



UNIQA INSURANCE GROUP AG

DELIVERING CORE BUSINESS EXCELLENCE AND INVESTING IN THE FUTURE

Kurt Svoboda, CFO/CRO
Pennyhill Park, 6th December 2016



Our Challenges

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RAIFFEISEN
31%+ → <10%

FOUNDATIONS
33% → 50%+

FREE FLOAT
35% → 40%

STOCK PRICE / VALUATION

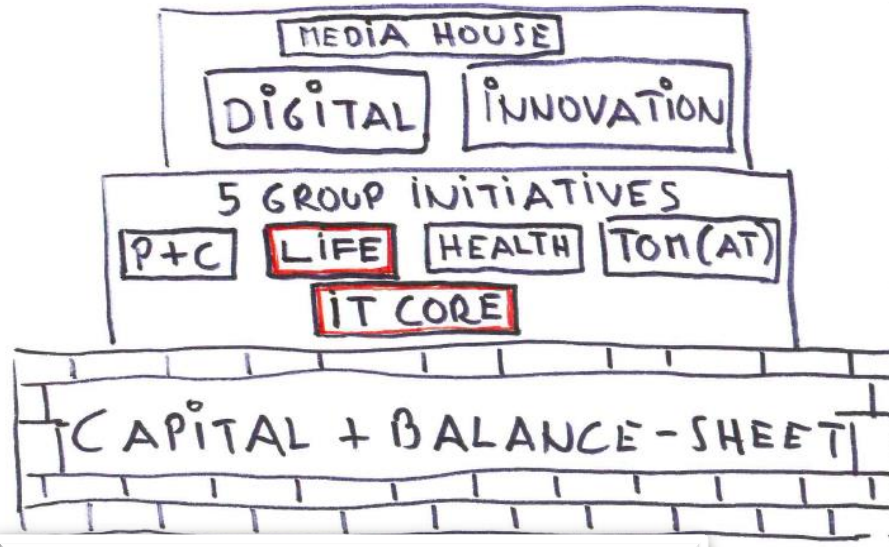
- HR: PIMP UP OUR TEAMS!
- HIGHER PERFORMANCE CULTURE! BE RADICAL!

NEW ECONOMY

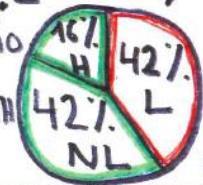
BUILD OUR FUTURE!

OLD ECONOMY
INCREASE PROFITABILITY NL

PROTECT OUR CAPITAL!



- 6 MRD.€ PORTFOLIO
 - GROWTH P+C
- 70% TOTES RISIKO= KAPITAL → AM??



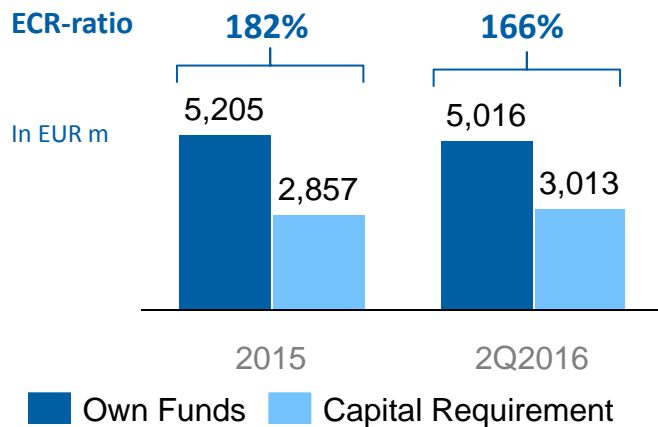
- ECR/SCR SUPER!
- PIM + EVTL. ITALY STILL TO COME!

Concentration on core business!



• NÖVERS.

