

# Report of the Supervisory Board

## **Dear Shareholders,**

For UNIQA, the year 2014 continued to be dominated by the UNIQA 2.0 long-term strategic programme planned to run until 2020. This annual report gives an account of the programme's third full year. Despite tough capital market conditions, the Group was once again able to increase profit from ordinary activities.

As a consequence of the substantial uncertainty surrounding the medium-term economic trend in Europe, the political crisis in parts of Eastern Europe and the persistent low level of interest rates, UNIQA decided in the late autumn of 2014 to revise its planning for the 2015 financial year. However, the revised budgets are still based on a significant year-on-year increase in net profit.

UNIQA continues to adhere to the cornerstones of the UNIQA 2.0 strategic programme. It plans to increase the number of customers in the existing markets to 15 million by 2020 by focusing on its core expertise as a direct insurance company. The Company is aiming for further gradual improvement in its underwriting business in Austria and careful profitable growth in Central and Eastern Europe.

## **Activities of the Supervisory Board**

During 2014, the Supervisory Board was regularly informed by the Management Board about the business performance and position of UNIQA Insurance Group AG and the Group as a whole. It also supervised the Management Board's management of the business and fulfilled all the tasks assigned to the Supervisory Board by law and the Articles of Association. At the Supervisory Board meetings, the Management Board presented detailed quarterly reports and provided additional verbal and written reports. The Supervisory Board was given timely and comprehensive information about those measures requiring its approval.

The members of the Supervisory Board are regularly invited to participate in informative events on relevant topics. In 2014, there were two special seminars covering Solvency II and the new life insurance strategy.

## **Focus of the deliberations**

The Supervisory Board met on six occasions in 2014. Discussions focused on the Group's earnings situation and its further strategic development.

At the meeting held on 27 February, the Supervisory Board mainly discussed the Group's preliminary results for 2013, the initial trends in 2014 and the future real estate strategy in the Group.

The Supervisory Board meeting on 9 April focused on the audit of the annual financial statements and consolidated financial statements for the year ended 31 December 2013 and on the reports from the Management Board with up-to-date information on the performance of the Group in the first quarter of 2014. The Supervisory Board also discussed the agenda for the 15th Annual General Meeting to be held on 26 May 2014.

The meeting of the Supervisory Board held on 22 May was dedicated to a discussion of the

Group's earnings situation in the first quarter of 2014.

Following the retirement of members of the Supervisory Board and the election of new members, a constituent meeting of the Supervisory Board was held on 26 May. Given the membership changes and some changes in functions, new elections were held at this meeting for the positions of Vice Chairmen and for the members of the other committees appointed by the Supervisory Board. No successor appointments were made for the functions of the fourth and fifth Vice Chairmen in the Chairman's Committee of the Supervisory Board.

At its meeting on 4 September, the Supervisory Board discussed the Group's earnings situation in the first half of the year, the latest developments in the third quarter and the forecast for the whole of 2014. It also addressed the modification of the rules of procedure for the Supervisory Board and the Management Board.

The meeting of the Supervisory Board on 26 November held detailed discussions on the forecast for 2014 and on the planning for the 2015 financial year as well as receiving reports on the results of the Group in the first three quarters of 2014 and the latest performance information for the fourth quarter of 2014. The Supervisory Board also evaluated its activities in accordance with the Austrian Code of Corporate Governance.

In December 2014, the Supervisory Board consented to the sale of a property (Haas-Haus in Vienna) by adopting a written resolution circulated among the members.

#### **Committees of the Supervisory Board**

To facilitate the work of the Supervisory Board and to improve its efficiency, committees have been set up in addition to the statutory Audit Committee.

The Working Committee did not hold any meetings in 2014, nor did it take any decisions by circulating a written resolution.

At its three meetings, the Committee for Board Affairs dealt with employment legalities concerning the members of the Management Board and with questions relating to remuneration policy and succession planning.

The Investment Committee held four meetings at which the members discussed the capital investment strategy, questions concerning capital structure and the focus of risk and asset liability management.

The Audit Committee held three meetings in 2014 and these meetings were also attended by the auditors of the (consolidated) financial statements. The meeting held on 9 April discussed all the documents relating to the financial statements and the appropriation of profit proposed by the Management Board. The annual activity report for 2013 in accordance with Section 13 paragraph 6 of the Austrian Regulation on Compliance for Issuers was also submitted to the meeting. At the meeting held on 22 May, the auditor presented the planning and strategy for the audits of the 2014 financial statements prepared by the companies in UNIQA Insurance Group AG's corporate group and coordinated this planning and strategy with the committee. At the meeting held on 26 November, the auditor informed the committee about the findings from its preliminary audits to date. The meeting acknowledged a report by the auditor on its assessment of the extent to which the risk management system was fully functioning. In addition, the Audit Committee received quarterly reports from Internal Audit on the areas audited by this department and any material findings that arose from these audits.

Each committee chairman informed the members of the Supervisory Board about the meetings and the work of the respective committees.

### **Separate and consolidated financial statements**

The separate financial statements prepared by the Management Board, the management report for UNIQA Insurance Group AG, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) – as adopted by the EU – and the Group management report for the year ended 31 December 2014 were audited by PwC Wirtschaftsprüfung GmbH, which issued an unqualified audit opinion.

The Supervisory Board noted the findings of the audit with approval.

The audit of the compliance of the Corporate Governance Report with Section 243b of the Austrian Commercial Code and the evaluation of UNIQA's compliance with the rules of the Austrian Code of Corporate Governance (with the exception of Rules 77 to 83) in the 2014 financial year was carried out by PwC Wirtschaftsprüfung GmbH. Schönherr Rechtsanwälte GmbH audited UNIQA's compliance with Rules 77 to 83 of the Austrian Code of Corporate Governance. The audits found that UNIQA had complied with the rules of the Austrian Code of Corporate Governance in the 2014 financial year to the extent that the rules were included in UNIQA's declaration of conformity.

The Supervisory Board acknowledged the consolidated financial statements for 2014, approved the 2014 annual financial statements of UNIQA Insurance Group AG and endorsed both the management report and the Group management report. The 2014 annual financial statements were thereby adopted in accordance with Section 96 paragraph 4 of the Austrian Stock Corporation Act.

The Supervisory Board reviewed and approved the proposal for the appropriation of profit submitted by the Management Board. Accordingly, a dividend distribution of €0.42 per share will be proposed to the Annual General Meeting on 26 May 2015.

The Supervisory Board would like to take this opportunity to thank all employees of the UNIQA Group for the immense personal commitment and dedication they have shown over the past year.

Vienna, April 2015

On behalf of the Supervisory Board



Walter Rothensteiner  
Chairman of the Supervisory Board