectations and wishes of our customers in future, which are changing ever faster and radically in an increasingly digital world.

To implement the UIP programme, UNIQA built its own organisational unit last year, which in turn is structured into 19 projects. In addition to the internal committees required for steering and decision-making, (i.e. Business & IT Architecture Board, Change Request Management Board, Change Request Fund-

ing Board, Operative Steering Committee), a separate IT committee of the Supervisory Board was established.

The first important milestone in the concrete implementation of UIP will be the start of sales in mid-2018 of a new unit-linked life insurance product through the Austrian bank distribution (phase 1). In 2017, a large part of the required functionalities had already been developed, as well as the necessary adjustments in the existing UNIQA systems. The preparatory work for phase 2, the sale of the same products through UNIQA Austria, occurred in 2017 so that implementation could begin in early 2018. Both schedule and budget were consistently adhered to.



**UPDATE  
2017**  
UNIQA Insurance  
Platform (UIP)

## 5. TOM – Target Operating Model UNIQA Austria

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. This modernisation and optimisation project, referred to as the “Target Operating Model”, involves internal processes that aren’t visible from the outside. On the one hand, it focuses on bringing together settlement units in locations where high-quality services can be provided at low cost, and on the other hand standardising the many individual products and processes. The savings potential that will be unleashed as a result of implementing the new Target Operating Model will increase gradually, and we will reach a double-digit million euro amount before 2020. In part, these savings will also be based on capacity changes that will take place as much as possible over the course of natural fluctuations and in agreement with our employees.



**UPDATE  
2017**  
TOM – Target  
Operating Model  
UNIQA Austria

An essential focus in implementing the Target Operating Model in 2017 was the gradual shift from processing business transactions in the central service units and the regional offices to the Group Service Centre in Nitra, Slovakia. In addition to redefining the governance for cross-border

cooperation between Austria and Slovakia, comprehensive quality assurance measures were also implemented.

In the field of automation, 2017 saw the launch of several diverse initiatives using new technologies such as artificial intelligence, robotics or automatic character recognition (OCR). In health insurance, the first OCR modules are already replacing manual operations when processing standard business transactions.

Thanks to successful marketing campaigns, over one-third of all 425,000 myUNIQA customers now receive UNIQA communications via the electronic mailbox. This is more convenient for customers who always have quick access to their documents thanks to the electronic filing system, while at the same time reducing paper consumption. In turn, UNIQA’s energy usage declined as a result of the introduction of modern energy management in Austria. The installation of smart meters and the implementation of the first energy-saving measures will pay for themselves in two years.

## Innovation and digitalisation – we are building the future

Building on these initiatives in the core business, UNIQA is providing additional momentum aimed at continually adapting the business model to current requirements. The overriding objective here is to be able to inspire today’s 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 providing just coverage to being a fully-comprehensive service provider. This transformation, which is closely linked to the digitalisation of the industry, includes a bundle of different measures. They 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.

In 2017, UNIQA dealt intensively with the topic of newer and younger companies in the financial services sector, commonly referred to as “fintechs” and “insuretechs”. The objective of these initiatives is to use the innovative strength of these emerging ecosystems and companies to develop new ideas and technology, thereby ultimately being able to offer new services and products to our customers. As a corporate partner of various incubators and start-up initiatives, UNIQA works with young companies on a variety of projects to create the first innovative solutions, such as the self-learn-



**UPDATE  
2017**  
Innovation

ing chatbots for customer service or new finance and service solutions in the financial sector. In addition, UNIQA has made initial investments in young fintechs in order to cooperate and to try out new business models with them. Examples include “Twisto”, a Czech provider for online payment options, “FINABRO”, a digital consultant for private savings and long-term investments, and “fragnebenan.at”, a neighbourhood platform. These activities will continue as part of the UNIQA innovation programme in the years to come.

**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 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. UNIQA has to rethink its own business and service model from the customer’s point of view given this level of disruption to the market environment. Amidst UNIQA’s leading position in health insurance, we are placing a particular focus on the area of health.



In Austria, the focus of UNIQA’s 2017 digitalisation initiative was, in addition to the modernisation of core insurance systems, to set up a new Digital Team that (keeping the customer’s perspective in mind) develops and implements new customer solutions. Based on the growing service expectations of an increasingly mobile society, new digital forms of communication (e.g. chatbots) were developed. At the

same time, the new myUNIQA app and myUNIQA portal have resulted in numerous mobile options for customer service and reporting claims. Both the app and the portal will be rolled out during the first half of 2018 in Austria as a pilot market.