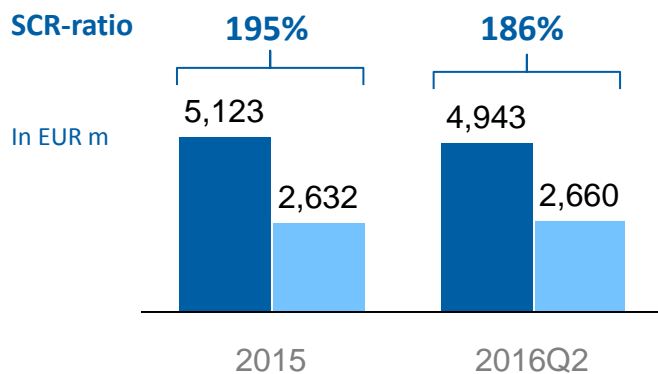
Economic capital position



Measures used

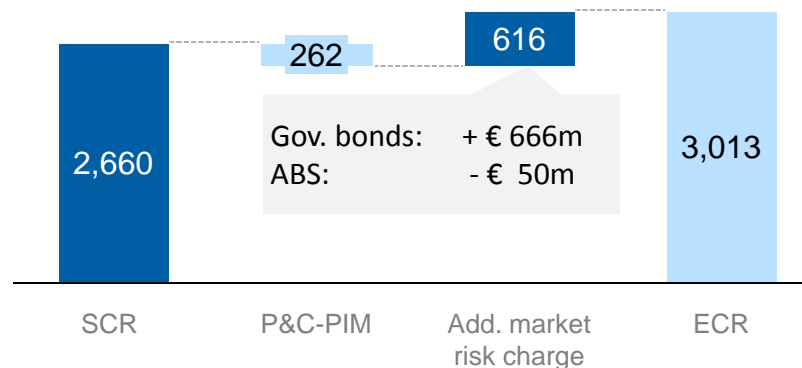
	ECR	SCR
Internal Model	Yes, P&C business	No
Sovereign Risk charge	Yes (full loading)	No
Volatility Adjustments	Yes (static)	Yes (static)
Transitionals ¹	No	No
Matching Adjustment	No	No

