

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 19,000 employees and exclusive sales partners serve 10.1 million customers across 16 countries. Commanding a market share of around 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, Montenegro, North Macedonia, Poland, Romania, Russia, Serbia, Slovakia and Ukraine.

Balanced portfolio ...

27%
Life insurance

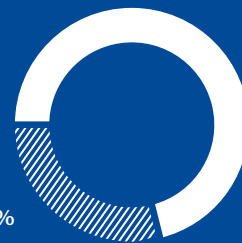


52%
Property and
casualty insurance

21%
Health
insurance

... in the core markets of Austria and CEE

71%
UNIQA
Austria



29%
UNIQA
International

Premium distribution

Think



UNIQA Group at a glance

Consolidated key figures	2018	2017	Change
In € million			
Premiums written	4,989.0	4,811.7	+3.7%
Savings portions from unit-linked and index-linked life insurance (before reinsurance)	320.5	481.6	-33.5%
Premiums written including savings portions from unit-linked and index-linked life insurance	5,309.5	5,293.3	+0.3%
of which property and casualty insurance	2,774.4	2,639.7	+5.1%
of which health insurance	1,086.4	1,042.0	+4.3%
of which life insurance	1,448.6	1,611.6	-10.1%
of which recurring premiums	1,335.8	1,357.7	-1.6%
of which single premiums	112.7	254.0	-55.6%
Premiums written including savings portions from unit-linked and index-linked life insurance	5,309.5	5,293.3	+0.3%
of which UNIQA Austria	3,734.4	3,656.6	+2.1%
of which UNIQA International	1,564.6	1,608.5	-2.7%
of which reinsurance	1,098.3	1,091.6	+0.6%
of which consolidation	-1,087.9	-1,063.4	+2.3%
Premiums earned (net)	4,760.7	4,627.9	+2.9%
of which property and casualty insurance	2,584.1	2,495.1	+3.6%
of which health insurance	1,080.3	1,038.9	+4.0%
of which life insurance	1,096.3	1,094.0	+0.2%
Savings portions from unit-linked and index-linked life insurance (after reinsurance)	320.9	476.2	-32.6%
Premiums earned including savings portions from unit-linked and index-linked life insurance	5,081.7	5,104.1	-0.4%
Insurance benefits¹⁾	-3,626.6	-3,547.4	+2.2%
of which property and casualty insurance	-1,690.1	-1,644.8	+2.8%
of which health insurance	-900.8	-877.6	+2.6%
of which life insurance ²⁾	-1,035.7	-1,025.0	+1.0%
Operating expenses (net)³⁾	-1,314.7	-1,276.0	+3.0%
of which property and casualty insurance	-811.0	-788.5	+2.9%
of which health insurance	-183.9	-168.0	+9.4%
of which life insurance	-319.8	-319.5	+0.1%
Cost ratio (net after reinsurance)	25.9%	25.0%	-
Combined ratio (net after reinsurance)	96.8%	97.5%	-
Net investment income	581.2	572.1	+1.6%
Profit/(loss) on ordinary activities	294.6	264.6	+11.3%
Net profit/(loss)	235.1	184.4	+27.5%
Consolidated profit/(loss)	243.3	171.8	+41.6%
Operating return on equity	10.5%	10.2%	-
Investments	19,337.1	20,059.2	-3.6%
Shareholders' equity	2,972.1	3,158.0	-5.9%
Equity, including non-controlling interests	2,986.6	3,249.4	-8.1%
Technical provisions (net) ⁴⁾	21,644.8	21,793.3	-0.7%
Total assets	28,616.2	28,743.9	-0.4%
Number of insurance contracts	20,373,488	19,372,143	+5.2%
Average number of employees (FTE)	12,818	12,839	-0.2%

¹⁾ Including expenditure for deferred profit participation and premium refunds

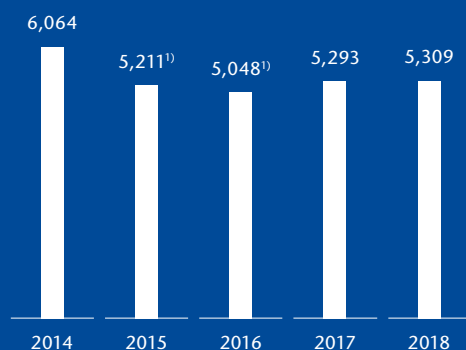
²⁾ Including expenditure for (deferred) profit participation

³⁾ Less reinsurance commissions and share of profit from reinsurance ceded

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

Premiums written

In € million

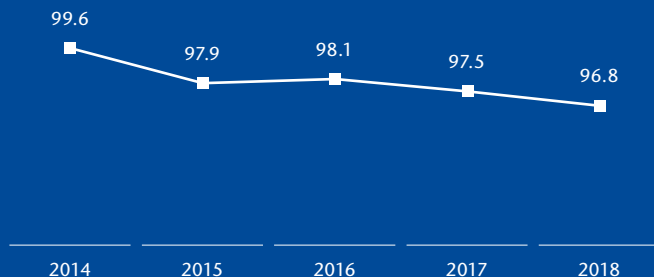


¹⁾ Excluding Italy

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

Combined ratio

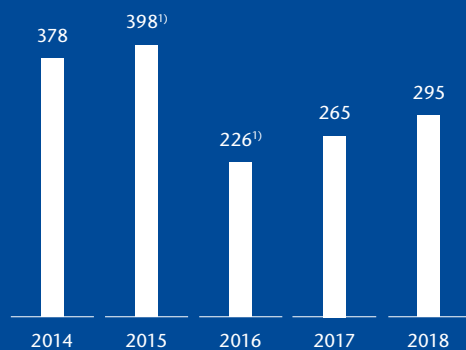
In per cent



(After reinsurance)

Earnings before taxes

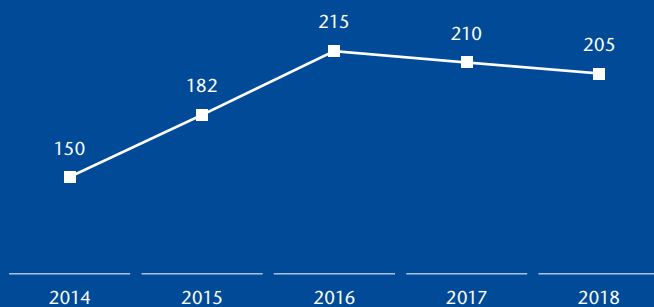
In € million



¹⁾ Excluding Italy

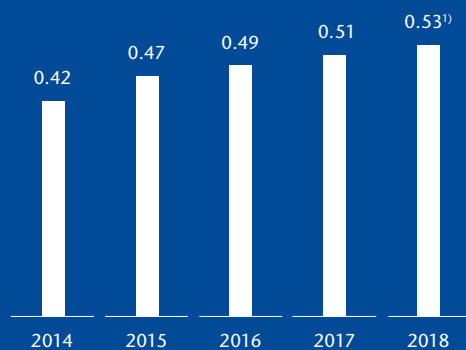
Economic capital ratio (ECR ratio)

In per cent



Dividend per share

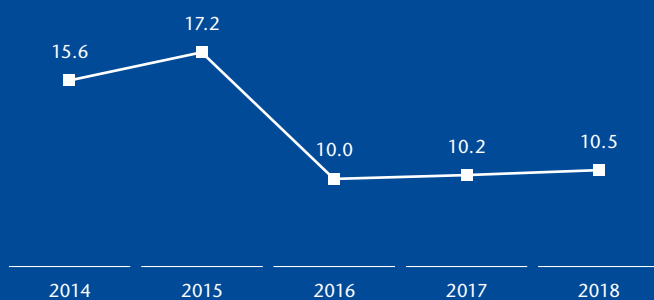
In €



¹⁾ Proposal to the Annual General Meeting

Operating return on equity

In per cent



Highlights of 2018

UNIQA continues to invest in infrastructure

In 2018, the UNIQA Group continued to expand the scope of its infrastructure investments. Two solar energy projects are co-financed in Spain, for example, and the Group invests in a motorway in France. It also subscribes to three infrastructure funds. As a result, the UNIQA Group had investments of around €310 million in infrastructure bonds and loans in 2018.