On the international level, the focus in 2017 was on the digitalisation of sales. In addition to the creation of tools used to issue policies online (e.g. in the Czech Republic), this also included the modernisation of the country-specific websites and the online product offerings. Furthermore, the first projects for expediting customer processing in Austria as well as in international markets were implemented through the use of RPA (robotic process automation) which significantly reduced the processing times.

|  
Shape  
the future



# UNIQA outperforms the European insurance industry

UNIQA's solid business performance over the past year allows a proposed additional dividend increase to 51 cents per share. UNIQA is also an interesting investment option in other ways, with a strong brand, good market positioning – particularly in health insurance in Austria – and very solid capital resources.

## Stock markets on the rise

2017 was characterised by steady upward movement in share prices on the stock exchanges. Optimistic business forecasts and an interest rate environment that remains relaxed boosted market sentiment and ensured historic highs in many markets.

The Euro Stoxx 50 Index, for instance, managed to gain 6.5 per cent over the course of the year. Strong expansion in global trade and solid demand for European products were particular drivers for growth. Share prices in the emerging markets had an outstanding year overall in 2017, with the

MSCI Emerging Market Index rising by 34.3 per cent. In Eastern Europe, the strong performance of the markets in Poland, Hungary and the Czech Republic was accompanied by sideways movement on the Russian stock market at a high level. The Eastern European CECE Index showed strong performance overall in 2017 with an increase of 28.7 per cent.

Prices on the Vienna Stock Exchange managed to stand out clearly from the Euro Stoxx 50 benchmark Index once again in 2017. With growth of 30.6 per cent for the ATX, the Austrian leading share index ranked as one of the world's best share price barometers. The annual high was reached on 2 November 2017 at 3,445.23 points. The outstanding price performance on the Vienna Stock Exchange was fundamentally driven by strong economic stimuli from international demand and growing interest in investment in Austria. Both factors led to a significant increase in earnings for businesses. The higher levels of share prices should therefore be secured through corresponding company profits.

## EQUITY STORY

- No. 1 insurance brand
- No. 1 health insurance brand
- Growth potential in CEE
- Solid capital position
- Progressive dividend

## Attractive total shareholder return in 2017

Following the successful re-IPO in October 2013 and the resulting sharp increase in liquidity, UNIQA shares have also been listed on Austria's leading ATX index since 2014. The share price also increased significantly during 2017 in line with general market developments. The share price was €9.01 at the start of the year, before reaching an annual low of €7.09 soon after, on

## UNIQA share performance



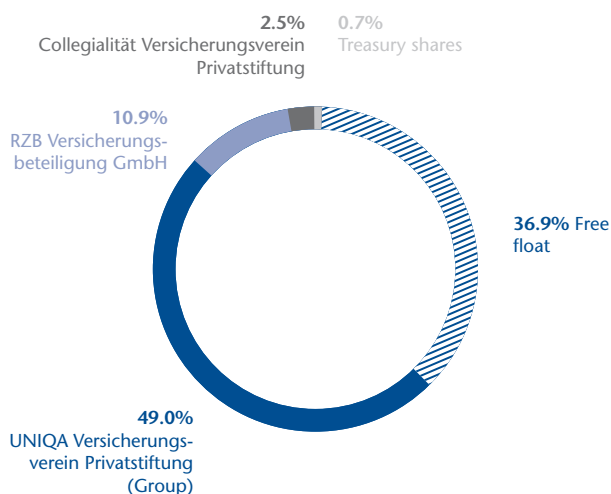
24 February 2017. After this point it more or less climbed steadily, finally reaching the annual high of €9.05 on 21 December 2017. The UNIQA share price ended the year just slightly below it, at €8.82. The upward trend continued at the start of 2018, and on 20 March 2018 the share price reached €9.28.

All in all, the UNIQA share price rose by 22.5 per cent over the course of 2017, while the benchmark index for the European insurance industry, the EURO STOXX Insurance, increased by 13.4 per cent in the same period. Taking the dividend into account, UNIQA shares achieved a total shareholder return of 28.9 per cent in 2017.