Regulatory SII capital position

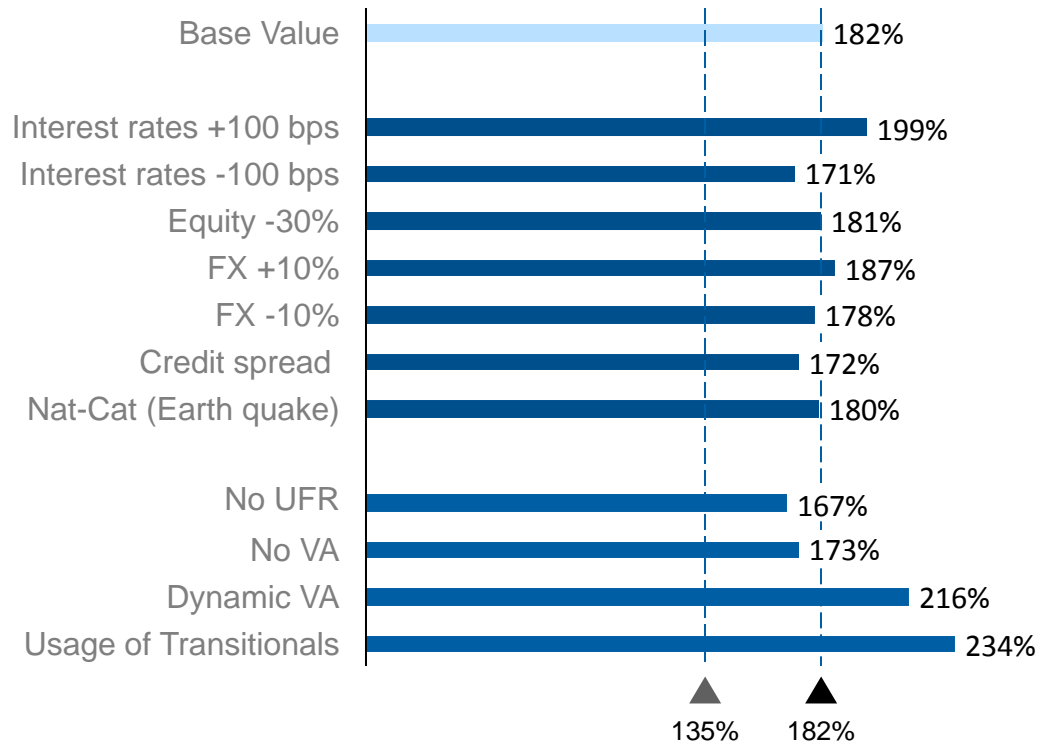


Reconciliation SCR to ECR

Required capital in EUR m



Estimated sensitivity of ECR quota

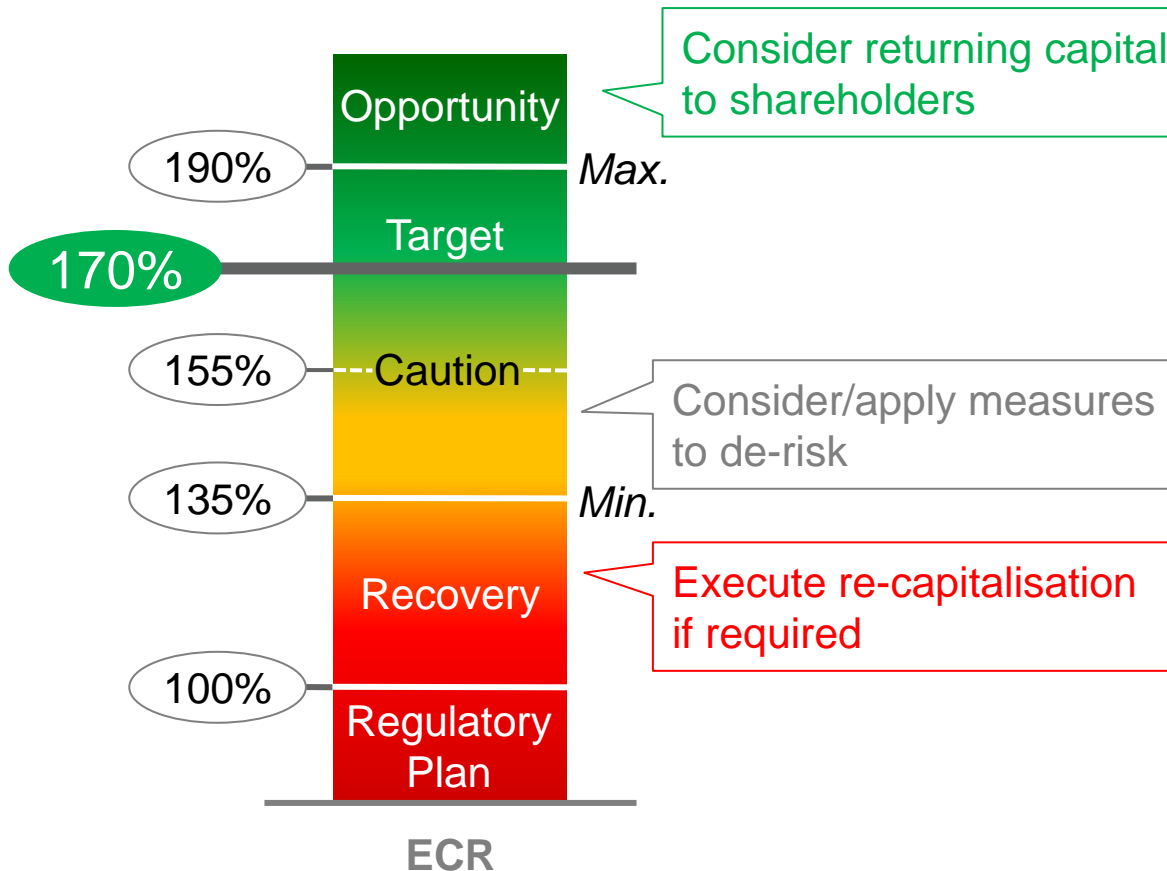


Impact on change to ECR quota

	2015	2014
	+17%-p	+20%-p
	-12%-p	-16%-p
	-1%-p	-5%-p
	+5%-p	+3%-p
	-4%-p	-3%-p
	-10%-p	-14%-p
	-2%-p	-2%-p
	-15%-p	-17%-p
	-10%-p	-9%-p
	+34%-p	+38%-p
	+52%-p	+55%-p

- **Interest rate sensitivities** reflects SII valuation approach: stress applies on liquid and non negative part of the curve only, extrapolation to UFR 4.2%
- Widening of **credit spreads** in relation to the respective rating category (25bp for AA and additional 25bp for each lower rating class ending at 150bp for CCC)
- **Nat-Cat** sensitivity assumes an earthquake with the epicentre in Austria and return period 250 years
- Sensitivity on **dynamic volatility adjustment (VA)** allows for an increasing VA based on EIOPA's defined spread stress in the standard formula
- **Transitional sensitivity** based on Technical Provision transitional (Article 308d, Solvency II directive)

Solvency steering rules

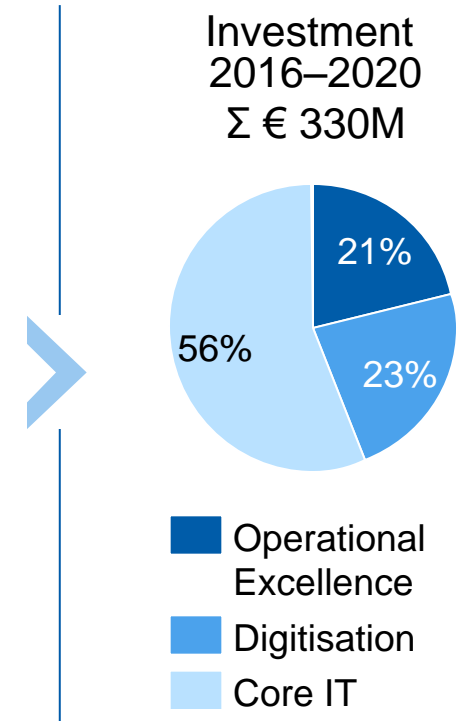


- Solid capital base as prerequisite in current market – ECR target set at 170%
- Clearly defined risk ambition and shareholder promise
- Strict management of capital adequacy across all levels of the organisation