CHERRISK: local innovation with international potential

UNIQA Hungary launched a pilot project in September 2018 known as "CHERRISK", aimed at making the insurer a round-the-clock service provider rather than a pure product provider, completely repositioning the traditional business. Customers can take out insurance solely using digital and automated resources and process any claims at www.cherrisk.com. Yet they also collect cherries there as a type of digital currency, e.g. by changing to winter tyres in good time. Cherries are collected as reward for risk-conscious behaviour, with around one million collected in the first few months alone, and are then transferred to social projects, or customers may also use them to reduce their premiums.

UNIQA EXPANDS VENTURE CAPITAL INITIATIVE

UNIQA Ventures, which invests in market-ready start-ups in the fintech, health tech, smart home and mobility sectors, plans to expand its partnerships with European venture capital stakeholders and innovators from other industries. To that end, venture capital activities are being combined within UNIQA Ventures GmbH, a wholly-owned subsidiary of the UNIQA Group, and investment capital increased by €25 million.

Profitable growth in CEE

We gained 640,000 new customers in Central and Eastern Europe in 2018 alone, while at the same time increasing our earnings before taxes in the region by just under 30 per cent to €55 million. This confirms our long-term strategy: in addition to our profitable Austrian business we are also gradually establishing a stable second geographic pillar in CEE with growth potential and do not let ourselves be deterred by short-term challenges presented by politics, regulators or the competition.

UNIQA Austria makes life insurance cheaper and more profitable

After UNIQA Austria revolutionised classic life insurance as a first step in 2014, a fundamental reorientation of unit-linked life insurance followed in 2018. UNIQA Austria has thus entirely repositioned both product types: acquisition costs were drastically reduced, and the products have been made generally more flexible. Aside from the new flexibility in the products, benefits with both types of insurance include the possibility of withdrawals and additional payments during the term without the incurring of any additional costs. Furthermore, the costs for the new products are charged on an ongoing basis, so a larger portion of the premium flows directly into the investment. This means the customer is able to generate a higher return over the long term.

UNIQA Austria launches a mobile customer portal

In addition to the myUNIQA web portal, UNIQA customers now also have easy, around-the-clock access to the portal's most important features via the myUNIQA app introduced in 2018. For example, they may conveniently review their insurance policies, report any damages or submit doctor invoices and medication receipts (easily photographed with a mobile phone). All sensitive data provided is of course protected by fingerprint or password. With the new app, UNIQA is taking another step towards becoming an integrated service provider rather than a pure provider of insurance products and is also satisfying its customers' demand for 24-hour online availability via mobile.

UNIQA INSURANCE PLATFORM: FIRST PRODUCT GOES LIVE

An important milestone was achieved in June 2018 when the first product went live in UNIQA Insurance Platform, the biggest programme in our history, aimed at upgrading the core systems in all our business lines. Unit-linked life insurance policies taken out with UNIQA Austria by customers of bank sales partner Raiffeisen are now being managed via the new IT core system. This new modern platform solution will dramatically reduce product development time (time to market), massively increase flexibility in the product design and also significantly reduce the operating costs of all data processing in the medium term.

UNIQA pulls out of coal-based business models

The UNIQA Group heralded the start of its gradual exit from coal-based business with its voluntary commitment that was decided on in 2018. As of 2019, it will no longer enter into any new customer business with companies from the coal industry. UNIQA will proactively support existing customers with transformation of their coal-based business models. What is more, social and ecological criteria are being taken into account in investment decisions: UNIQA's investment portfolio is already free of coal-based investments as of the end of January 2019. As a result of this, UNIQA was the first insurance company in Austria to be awarded a bronze sustainability

certificate for investment strategies from the Austrian Society for Environment and Technology (ÖGUT) in March 2019.

UNIQA sells shares in Casinos Austria

The sale of UNIQA's indirect stake of 11.35 per cent in Casinos Austria Aktiengesellschaft to CAME Holding GmbH, which was decided in January 2017, was legally completed in the first quarter of 2018. UNIQA realises an extraordinary accounting profit of €47.4 million from the sale.

Dear ladies and gentlemen,
dear shareholders,

With 2020 approaching, our long-term strategic programme, UNIQA 2.0, which we presented to you in the middle of 2011, is slowly coming to an end. The penultimate full financial year for UNIQA 2.0 was 2018, which was a solid year:

- Firstly, we are continuing to keep a watchful eye on the solid foundation that is our “common UNIQA House”¹⁾, i.e. our balance sheet and our capital position. Our solvency capital ratio (SCR) remains – also compared internationally – at a strong 248 per cent. Our even stricter internal measure, the economic capital ratio (ECR), is at 205 per cent, well above the defined target range of 190 per cent. As a result, UNIQA now has surplus capital amounting to around €700 million. We would like to use it to invest in sustainably profitable growth; inorganic growth would also be an option, but not at any cost. In terms of premiums, we clearly prefer disciplined yield optimisation over simple growth. If it is not possible to invest in inorganic growth under sensible financial conditions, we shall also provide you with alternatives on how to allocate the funds when we present our future strategy for 2021 and beyond.
- Secondly, we are making progress on our five Group initiatives, which form the “first floor” of our “House”:

In 2018, our Group’s **changes in premiums** were better than anticipated, with a slight increase of 0.3 per cent in our three business lines (property and casualty insurance, life insurance and health insurance).

The **technical result** is also higher than that of last year. This is because we are disciplined in terms of cost management and underwriting, and have

“Change is occurring faster and faster, meaning that we must noticeably pick up our pace if, in the digital era, we are to remain relevant to our customers.”

experienced a year featuring low levels of natural disasters. Our net combined ratio, one of our most important financial indicators, reached 96.8 per cent and continues to improve, thus progressively approaching our objective of 95 per cent in 2020.

As our **capital earnings** have developed according to plan, including the extraordinary income of €47.4 million from the sale of our participation to Casinos Austria, our net **earnings before taxes** have increased to €295 million. Another added bonus is that the contributions of our subsidiaries in CEE are increasing step by step and in line with our strategy. For reasons related to diversification, we would like to develop a second geographical powerhouse over the next few years in addition to our high-performing Austrian subsidiary. With a tax rate of around 20 per cent, our **net income** has risen to €243 million. For this reason, at our annual general meeting we will suggest that dividends to shareholders be raised by 2 cents to €0.53 per share. As a result, the pay-out ratio will fall to approximately 67 per cent.

- Thirdly, we are working intensively on the optimisation of our investment and human resources, located on the “second floor” of our “House”. This “floor” symbolises the future of our industry: **AI-related innovation, robotics, digital offers for customers and new business models**. Not only do we have to finance these developments with

income generated through our basic business, but these are developments which also regularly demand the valuable knowledge and precious time of our employees on the “first floor”. However, if these employees dedicate most of their time to daily business or the multitude of regulatory requirements such as IDD, the GDPR or IFRSs 9/17, accounting standards that will be binding from 2022, there will be a delay in implementing these innovative projects, or they will not be implemented to the fullest extent.

¹⁾ Please see the illustration in the strategy section on page 29. The UNIQA House symbolises various aspects of the UNIQA 2.0 strategy as well as its main activities.

Which is why we are looking to optimise our large project portfolio and to find a good mix of projects addressing regulatory requirements, investments for our business operations and real projects for the future. This is something we do literally every single day. In this context it was a blow to us when Alexander Bockelmann, the member of our Group Executive Board who was in charge of Digitalisation until the end of January 2019, transferred to an international Swiss competitor. But that demonstrates the challenge we are facing: on the one hand, our company boasts many exceptionally talented employees from around the globe, but on the other hand we will have to offer them even more leeway as well as better options for personal development. What preoccupies me the most is the question as to how we can comply with all the regulatory requirements effortlessly and excellently whilst conducting our core business as effortlessly and excellently as possible and still have enough resources to allocate towards innovative projects that really benefit our clients. This also worries me because change is occurring faster and faster, meaning that we must noticeably pick up our pace if, in the digital era, we are to remain relevant to our customers.