### Shareholder structure remains stable

UNIQA's shareholder structure remained unchanged at 2017 year-end: the core shareholder UNIQA Versicherungsverein Privatstiftung (Group) holds a total of 49.0 per cent of the UNIQA shares. Of these, 41.3 per cent belong to Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH while UNIQA Versicherungsverein Privatstiftung holds 7.7 per cent. Raiffeisen Bank International AG is another core shareholder that holds 10.9 per cent of shares through RZB Versicherungsbeteiligung GmbH. Finally, the core shareholder Collegialität Versicherungsverein Privatstiftung holds 2.5 per cent of the UNIQA shares. The

### Shareholder structure



### UNIQA shares – key figures

In €	2017	2016	2015	2014	2013
UNIQA share price as at 31 December	8.82	7.20	7.53	7.78	9.28
High	9.05	7.45	9.41	10.02	11.14
Low	7.09	5.04	7.04	7.34	8.12
Average stock exchange turnover/day (in € million)	5.6	5.2	4.5	3.2	1.5
Market capitalisation as at 31 December (in € million)	2,707.4	2,218.5	2,320.6	2,397.6	2,183.5
Average number of shares in circulation	306,965,261	308,129,721	308,180,350	308,180,350	235,294,119
Earnings per share	0.53	0.48	1.09	0.94	1.21
Dividend per share	0.51 <sup>1)</sup>	0.49	0.47	0.42	0.35

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

Company's portfolio of treasury shares remains at 0.7 per cent. The free float amounted to 36.9 per cent by the end of 2017, and therefore represented more than one-third of total shares and a value of around €1 billion.

The shares of the three core shareholders are counted together as a result of their pooled voting rights. Reciprocal purchase option rights have also been agreed.

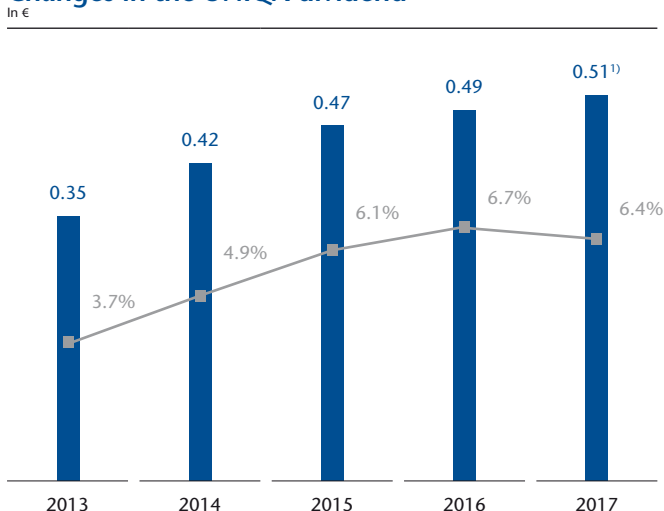
### Financial calendar 2018

18 May	Record date for the Annual General Meeting
	First Quarter Report 2018, Solvency and Financial Condition Report 2017
24 May	
28 May	Annual General Meeting
7 June	Ex-dividend date
8 June	Dividend record date
11 June	Dividend payment date
22 Aug	Half-Year Financial Report 2018
21 Nov	First to Third Quarter Report 2018

“As the number 1 health insurance company in Austria, UNIQA offers an attractive business mix, has a clear and progressive IT strategy and also features an attractive dividend yield of more than 6 per cent, in addition to a solvency ratio that is rising strongly towards 250 per cent.”

FRANK KOPFINGER, DEUTSCHE BANK, 31 AUGUST 2017

## Changes in the UNIQA dividend



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

■ Dividends in €    ■ Dividend yield (average closing rate)

### Progressive dividend policy

As we are aware of our responsibility for UNIQA's long-term sustainable development and the capital invested by our shareholders, it is important to us that UNIQA shareholders enjoy a reasonable share in the Company's profits. 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 Group Management Board will therefore propose to the Annual General Meeting payment of a recently increased dividend of 51 cents per dividend-bearing share for the 2017 financial year. This means a dividend payment of around €157 million, or 97 per cent of consolidated profit. Compared to the previous year, therefore, the dividends have in-

## 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
- WOOD & Company

### 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 and up-to-date information about the ongoing performance of the Company. To this end, the UNIQA management team was again available in 2017 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. All reports and corporate information can also be accessed online at: [www.uniqagroup.com](http://www.uniqagroup.com). In addition, our investor relations team is always happy to answer individual questions:

“UNIQA has confirmed its progressive dividend policy which will result in continuous dividend increases in absolute terms until 2020. The dividend yield is currently around 6 per cent. Our estimates for future payments assume a payout ratio of 70–75 per cent.”