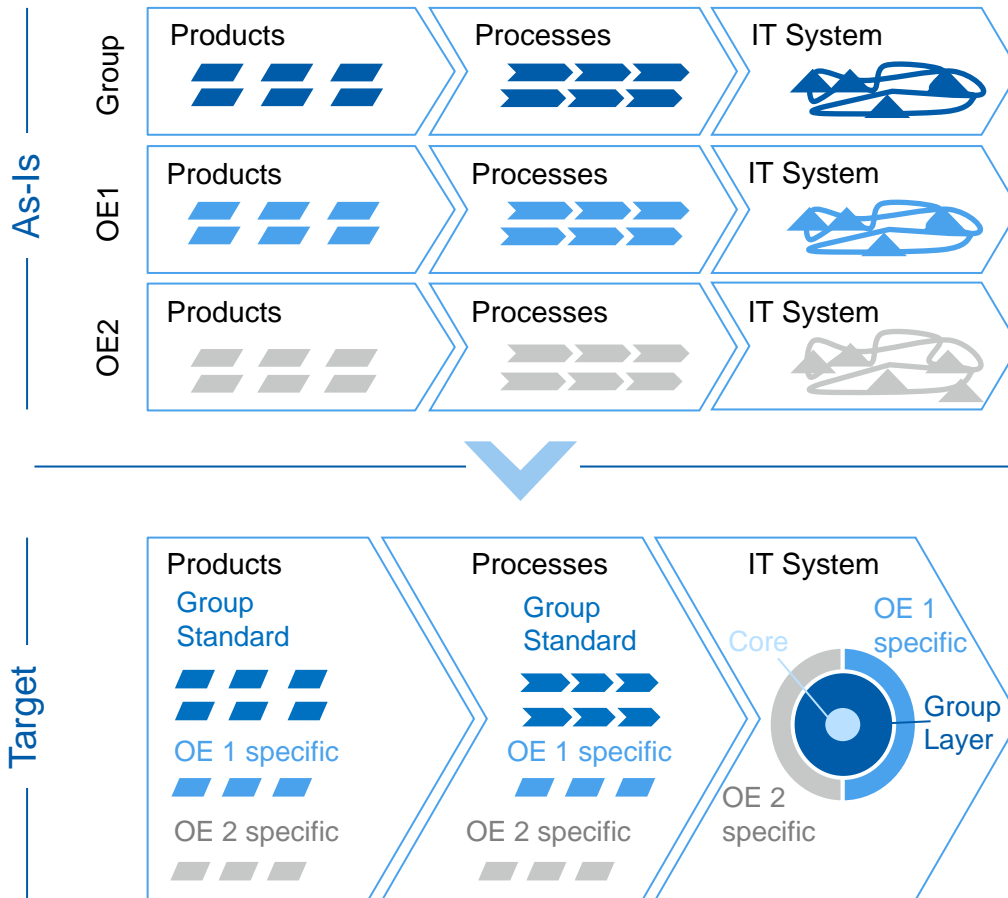
Significant investments are required to advance UNIQA's business model

Investments assigned to initiatives

	2016–2020		2021–2025	
	Total Investment	<i>Thereof Expensed</i>	Total Investment	<i>Thereof Expensed</i>
Operational Excellence	€ 70M	€ 60M	-	-
Digitisation	€ 75M	€ 65M	-	-
Core IT	€ 185M	€ 115M	€ 150M–200M	€ 100M–115M
Sum total	€ 330M	€ 240M	€ 150M–200M	€ 100M–115M