In the last full year of UNIQA 2.0, our long-term strategic programme, we are working intensely on that very subject: our future. We will be presenting you with the detailed version of these plans in the middle of 2020. With **“Performance Gap”** as our motto, we are working on significantly improving our profitability, our ROE and our ability to pay out dividends sustainably. Simply put, the production and sales costs of our products are currently too high due to deliberately accelerated investments in the future viability of our company that started in 2016. At 25.9 per cent, our cost ratio is above that of our global top peers. We want to lower it progressively and sustainably without making poor savings-related decisions about the most important investments in our future.

At the same time, we are using **“Opportunity Gap”** as a motto to work towards offering our customers more inno-

vative solutions relevant to them more quickly, particularly in the field of healthcare. Our vision is to develop into an integrated health provider step by step.

Finally, ladies and gentlemen, for the seventh year in a row I would like to reiterate our intention to continue to pay out a higher dividend per share every year – on the basis of continuously growing income, our extremely strong capital position and sustainable cash flow. At the same time, I would like to thank you on behalf of all

our employees for your interest in our exciting and exceptionally well-positioned company. My colleagues from the Management Board and I wish to tackle the challenges ahead optimistically and to shape the future of our company in a daring way. We continue to delight in doing whatever we can to ensure that not only our customers, but also especially you as a shareholder benefit from safer, better, longer living.

“Our vision is to develop into an integrated health provider step by step.”

Best regards,


Andreas Brandstetter
 CEO UNIQA Insurance Group AG

Who are we?

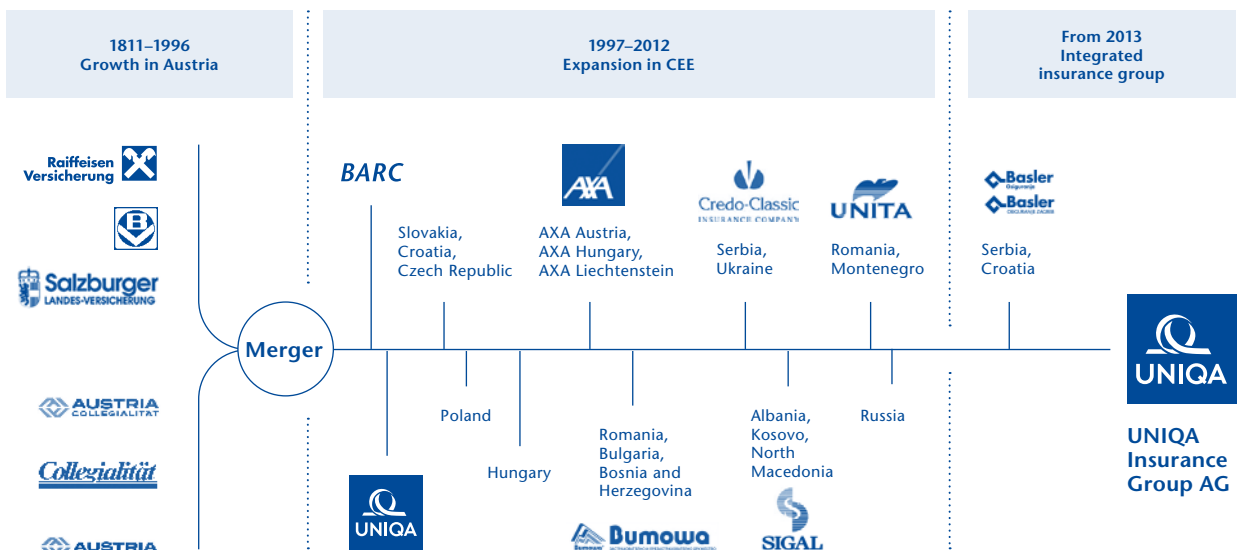
Four words are enough to describe UNIQA's mission: our customers should enjoy safer, better and longer living.

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



A different approach to customer focus

We want to be aware of customer needs and market trends as they emerge, and – in concert with our customers – are developing innovative products and services that speak directly to them and to their lives. Our strategy thus aims to recognise our customers' needs as early, precisely and thoroughly as possible. With the new Customer & Market department created at the beginning of 2018, UNIQA Austria puts customer focus at the heart of strategic product and service development.

Partnering with our customers as equals

Our insurance business is about providing a service. This is why UNIQA works hard to identify its customers' aspirations, expectations and fears, and to devise solutions appropriate to their specific situations. To truly understand our customers, we spend a lot of time and effort delving into their motivations, their particular circumstances and their needs.

To this end, we have developed user models that describe members of target groups by shared characteristics – so-called “personas”. We cluster them not according to demographic criteria, but by expectations and general attitudes and then expand on these by includ-

ing insurance-specific aspects and particular attitudes and preferences with respect to subjects like health, mobility and sustainability. These models allow us to approach the entire product development process in a radical new way, i.e. from the customer's perspective.

Any new product development project is preceded by customer surveys to ascertain the potential added value the project would have for our customers. To do this, we employ quantitative telephone or online surveys or questionnaires, qualitative personal interviews, user tests and eye-tracking methods. Our applications are developed in line with our customer-centred design process, which is divided into three stages: recognising and understanding customer needs, generating ideas and creating prototypes of solutions, and testing with real users.

Because we meet our customers where they have a need, we can provide them with even greater value in the form of individualised services and products. Added value creates loyalty and loyal customers have no reason to switch their insurance provider.

Individual attention, greater transparency

We not only aspire to be there for our customers when they need us, but to make sure they can find us wherever they may look and whatever they may be doing. Instead of limiting themselves to one form of communication, many customers prefer to use whatever form happens to be easiest in any particular situation. They can get in touch with us through one of our 400 ServiceCentres across the country, our customer service representatives, our broker partners, our banking and sales partner Raiffeisen, our website and online customer portal, our app, the UNIQA telephone customer service, the medical Competence Centre, or one of our Central ServiceCentres.

With this broad range of ways to access information and advice, we aim to provide our customers with assistance for all of their insurance-related questions. Our focus is on convenience, intelligibility and transparency. Even reviewing and signing an insurance contract should be easy to understand, transparent and convenient.

PILOT PROJECTS IN THE PIPELINE

- Development of a fast and simple tool for customer feedback via smartphone
- Optimisation of Google searches for our locations by federal state
- Transformation of unika.at – new communication styles and user-friendly stories for our customers
- Expansion of modern communications channels such as apps, customer portals or chatbots

From process-oriented to customer-oriented

We regularly assess customer satisfaction so that we know whether our efforts are actually having the desired effect. We have developed our own instrument to assist us in this process – the Customer Centricity Index (CCI), which is regularly updated with additional relevant important goals and data points.

10.1

million customers

To create a starting reference point for the Index, we conducted a survey of more than 4,000 customers and non-customers in early 2018, in which we asked about UNIQA's and our competitors' biggest weaknesses and greatest strengths. We identified five significant drivers of customer satisfaction and willingness to recommend a company to others: "Damage or Loss", "Sales", "Brand", "Service" and "Product". Of these five, a positive experience related to damage or loss had the greatest effect on decisions to recommend a company to others.

Specific data points were compiled with respect to each driver, which were then used to calculate a relative weighting. Finally, these data points for individual drivers were used to compile the Customer Centricity Index (CCI). Since its introduction at the beginning of 2019, the Index has been computed monthly.

Alongside the collection of these data points, we have also defined goals for 2019 for each of the drivers and additionally created an entire set of measures that were implemented concurrently with the introduction of the Index. These efforts help to ensure a stable and lasting customer-oriented corporate culture.

