



CAPITAL MARKETS DAY 2016

DELIVERING CORE BUSINESS EXCELLENCE AND INVESTING IN THE FUTURE

UNIQA Group
London, 14th March 2016



Capital Markets Day	Outline	<i>A. Brandstetter</i>	Main Messages
	UNIQA 2.0: 2011–2015	<i>A. Brandstetter</i>	Achievements
	UNIQA 2.0: 2016–2020	<i>A. Brandstetter</i>	Overview
			Group Structure & Governance
			TOM & IT Core
			Digital Transformation
		<i>K. Svoboda</i>	Life
			P&C
			Health
	Financials		
Targets 2020	<i>A. Brandstetter</i>	Strategic & Financial Ambition	



Main messages of today's presentation

A Solid track record

Since 2011, UNIQA has built a strong capital foundation and established a solid financial track record

B Initiatives & investments

- B1** Current market conditions and decreasing investment yields challenge traditional business models
- B2** Initiatives have been launched to improve core business excellence and ensure relevance in the digital age
- B3** Significant investments are required to advance UNIQA's business model for the future

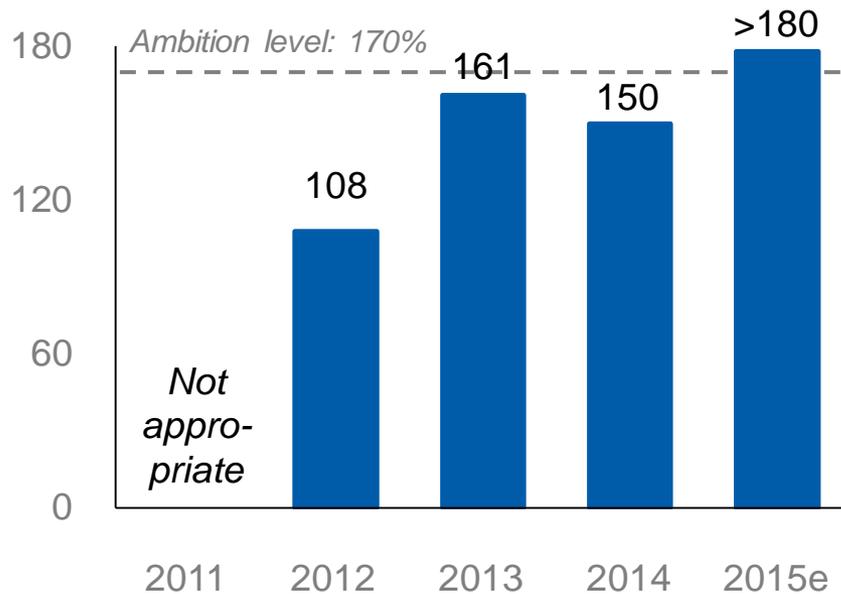
C Attractive results

- C1** As a consequence, UNIQA will be able to achieve attractive financial results
- C2** Constantly reduced capital requirements and sustainable cash flow generation enable increasing dividend payments

Since 2011, UNIQA has built a strong capital foundation and a solid financial track record