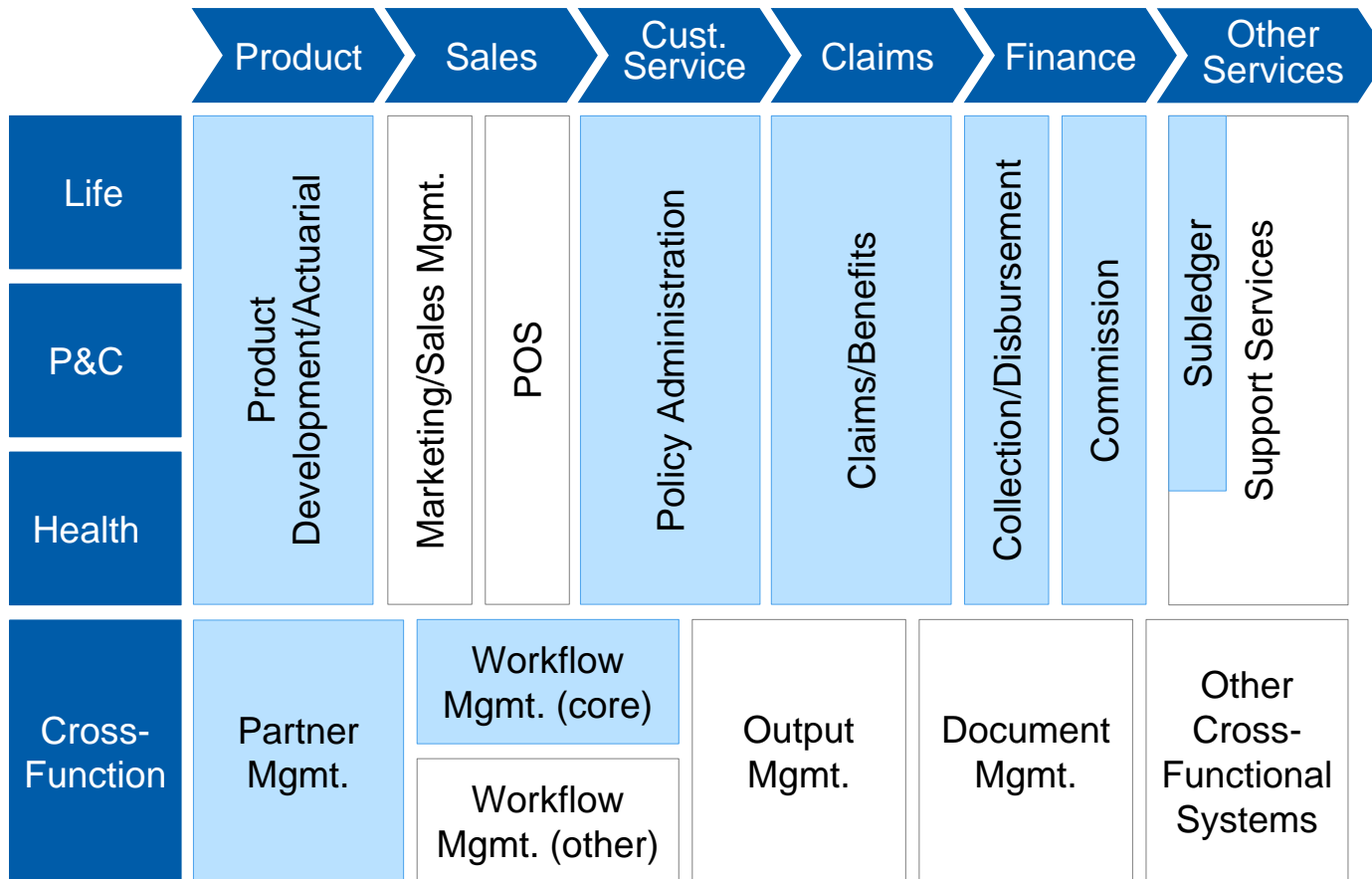


Schematic TOM target picture



- Leveraging Group synergies across products, processes and IT
- Target Operating Model (TOM) initiative in line with and enabled by new Group Structure & Governance measures
- TOM as a basis for the success of all other core business excellence initiatives
- As a result, sales functions are able to increase their focus on client coverage and servicing
- Group architecture for products and processes enables efficient IT core implementation

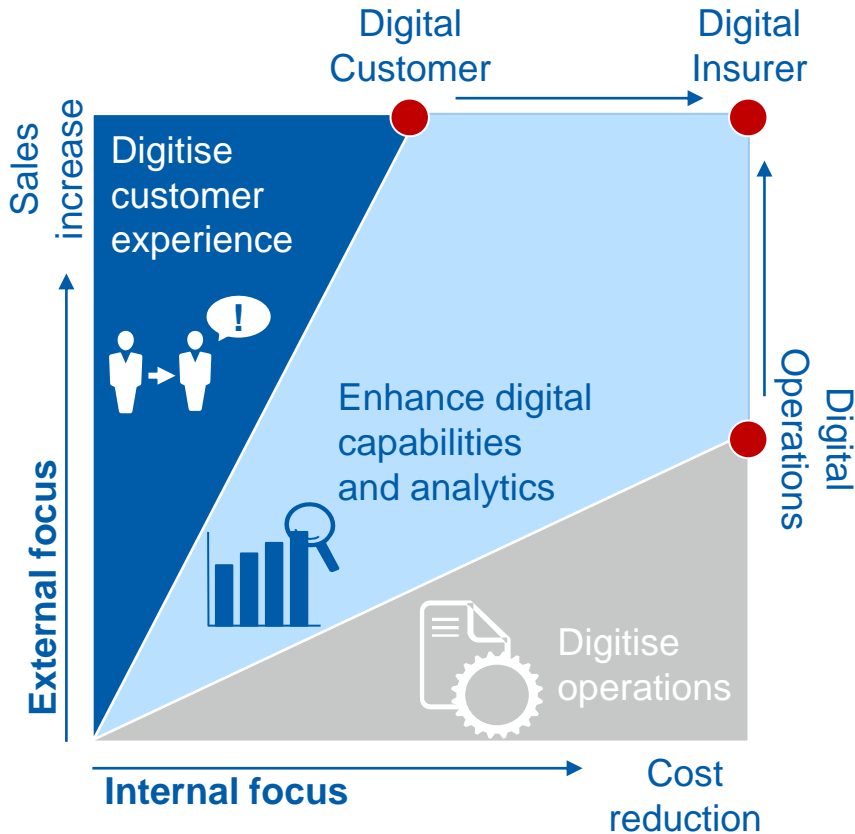
Shared platform simplifies key elements of the core business value chain