UNIQA CUSTOMER CENTRICITY INDEX

The following data points are used to define the five drivers comprising the UNIQA Customer Centricity Index:

- Product
 - Value for money
 - Online performance
 - Transparency
- Sales
 - Degree of customer service
 - Quality of advice
 - Proactive offers
- Damage/Loss
 - Rapid processing
 - Transparent processing
 - Straightforward case management
 - Flexible claim reporting
- Service
 - Use of the online portal
 - Complaints management
 - Satisfaction with customer service
 - Service components
- Brand
 - Brand stability
 - Brand reliability
 - Exclusivity
 - Image

Strongly rooted in Austria, on a growth course in CEE

Thanks to our two core markets, Austria and CEE, we have a strong base in our home market and, at the same time, are well positioned in a region with great growth potential. Both markets contribute significantly to the success of the UNIQA Group.

Austria: well positioned with a strong brand

We have been operating our insurance business in our domestic market of Austria for more than 200 years. With a market share of around 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 standard of living in Austria.

CEE: insurance density on the rise

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 155 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.

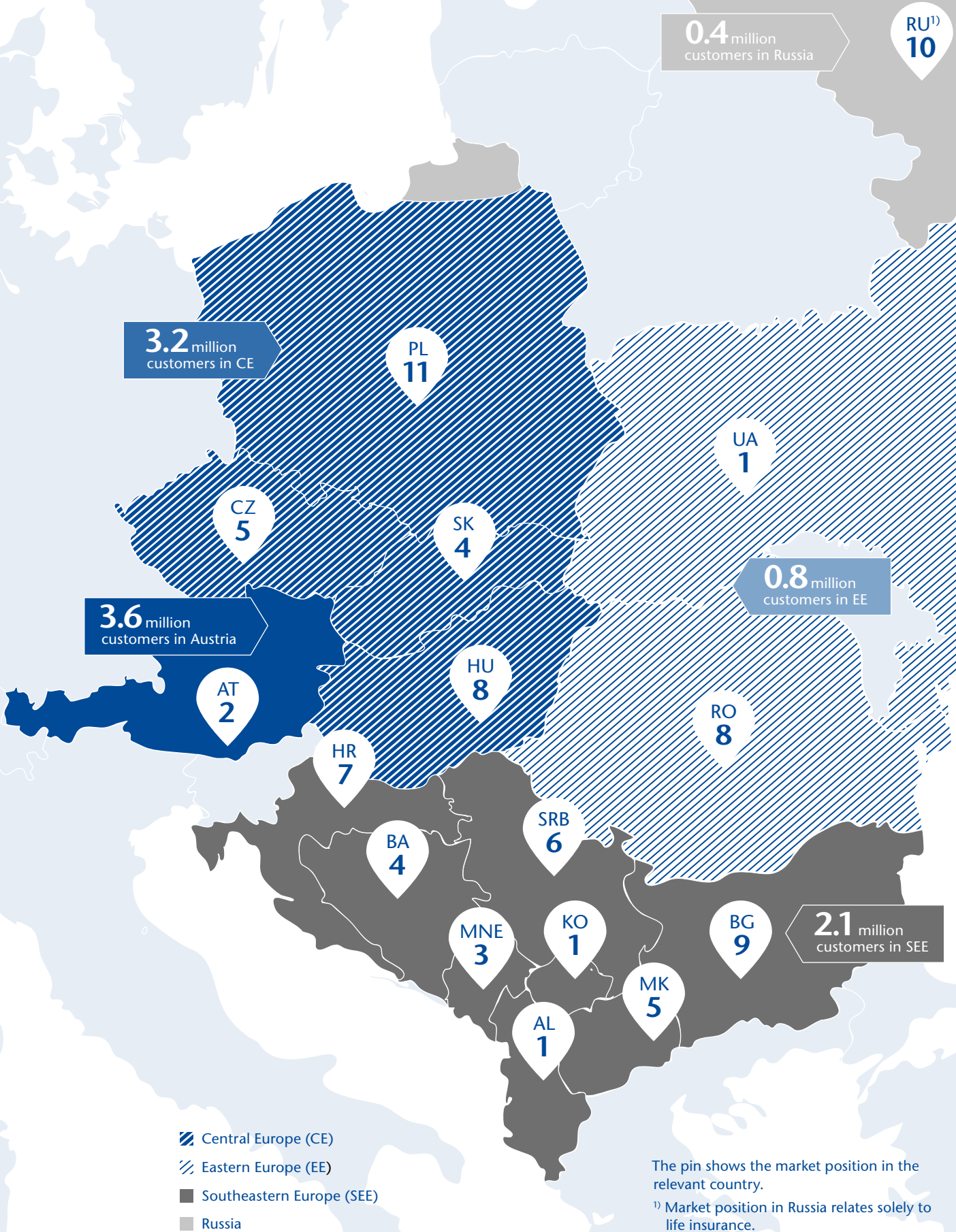
In addition to motor vehicle liability insurance which, as a mandatory insurance, has traditionally been the highest-selling product in CEE, there is now also a growing demand for household and homeowners insurance, as well as products for personal protection such as accident and health insurance.

CEE currently only accounts for around one-third of the Group's premiums, with an average premium per person annually of €210. But the region is making noticeable progress: in the more developed insurance markets such as the Czech Republic, Hungary, Poland and Slovakia the average premium per person is about €400 and rising. Growth is almost inevitable. In order to exploit this potential, we rely on strong inside sales in CEE as well as on our established partnership with Raiffeisen. The extensive sales partnership with Raiffeisen Bank International (RBI) gives us direct access to approximately 13 million Raiffeisen customers in twelve countries in CEE.

High potential in CEE

Insurance spending per person and year in euros

Germany	2,371
European Union	2,174
Austria	1,895
Czech Republic	480
Slovakia	440
Poland	386
Hungary	325
Croatia	292
Bulgaria	159
Russia	135
Montenegro	131
Serbia	110
Romania	107
Bosnia and Herzegovina	95
North Macedonia	71
Kosovo	47
Albania	41
Ukraine	30



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

The pin shows the market position in the relevant country.
¹⁾ Market position in Russia relates solely to life insurance.

Growing together

People work with us in 16 countries and from around 20 different occupational groups – from apprentices in sales to mathematicians in the actuarial division and doctors in our medical centre of excellence. Despite our different nationalities, educational backgrounds, characters and personalities we all share something very important: a passion for UNIQA and a desire to play an active role in shaping the future.

The central principle here is that: we look to support our customers in living safer, better and longer lives. And: the image that we have in the outside world is also the one that we want to experience within the company.

Welcomed & supported

First impressions count, even for a company. UNIQA has therefore developed a two-day onboarding programme for new employees in order to provide them with an exciting and informative start at the company. In addition to facilitating content, networking with colleagues also plays an important part in this, as the initial personal contacts made here help to make future work processes easier. Even the company's leaders get to know the new employees right from the start: CEO Andreas Brandstetter takes the time to welcome them personally and to answer their questions. Four of these events took place in 2018 with a total of 219 employees attending (105 women and 114 men).

In order to draw talented people's attention to us as a potential employer at an early stage, we attach particular importance to contact with high potentials within the framework of university exchanges. For instance, we are one of the main sponsors of the WU Top League mentoring programme for university

students and also sponsor various events at the University of Vienna. We regularly present at Austria's largest careers fair Career Calling, and also took part in the Long Night of Companies careers event for the first time in 2018.

User-friendly & clear – the new UNIQA training platform

Accompanied learning is part of everyday life at UNIQA. This is why we actively support our employees with their personal and professional development through a comprehensive range of educational and continuing education. E-learning has been available to all employees in field sales and the back office for some time, including via smartphone since 2018.

We have also been processing all of our training including a wide-ranging programme of topics via the new UNIQA learning platform since 2018, from the broad-based training catalogue and an overview of the training courses completed to booking options, access to learning materials and options for carpooling with other course participants.

Implementation of the Insurance Distribution Directive (IDD) has also been made easier through the new training platform, with each course displaying how many IDD-related lessons it contains. Both employees and managers have full automatic visibility into whether the required 15 lessons of IDD-related further training have already been completed.

The plan is for this modern learning platform now to be implemented in all major countries at UNIQA International as a Group-wide solution.