BERND MAURER, RAIFFEISEN CENTROBANK, 7. AUGUST 2017

creased by 2 cents, or more than 4 per cent. The economic capital ratio (ECR) is still operating at a very high level.

Despite planned IT and additional investments of around €500 million by 2025 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.

### 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

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Following the successful re-IPO in October 2013 and the resulting sharp increase in liquidity, UNIQA shares have also been listed on

**Austria's leading ATX index since 2014.**

The share price also increased significantly during 2017, in line with general market developments.

## Key figures at a glance 2013–2017

Consolidated key figures – 5-year comparison In € million	2017	2016	2015	2014	2013
<b>Premiums written, including savings portions from unit-linked and index-linked life insurance</b>	<b>5,293</b>	<b>5,048</b>	<b>5,211</b>	<b>6,064</b>	<b>5,886</b>
of which property and casualty insurance	2,640	2,518	2,439	2,621	2,591
of which health insurance	1,042	1,004	964	961	938
of which life insurance	1,612	1,526	1,807	2,483	2,357
<b>Insurance benefits (net)</b>	<b>-3,559</b>	<b>-3,386</b>	<b>-3,671</b>	<b>-4,384</b>	<b>-3,959</b>
of which property and casualty insurance	-1,645	-1,551	-1,554	-1,724	-1,634
of which health insurance	-878	-844	-782	-781	-769
of which life insurance	-1,036	-991	-1,336	-1,880	-1,557
<b>Operating expenses (net)</b>	<b>-1,276</b>	<b>-1,286</b>	<b>-1,190</b>	<b>-1,299</b>	<b>-1,354</b>
of which property and casualty insurance	-788	-763	-700	-749	-803
of which health insurance	-168	-175	-154	-167	-162
of which life insurance	-320	-348	-337	-383	-389
<b>Combined ratio after reinsurance (in per cent)</b>	<b>97.5%</b>	<b>98.1%</b>	<b>97.9%</b>	<b>99.6%</b>	<b>99.8%</b>
Claims rate (in per cent)	65.9%	65.7%	67.5%	69.4%	66.9%
Cost ratio (in per cent)	31.6%	32.4%	30.4%	30.2%	32.9%
<b>Net investment income</b>	<b>561</b>	<b>589</b>	<b>732</b>	<b>888</b>	<b>780</b>
<b>Earnings before taxes</b>	<b>242</b>	<b>226</b>	<b>398</b>	<b>378</b>	<b>308</b>
of which property and casualty insurance	84	58	71	61	47
of which health insurance	110	96	171	130	84
of which life insurance	49	72	155	187	177
<b>Consolidated profit/(loss)</b>	<b>161</b>	<b>148</b>	<b>337</b>	<b>290</b>	<b>285</b>
<b>Earnings per share (in €)</b>	<b>0.53</b>	<b>0.48</b>	<b>1.09</b>	<b>0.94</b>	<b>1.21</b>
<b>Dividend per share (in €)</b>	<b>0.51<sup>1)</sup></b>	<b>0.49</b>	<b>0.47</b>	<b>0.42</b>	<b>0.35</b>
<b>Equity (portion attributable to shareholders of UNIQA Insurance Group AG)</b>	<b>3,178</b>	<b>3,186</b>	<b>3,145</b>	<b>3,082</b>	<b>2,763</b>
<b>Total assets</b>	<b>28,744</b>	<b>33,639</b>	<b>33,298</b>	<b>33,038</b>	<b>31,002</b>
<b>Operating return on equity (in per cent)</b>	<b>9.3%</b>	<b>10.0%</b>	<b>17.2%</b>	<b>15.6%</b>	<b>14.6%</b>
<b>Economic capital ratio – ECR ratio (in per cent)</b>	<b>210%</b>	<b>215%</b>	<b>182%</b>	<b>150%</b>	<b>161%</b>

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

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