- State-of-the-art core system ✓
- Economies of skill, scale & scope ✓
- Proven “packaged” solution ✓
- Significant complexity reduction ✓

New core platform element

Our digital path¹



- Foster UNIQA's innovation culture
- Sequentially build up capabilities to digitise
 - Customer experience
 - Operations
- Enhancement of analytical abilities as a foundation
- Accompanied by conscious investments in “digital bets”
- Ambition reflected in new organisational set-up

Investments of € 75M agreed for UNIQA's digital transformation until 2020

Life 2016–2020

 **Strategic Ambition:** “Reduce capital requirements and increase profitability”

Management rules



- Product management
- Profitability steering:
 - Capital allocation
 - Min. interest rate risk
 - Capital requirements

Inforce business



- Inforce handling/management and expense reduction
- Portfolio optimisation
- Asset management & ALM

New business



- Tactical product enhancement
- Strategic product development



Digital Transformation:

- Sales support (Apps)

- Bancassurance digital distribution

- Customer self-service portal



Core IT:

- New product generation

- Straight through processing

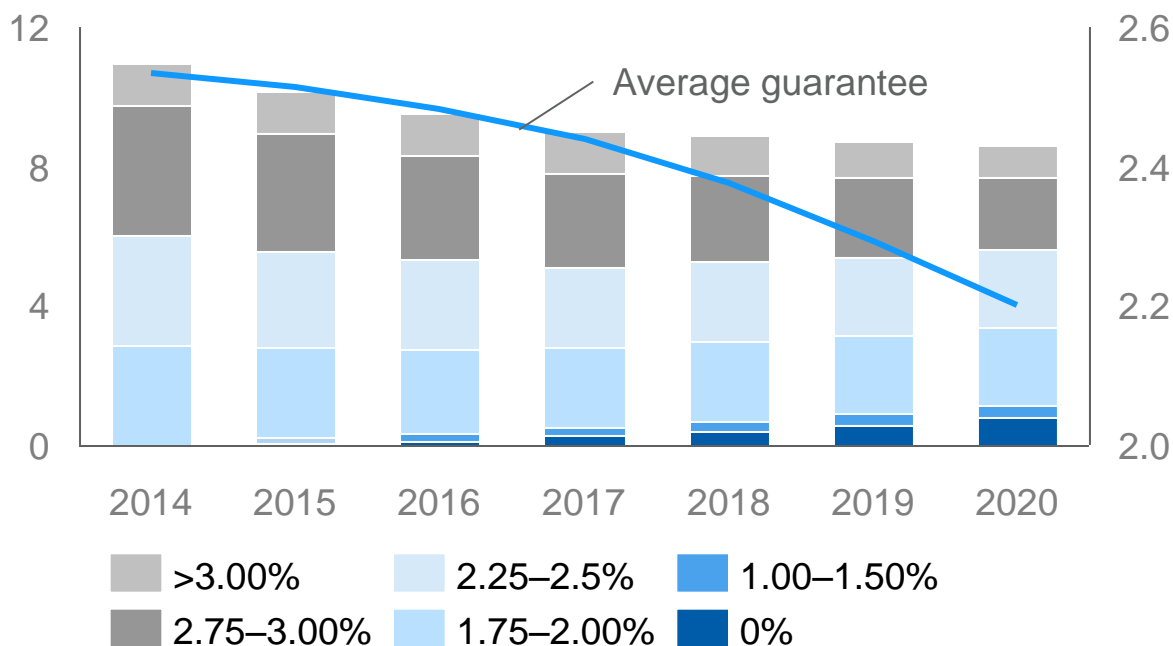
- Auto rating

Potential applications

Austria: Actuarial reserve fund by guarantees

Reserve fund in €BN (FC2/2015)

Av. guarantee in %



Development until 2020

- Reduction of actuarial reserve funds from € 10.9BN to € 8.6BN mainly due to
 - Stop of prolongations
 - Product strategy shift
- Maturing¹ of 38% of reserves with $\geq 3\%$ guaranteed interest
- Average guarantees to drop from 2.53% (2014) to 2.20% in 2020