Develop & promote

UNIQA has also been breaking new ground with managerial training with a flexible programme since 2016. This is a voluntary programme based on individual responsibility and flexibility with modules that can be freely selected and combined. After being in place for just two years, both our SHAPE and NEXT International managerial programmes can already point to 106 and 71 successful graduates respectively. While SHAPE is aimed at top executives in Austria as well as all Board members at UNIQA International's subsidiaries, NEXT International aims to boost the skills of our top international talent.

NEXT AT, our third management programme aimed at middle managers and currently featuring 271 participants, is running until mid-2019.

Employer in
16
countries

Question & improve

We carried out a new type of employee survey for the first time in September 2017 and now plan to establish it as the new standard within the UNIQA Group. As part of this survey, employees are asked openly for their opinions and assessments with the aim of contributing towards improving commitment, satisfaction and motivation with concrete actions. In response to the results UNIQA managers in Austria defined more than 1,000 specific improvement measures in 2018, with work now ongoing to implement them.

We carried out a brief review in Austria in September 2018 of successful implementation of these measures. Both the participant rate and the results of this survey were well above the figures for the previous year. A comprehensive employee survey is now pending once again for 2019. Broadly based employee surveys also took place in 2018 in Poland, the Czech Republic, Slovakia (including the Group Service Centre), Romania and Bosnia and Herzegovina. A further survey is also planned in 2019 in Ukraine.

Flexible & trustworthy

One of the measures implemented in 2018 as a direct response to the results of the employee survey was the introduction of the “mobile working” scheme. With this, UNIQA is responding to a desire expressed by many employees for greater emphasis on individual responsibility for actions within the company.

Since then, employees of UNIQA Austria have been able to work at home, on the road or wherever they wish for up to eight days each month. There are two things that we hope to achieve with this: we want to encourage a management style based on trust and performance, and at the same time we also want to increase employee satisfaction even further. This means that in addition to accommodating our existing employees’ expectations of a modern employer, we are also specifically accounting for demands coming from new applicants.

International & mobile

The diversity of our team is one of our strengths and an important building block for success as an international group. We actively promote the transfer of knowledge and cooperation between our national companies so that we can exploit this potential in a targeted way. Employees can also work abroad in our foreign subsidiaries as

part of our mobility programme, and gain valuable international career experience by assuming temporary executive roles or key functions or by collaborating on international projects.

Sharing in our success

Commitment and performance are valued highly at UNIQA and are thus also rewarded accordingly. A bonus system for managers and employees in key positions based on the company’s financial success and a performance-related bonus scheme for field sales management are therefore essential components in our variable remuneration schemes.

We have also developed a profit-sharing bonus system for employees with no variable remuneration components, meaning that other UNIQA employees can also share in the company’s positive development as appropriate. In addition, we provide long-term support for our employees in the form of retirement pensions, occupational disability benefits and survivors’ pensions.

Work & life balance

Our multi-faceted and diverse offering allows employees to experience on a practical level that “better living” is actually part of UNIQA’s DNA: from UNIQA’s children’s days, the holiday circus camp for employees’ children together with our Family Day and the UNIQA daughters’ day, to various health incentives (including krav maga, Pilates, Sing@work), massages, options for a “daddy month” after the birth of a child, annual meetings with employees on parental leave, the “Healthy Management” workshop, the KeepBalance mental health hotline, and the Mystery Lunch, through to our dry cleaning service directly at head office and a pharmacist delivery service with employee discounts – UNIQA has plenty of opportunities on offer to make everyday life easier for employees and to promote a work/life balance.

Think together
we grow.



Group Executive Board

Erik Leyers, 49

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 obtained a degree in economics in Munich and began his career in 2001 at McKinsey.

Wolfgang Kindl, 52

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.



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. In January 2019, he additionally took office as President of the Austrian Insurance Association (VVO). Kurt Svoboda studied business administration in Vienna and completed the International Management programme in St. Gallen. He began his career at KPMG in Vienna and gained experience at Wiener Städtische and AXA.



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

Klaus Pekarek, 62

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. Prior to 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 the University of Graz.

Andreas Brandstetter, 49

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/IMADEC. Before joining UNIQA, he was the director of Raiffeisen's EU office in Brussels. In May 2018, Andreas Brandstetter was elected for a three-year term as President of Insurance Europe, the representation of European insurance and reinsurance undertakings.

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.

Property and casualty insurance

Protection against loss of assets

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, but it is also the largest segment of the insurance industry in the world based on premiums. This is also true for UNIQA: around 52 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 disasters. 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

and a car finder. A premium savings option is also available if a customer chooses not to use their mobile phone while driving. By encouraging that, we provide targeted support for accident prevention. Around 100,000 customers have already embraced the benefits of this product.

Around 52 per cent of Group premiums

As already mentioned above, around 52 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.

... generates around 52 per cent of the group premiums

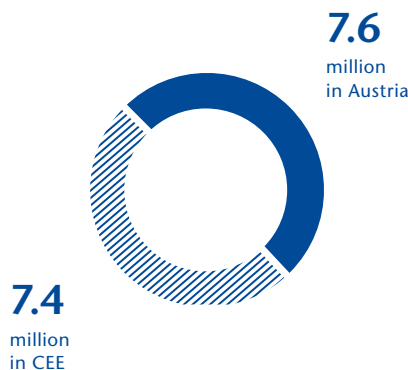
relying on the principle of using instead of owning. This also has an inherent impact on the insurance solutions needed. And in the case of self-driving cars, the question arises as to whether the software or product manufacturer bears the responsibility in the event of an accident. Here again, need-based,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

At the same time, the safety requirements for 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 over ten years of experience 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 a personal emergency assistant in the car and on the mobile phone, a crash sensor

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 46 per cent of the total premiums in property and casualty insurance; in CEE this number is 68 per cent.

15 million contracts in property and casualty insurance



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 around 35 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.

Life insurance

Providing for the future

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 around €9 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 them. 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, but 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 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.

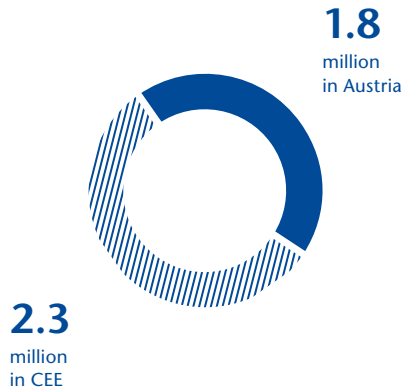
Permanent financial security

Second-largest sector according to premium volume

Around 27 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 4.1 million contracts in this sector.

Around 71 per cent of the premiums written by the UNIQA Group in life insurance are in Austria, with CEE currently contributing around 29 per cent. Within the operating segments, life insurance accounts for around 27 per cent of total premiums in both Austria and CEE. The CEE region in particular offers interesting growth potential, as the steadily rising standard of living increases the need for long-term hedging.

4.1 million contracts in life insurance



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

Health insurance

In the service of health

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

Market leader with growth potential

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.

First-class service will continue in future

These services will become even more important in 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 simply 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, i.e. 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 21 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.

FACTS & FIGURES

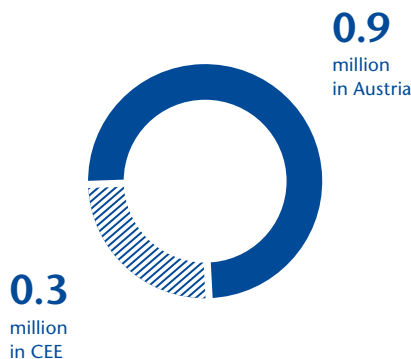
- We are saving lives: since immediate help is crucial in the event of cardiac arrest, the UNIQA Foundation and UNIQA Austria, in cooperation with the Red Cross, have already supplied 48 defibrillators for public spaces as of the end of 2018.
- Health check for companies: the UNIQA Mobile HealthCheck enables preventive healthcare directly at the company site for up to 100 employees per day.

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.

More than 90 per cent of the premiums written in health insurance are accounted for by Austria, with CEE currently contributing around 7 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 have seen in Austria and Western Europe.

Incidentally, 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.

In 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 the first implementation phase during 2011 and 2012 in which we concentrated on “getting ready”, we were able to achieve initial successes in the second phase (2013 to 2015). On page 28, 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 29 – 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 will flow into the redesign of our business model, the creation of expertise in terms of personnel and 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 p.a. 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.¹⁾

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.²⁾ 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.

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

²⁾ 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 (ECR)
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: €145 m	2011: €0
2012: €204 m	2012: €0.25
2013: €308 m	2013: €0.35
2014: €378 m	2014: €0.42
2015: €423 m ¹⁾	2015: €0.47

¹⁾ Including Italian contributions

Getting ready
Phase 1: 2011–2012

Initial successes
Phase 2: 2013–2015



NEW ECONOMY

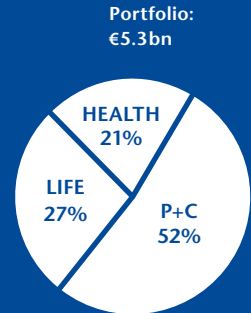
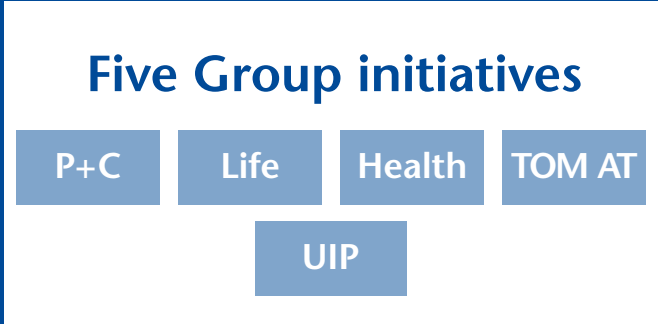
Build our future!



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

OLD ECONOMY

Increase profit!



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

Protect our capital!



- ECR | SCR strong!

Combined ratio
2016: 98.1%
2017: 97.5%
2018: 96.8%

Earnings before taxes
2016: €226 m ²⁾
2017: €265 m
2018: €295 m

Dividend per share
2016: €0.49
2017: €0.51
2018: €0.53 ³⁾

ECR
2016: 215%
2017: 210%
2018: 205%

²⁾ Excluding Italian contributions

³⁾ Proposal to the Annual General Meeting

Shaping the future
Phase 3: 2016–2020

Capital – the foundation for our activities

Customer confidence in our ability to settle 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, but the calculation used to determine it is also very conservative compared to our European competitors. For example, UNIQA does not 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; 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, be of a significant size and generate economic value.

205% ECR



**UPDATE
2018**

Capital –
the foundation
for our
activities

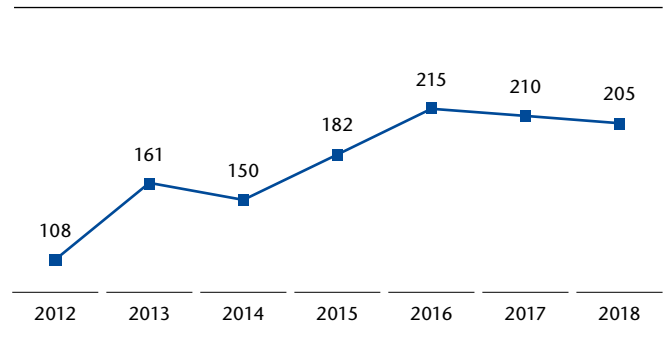
While our capital ratio climbed steadily and significantly over the past years through ongoing re-inforcement of our capital base, additional cash flows received from company sales (particularly of the business in Italy) and approval of a partial internal model, in 2018 our objective was to maintain the excellent level we achieved. Despite a more than challenging year on the financial markets, we achieved this objective with an economic capital ratio (ECR) of 205 per cent as

at 31 December 2018. Our regulatory capital ratio (SCR) was even higher at 248 per cent, as some European government bonds are categorised as risk-free in the standard model.

Notwithstanding the improvements in recent years, we also dedicated ourselves to continuous improvement of our internal model. Preparations were already made in this regard in the reporting period aimed at bringing these improvements into effect in 2019. The central objective here is to harmonise the ECR and SCR and thereby also to bring our internal perspective in line with the regulatory perspective.

Development of the ECR

In per cent



Five Group initiatives: continuous efficiency and profitability improvements in the core business

Five strategic initiatives in our core underwriting business build on the foundation of our 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.

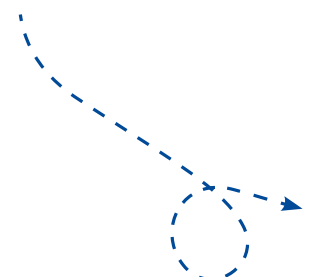
1 **Property and casualty insurance**
Further increases in earnings power

2 **Health insurance**
Confirmation of our leading position

3 **Life insurance**
Repositioning of the product portfolio

4 **UNIQA Insurance Platform**

5 **Target Operating Model (TOM)**



1 Property and casualty insurance: Further increases in earnings power

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, we have initiated a number of projects here 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.

In line with our strategy we were able to improve the combined ratio even further in property and casualty insurance, to 96.8 per cent in 2018. We had to post more major damage in the industrial segment, even though the storm damage was below average in the reporting year. The balance of the damage was thereby within the scope of our forecasts in 2018.

Essential drivers for the actuarial improvements achieved were significant increases in average premiums in car insurance, as well as strong growth in the homeowners and commercial sectors, both in the CEE markets and in Austria. Our multi-year programmes in portfolio management and in underwriting also made an impact. We respond to our target segments far more effectively today based on modern data analyses and active new business monitoring, and are also able to control our growth much more closely. In claims management, on the other hand, we increasingly laid our focus on achieving higher customer satisfaction.

The new initiatives we prepared included cyber risk cover for industrial customers, with a package combining insurance and integrated service, as well as the launch of D&O

insurance. We also formed a joint venture for innovative mobility services with a view towards future changes in mobility behaviour. Lastly, in CEE, we launched pilots for new telematics-backed, flexible motor vehicle insurance, building on our many years of experience with telematics solutions in Austria.

2 Health insurance: Confirmation of our leading position

UNIQA is the clear market leader in Austrian health insurance. This area is a crucial centre of excellence and therefore a main pillar that supports our 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 play a leading role in this transformation. Further expansion in services to customers is a key priority here. We are planning selective investments for this throughout the value chain in the areas of health advice and provision, health services and digital health solutions.

The Akut-Versorgt (acute care product) presented in 2017 and rolled out last year continues to be very well received. In collaboration with Döbling Private Hospital, which is also part of the UNIQA Group, this package grants our customers in the Vienna area rapid access to medical care on weekends or at night, for example, in cases of cuts, circulatory problems or sports injuries. Offered as a cost-effective insurance module, this service has now also been successfully rolled out to the Greater Salzburg area. Implementation is planned in the Graz, Klagenfurt and Lustenau regions in the first quarter of 2019.

✓
UPDATE
2018

Property
and casualty
insurance

✓
UPDATE
2018

Health
insurance

In addition, we set up the new online health platform “medUNIQA.at” as an important service in 2018. UNIQA customers are able to find out comprehensive information here on health issues and on existing and new VitalServices. A significant step was also the successful launch of a network of private medical practitioners, and of other healthcare providers such as pharmacists, laboratories and radiology institutes. As part of the initial phase we were able to ensure rapid access to expert medical care as well as direct billing for the services provided for the international students insured with one of our comprehensive policies. The LARA project (the name comes from the German acronym for Labs, Doctors, X-rays and Pharmacies) aims to push forward with further expansion of the network in 2019, including plans to also make it available to all our health insurance customers.

3 Life insurance: Repositioning of 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 and for UNIQA despite the low interest rates and that have capital requirements in line with profitability.

We presented our new unit-linked life insurance in June 2018, and at the same time released it as the first product for bank sales on the

UNIQA Insurance Platform (UIP), our new IT core system. This completes the realignment of our product land-

scape in endowment life insurance. The new products meet all regulatory requirements, provide important benefits as compared with the competition and can also continue to exist sustainably in today’s difficult capital market environment. At the same time, preparations are underway for the roll-out of additional products on the UIP and for the transfer of current insurance portfolios onto the new platform in 2019.