A decrease in life insurance actuarial reserve fund of € 2.3BN in 2014–2020 will result in € 200M to € 230M reduction in required risk capital

Life 2016–2020



“Reduce capital requirements and increase profitability”

Management rules



Inforce business



New business



Targets 2020


€ 2.6BN
GWP

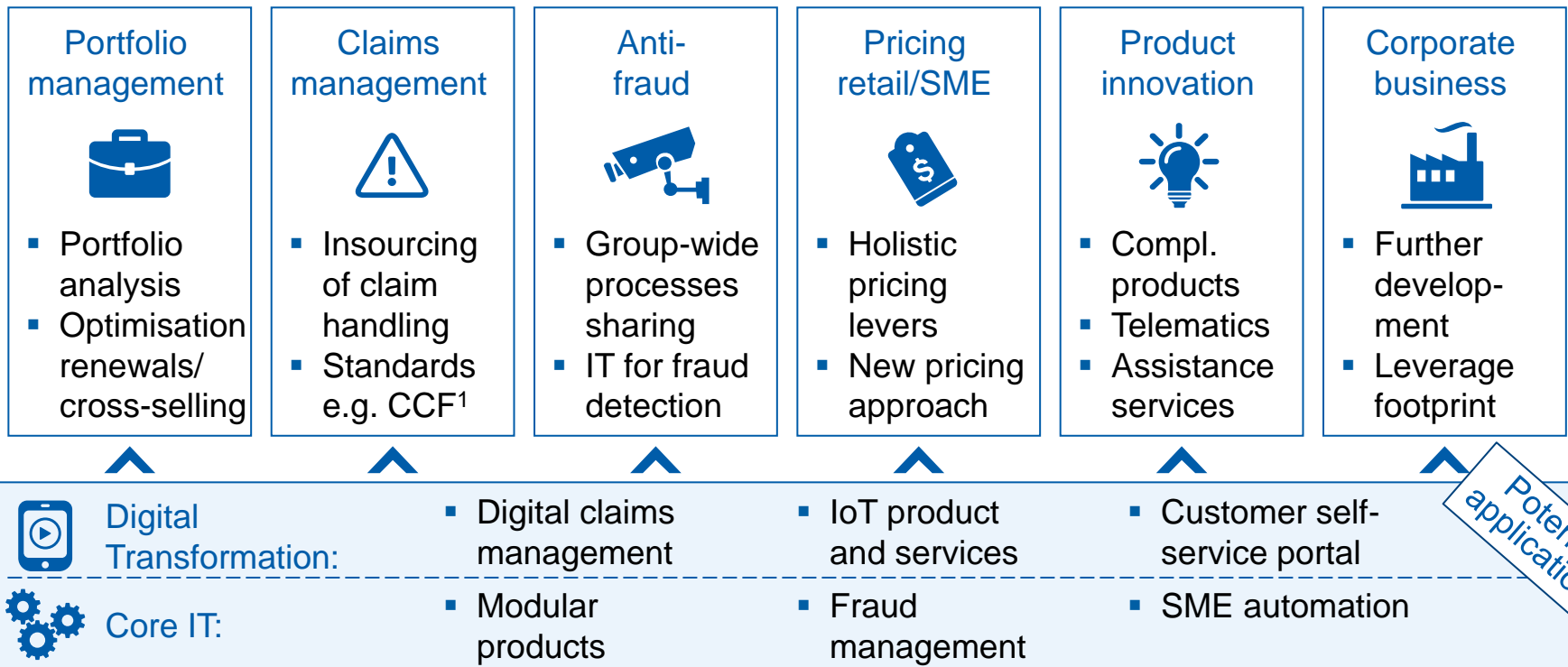
€ 30M–35M p.a.
new business value

50–70 bps
margin on reserves¹

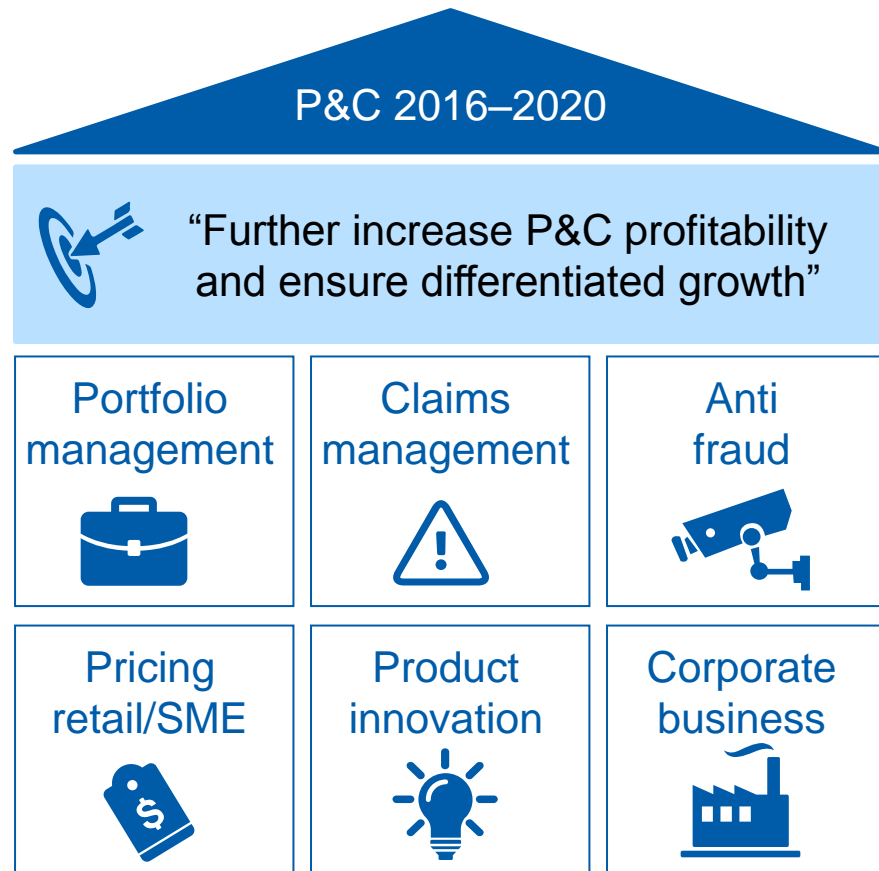
16%
NCR

P&C 2016–2020

 **Strategic Ambition:** “Further increase P&C profitability and ensure differentiated growth”



Potential applications



Targets 2020

4%
p.a. GWP
growth in 2016–
2020¹

6–7%
GWP growth
in CEE

~2%
GWP growth
in Austria

<95%
COR

~28%
NCR

Health 2016–2020



Strategic Ambition:

- “Remain market leader in profitable health business”
- “Sustainable cash flow generation”

Brand



- Strong brand, reputation and trust of our clients
- Critical mass in the Austrian health market

Sales



- Large tied agent network with more than 350 outlets
- Strong broker sales – also in Group insurance

Value proposition



- High quality offer
- Unique assistance services in market, e.g. network of vital coaches or “health truck”