4 UNIQA Insurance Platform (UIP)

The objective of the 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: the 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 overall 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.



The first important programme milestone of introducing unit-linked life insurance for Austrian bank sales was completed with the successful go-live on 13 June 2018. Phase 1 of the UIP was therefore completed on time, on budget and within scope.

In parallel with this, we also worked intensively on phase 2, i.e. activating unit-linked life insurance for sales, in order to ensure the go-live scheduled for June 2019. Preparations for phase 3 involving the implementation of classic life insurance on the new platform started in the second half of 2018 as well.

In addition to this focus on life insurance, preparatory work also began in early 2018 for property and casualty insurance, meaning that we will be able to begin implementation of products from this business line starting in 2019.

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”, mostly involves internal processes that are not 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, on 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 reach a double-digit million euro figure 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.

A major priority for TOM in 2018 was the laying out of detailed plans

for cooperation between the Group Service Centre in Nitra, Slovakia, and the control and processing entities in Austria. This included the implementation of processes for control measures and continuous improvements, along with specification of the key figures across the different sites. Essential processes from the central Austrian service entities and regional offices were also outsourced to the Group Service Centre by September, as scheduled. This important step was followed by a phase of stabilisation and quality assurance.

We also introduced optical character recognition (OCR) for out-patient health insurance in 2018. A large proportion of the manual recording activities can now be saved through the potential for optical recognition of virtually all types of documents. We plan to increase the level of automation and therefore the effects of savings even further in 2019.

A further innovation in 2018 included the implementation of an energy monitoring and management system for 96 UNIQA sites throughout Austria. We have already been able to develop numerous measures in the first year aimed at improving energy efficiency and at reducing energy costs based on the information gathered through the system. In addition to isolated upgrades to the technical infrastructure, these also included various changes in our consumption behaviour.

Lastly, we carried on with our efforts to clean up our product portfolio in preparation for the UNIQA Insurance Platform (UIP). One-third of the legacy contracts defined in phases 1 and 2 were processed by the end of 2018 as a result. This clean-up will also represent an important focal point for 2019.



**UPDATE
2018**

TOM – Target
Operating Model
UNIQA Austria

Innovation and digitalisation – we will stand by our customers in future as well

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 future as well.

Innovation – becoming a service provider: This strategic initiative is concerned with further evolution of the insurer value chain from providing coverage only 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.

Establishment of an Open Innovation Unit provided new momentum for UNIQA innovation management in 2018; this unit collaborates across corporate boundaries with external

innovation drivers such as universities, other companies and the start-up accelerator weXelerate. The intention is for new trends to become established at UNIQA while innovations are developed with external partners and then translated into pilot projects at UNIQA's specialist departments.

As a further pillar, in 2018 we also combined and further expanded our venture activities in UNIQA Ventures GmbH as a vehicle for investments in young companies and start-ups. Aside from Playbrush, a company operating in the dental hygiene sector, other new investments took place in the reporting year in health (doctorly software for doctors) and basic IT (Insly software for brokers) technologies. We are also planning further direct investments over the next few years in the areas related to health, mobility, home and so-called risk buddies.

As part of an additional track to these direct investments, we set up a fund for investments in FinTech companies in collaboration with Raiffeisen Bank International and venture capital specialists Speedinvest. The fund started operations in early 2019 with an endowment of €50 million.

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 heart of this, since communication channels and customer requirements related to quality, response times and service expectations will also undergo a significant transformation in the insurance industry over the next few years. 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.

This strategic initiative made significant progress in 2018 in establishing new digital points of contact for our customers. For instance, the UNIQA ServiceBot (chatbot for customers), the new myUNIQA customer portal and the myUNIQA app, which among other things enables photo-based submission of receipts for outpatient



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2018
Innovation



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2018
Digitalisation

health insurance services, were all successfully introduced over the course of the year. In addition to Austria, the new myUNIQA solutions have also been available to our health insurance customers in Switzerland since early 2019. These new digital points of contact now form the basis for the expansion and provision of new digital services.


In terms of our international markets, we focused primarily on expanding our online business and the introduction of new digital products via the web pages for our relevant national companies. Our first internal Insurtech start-up was also launched in September 2018 with CHERRISK in Hungary. CHERRISK represents a new model for insurance sales and customer interaction aimed specifically at web-savvy customers and featuring a high degree of interaction along with numerous self-service options.

In addition, this also helped drive internal corporate digitalisation forward significantly. For instance, we implemented a new core insurance solution in Romania for administering life insurance, and also launched a similar project in Russia. Tests were carried out in numerous country organisations on robotic process automation (RPA), with initial projects also launched here in some cases.

Employee and management training on modern working methods such as design thinking and agile project management is also a critical factor for success with these digitalisation initiatives. We therefore first integrated these topics into the training plans for our management teams in 2018. However, corresponding employee training is also already underway in numerous country organisations.



Shape the future



UNIQA 2.0

You can rely on UNIQA

Despite rising inflation rates worldwide, trade conflicts and latent market uncertainty, UNIQA once again showed good business performance for 2018 and can raise its proposed dividend to €0.53 per share. The company's solid foundations – as evident in its excellent market position, robust capital base and growth potential – continue to make it an attractive investment option.

Stock market corrections around the world

The year 2018 was separated into three clearly discernible phases on the stock market: a period of about one month of sharply rising prices was followed by a longer period of high volatility before a market correction finally set in at the start of the fourth quarter. As a result, nearly all of the major stock market indices came in lower at the end of 2018 compared to 2017 reference values. MSCI World, for example, finished 10.4 per cent lower compared to the previous year.

Developments in the capital markets were thus generally in line with economic expectations, which were strongly optimistic at the start of the year with a prediction of solid corporate earnings. Rising inflation rates in the middle of the first quarter intensified concerns about significant interest rate hikes, provoking an early and noticeable correction. Interest

rate trends remained an important factor in stock market performance over the rest of the year. Stock prices were also particularly influenced by ongoing trade policy disputes and regional developments, and in some cases left distinct impressions on the markets. From the European perspective, the continued absence of fixed and settled terms for “Brexit” represents an increasing burden.

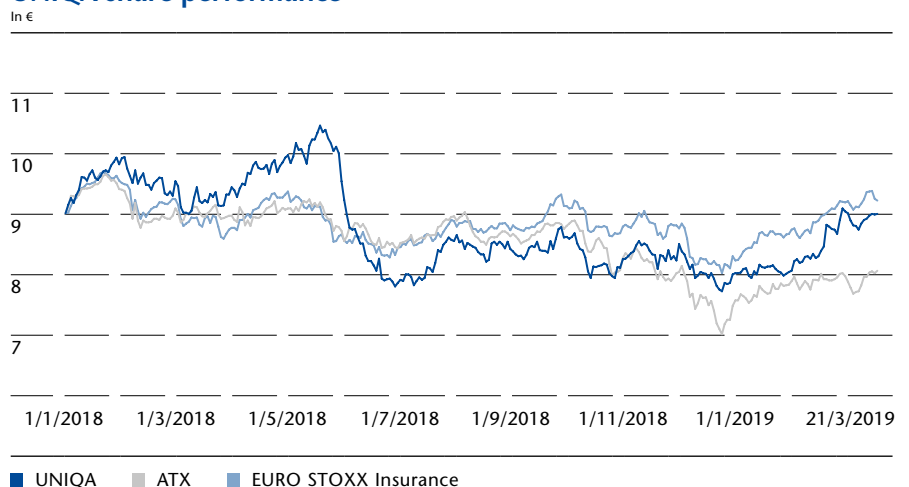
Lacking the positive effects of tax relief but still confronted with the same global challenges, stock markets in Europe registered weaker performance in 2018 than those in the US: the Euro Stoxx 50 fell by 14.3 per cent, while the Dow Jones Industrial decreased by only 5.6 per cent. Concerns about higher interest rates also led to more sceptical assessments of emerging markets, as is evident in the 16.6 per cent fall in the MSCI Emerging Markets Index. Stock markets in Central and Eastern Europe performed somewhat better: the Eastern Europe CECE index declined by 11.1 per cent.