Health value chain integration



- UNIQA is the only Austrian insurance provider covering wider health value chain (hospitals & care centres)



Digital Transformation:

- Online health tool
- Integration into health ecosystem
- Customer self-service portal



Core IT:

- Multi-currency/-tenancy
- Integration into distribution systems
- Supply chain integration

Potential applications

Health 2016–2020



- “Remain market leader in profitable health business”
- “Sustainable cash flow generation”

Brand



Sales



Value proposition



Health value chain integration



Targets 2020

2.5–3%

p.a. GWP growth 2016–2020

€ 25M–30M

new business value

350–450 bps

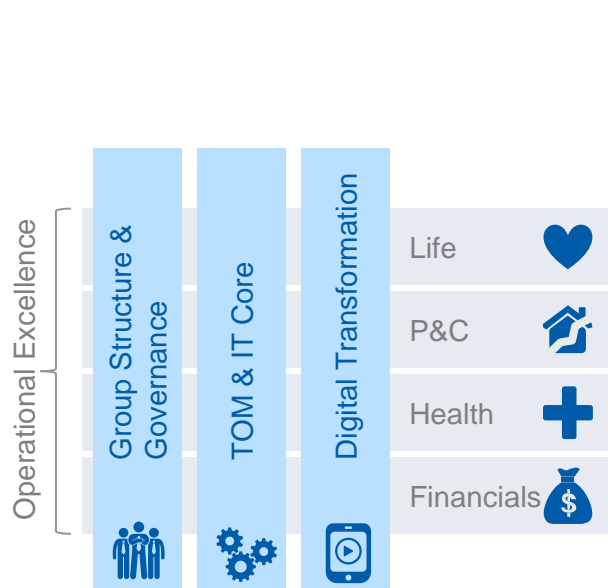
margin on reserves¹

14%

NCR

UNIQA will be able to ensure attractive financial results

Key initiatives 2016–2020



Operating KPIs

GWP	2% p.a.
NCR ²	<21% in 2020
COR	<95% in 2020
ECR	>170% from 2016

Targeted financial results

13.5%
operating ROE¹
average in 2017–2020

“Each year
increasing
DPS”
in 2016–2020

Net cost reduction and Combined Ratio improvement will provide attractive returns on key initiatives

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