In line with global share price trends, the Vienna Stock Exchange began 2018 with momentum and achieved its highest value of the decade on 23 January 2018 with the ATX at 3,688.78 points. Stock price performance on the Vienna Stock Exchange was consequently marked by concerns about trade policy disputes in particular since a good number of Austrian companies are distinctly exposed here on account of their high export ratio. Following a moderate decline in the second quarter and a slight increase

EQUITY STORY

- Austria's strongest insurance brand
- Market leader in health insurance
- Interesting growth potential in CEE
- Solid capital position
- Attractive dividend policy

UNIQA share performance



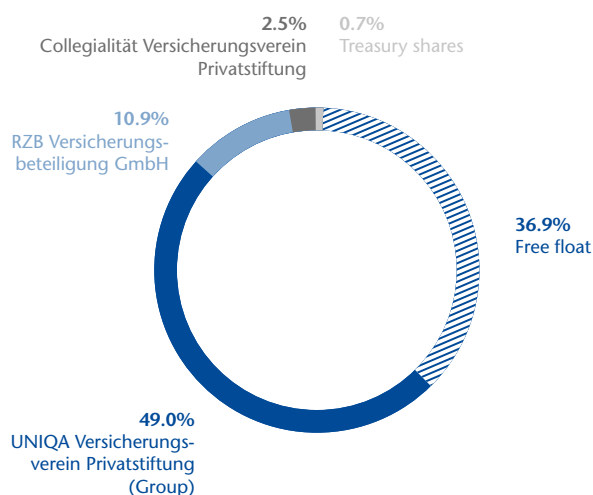
in the third quarter, the ATX ended the final quarter significantly down, closing the year at 2,745.78 points. The index thus fell 19.7 per cent compared to the previous year.

UNIQA shares continue to produce a dividend yield of more than 6 per cent

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. However, the share price declined during 2018, in line with the general market trend.

Starting the year at €9.01, the UNIQA share price reached an annual high of €10.46 on 22 May 2018 but then experienced a marked decline to €7.80 on 2 July 2018. The share price subsequently stabilised, only occasionally moving outside the band between €8.00 and €8.50, then weakening somewhat towards the end of the year. The UNIQA share price ultimately closed out 2018 at €7.86, registering a decline of 10.9 per cent compared to the previous year. This puts the UNIQA share price only marginally below the benchmark index for the European insurance industry, the Euro Stoxx Insurance, which fell by 9.0 per cent in the same period. At the beginning of 2019, however, the UNIQA share price was able to recover rapidly and stood at €9.00 on 21 March 2019. This represents an increase of 14.5 per cent compared to the beginning of the year.

Shareholder structure



UNIQA shares – key figures

	2018	2017	2016	2015	2014
UNIQA share price as at 31 December	7.86	8.82	7.20	7.53	7.78
High	10.46	9.05	7.45	9.41	10.02
Low	7.72	7.09	5.04	7.04	7.34
Average stock exchange turnover/day (in € million)	4.7	5.6	5.2	4.5	3.2
Market capitalisation as at 31 December (in € million)	2,412.7	2,707.4	2,218.5	2,320.6	2,397.6
Average number of shares in circulation	306,965,261	306,965,261	308,129,721	308,180,350	308,180,350
Earnings per share	0.79	0.56	0.48	1.09	0.94
Dividend per share	0.53 ¹⁾	0.51	0.49	0.47	0.42

¹⁾ Proposal to the Annual General Meeting

Financial calendar 2019

10 May	Record date for the Annual General Meeting
16 May	First Quarter Report 2019, Solvency and Financial Condition Report 2018
20 May	Annual General Meeting
29 May	Ex-dividend date
31 May	Dividend record date
3 June	Dividend payment date
28 Aug	Half-Year Financial Report 2019
20 Nov	First to Third Quarter Report 2019

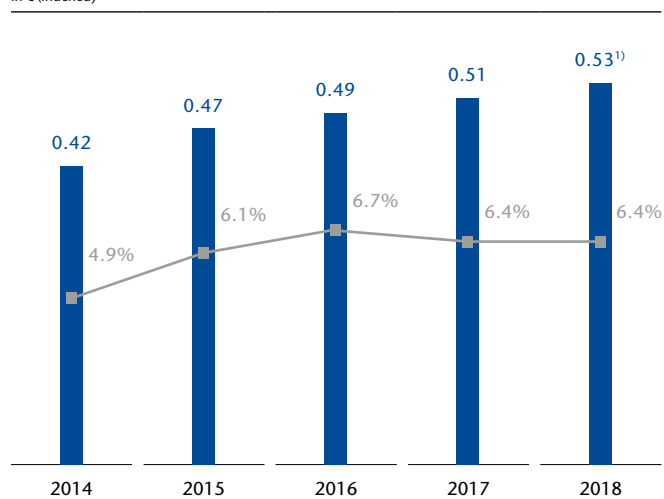
Shareholder structure remains unchanged

The shareholder structure of the UNIQA Group continues to be stable and unchanged at the end of 2018: the core shareholder UNIQA Versicherungsverein Privatstiftung (Group) holds a total of 49.0 per cent of 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 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 2018, and therefore represented more than one-third of total shares and a value of around €900 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.

Changes in the UNIQA dividend

In € (indexed)



¹⁾ 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 €0.53 per dividend-bearing share for the 2018 financial year. This means a dividend payment of around €163 million, or 66.9 per cent of consolidated profit. Compared to the previous year, therefore, the dividend has increased by 2 cents and by almost 4 per cent. Nevertheless, the economic capital ratio (ECR) remains 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

Ongoing 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 2018 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. In addition, our investor relations team is always happy to answer individual questions:

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 Investor Relations
 Untere Donaustrasse 21, 1029 Vienna, Austria
 Tel.: (+43) 01 21175-3773
 E-mail: investor.relations@unika.at

RESEARCH

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

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

Overview of key figures 2014–2018

Consolidated key figures – 5-year comparison In € million	2018	2017	2016	2015	2014
Premiums written, including savings portions from unit-linked and index-linked life insurance	5,309	5,293	5,048	5,211	6,064
of which property and casualty insurance	2,774	2,640	2,518	2,439	2,621
of which health insurance	1,086	1,042	1,004	964	961
of which life insurance	1,449	1,612	1,526	1,807	2,483
Insurance benefits (net)	-3,627	-3,547	-3,386	-3,671	-4,384
of which property and casualty insurance	-1,690	-1,645	-1,551	-1,554	-1,724
of which health insurance	-901	-878	-844	-782	-781
of which life insurance	-1,036	-1,025	-991	-1,336	-1,880
Operating expenses (net)	-1,315	-1,276	-1,286	-1,190	-1,299
of which property and casualty insurance	-811	-788	-763	-700	-749
of which health insurance	-184	-168	-175	-154	-167
of which life insurance	-320	-320	-348	-337	-383
Combined ratio after reinsurance (in per cent)	96.8%	97.5%	98.1%	97.9%	99.6%
Claims rate (in per cent)	65.4%	65.9%	65.7%	67.5%	69.4%
Cost ratio (in per cent)	31.4%	31.6%	32.4%	30.4%	30.2%
Net investment income	581	572	589	732	888
Earnings before taxes	295	265	226	398	378
of which property and casualty insurance	120	95	58	71	61
of which health insurance	96	110	96	171	130
of which life insurance	78	60	72	155	187
Consolidated profit/(loss)	243	172	148	337	290
Earnings per share (in €)	0.79	0.56	0.48	1.09	0.94
Dividend per share (in €)	0.53¹⁾	0.51	0.49	0.47	0.42
Equity (portion attributable to shareholders of UNIQA Insurance Group AG)	2,972	3,158	3,186	3,145	3,082
Total assets	28,616	28,744	33,639	33,298	33,038
Operating return on equity (in per cent)	10.5%	10.2%	10.0%	17.2%	15.6%
Economic capital ratio – ECR ratio (in per cent)	205%	210%	215%	182%	150%

¹⁾ 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.