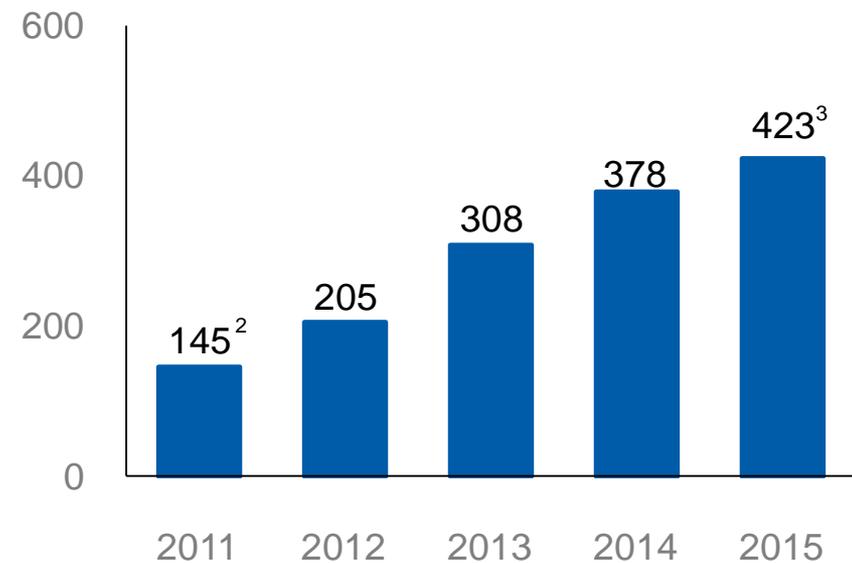
ECR¹ quota development

ECR quota in %



Profit from ordinary activities

EBT in €M

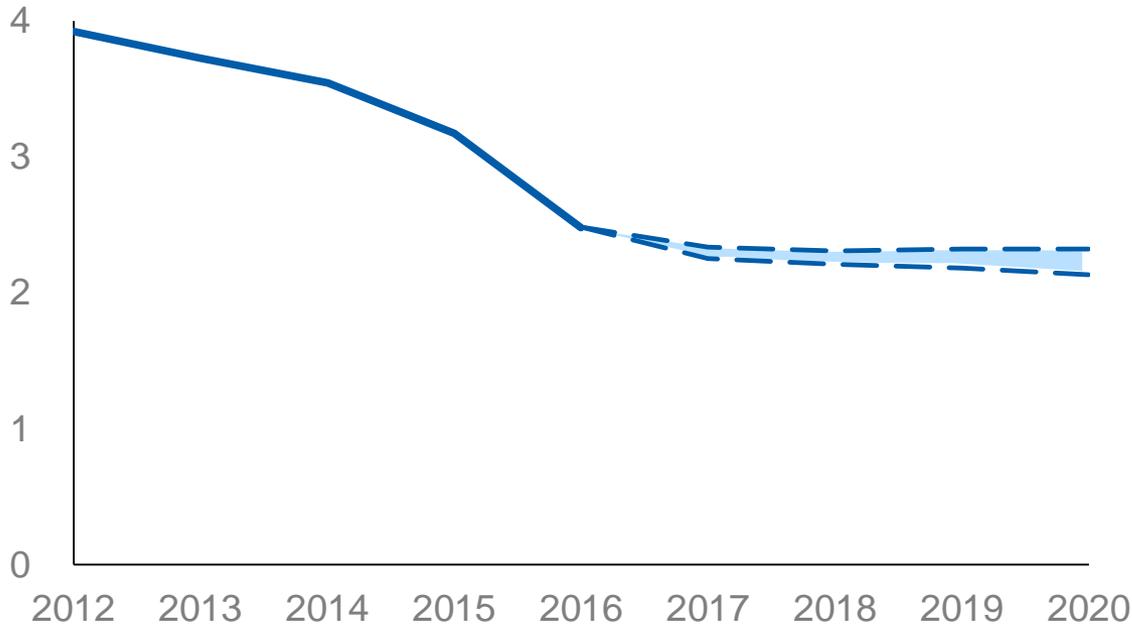


Strong capital position will be used to secure a successful future

Current market conditions challenge traditional business models

Expected investment yield

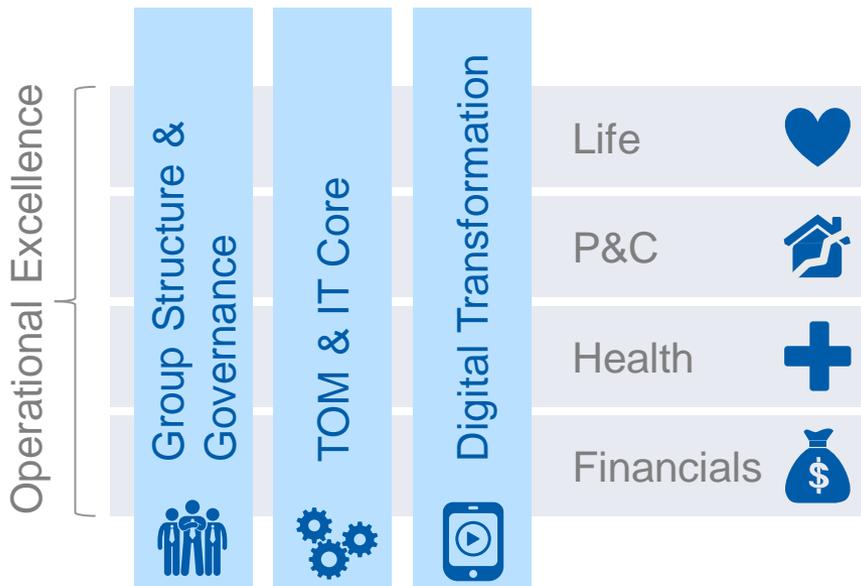
Yield in %



- Substantial decline in investment yield in 2016 driven mainly by
 - Ongoing low interest rate environment
 - Maturing of high interest rate bonds
 - Significantly reduced real estate sales in 2016
- Moderate requirement for reinvestments at current low yields due to matching concept
- Risk and illiquidity premiums to be used to ensure stabilisation from 2017 onwards

Our key initiatives ensure core business excellence and relevance in the digital age

Overview of key initiatives

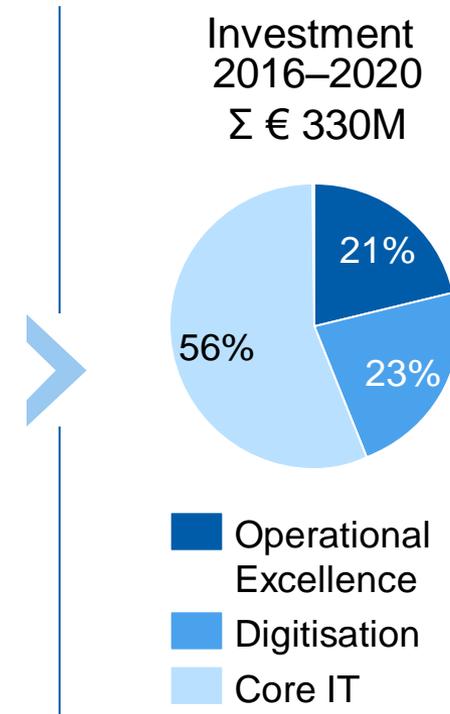


- Streamlined Group structure and governance model
 - Clear functional responsibilities
 - Reduction of board members
 - Merger into one risk carrier in Austria
- Harmonised operating model and IT
 - Definition/roll-out of Group-wide TOM
 - Renewal of core IT platform
- Continued digitisation of our business
 - Near-term: first wave of digital initiatives already under way
 - Mid-term: becoming a “Better Life Service Provider” in the digital age
- Continued focus on core business excellence

Significant investments are required to advance UNIQA's business model

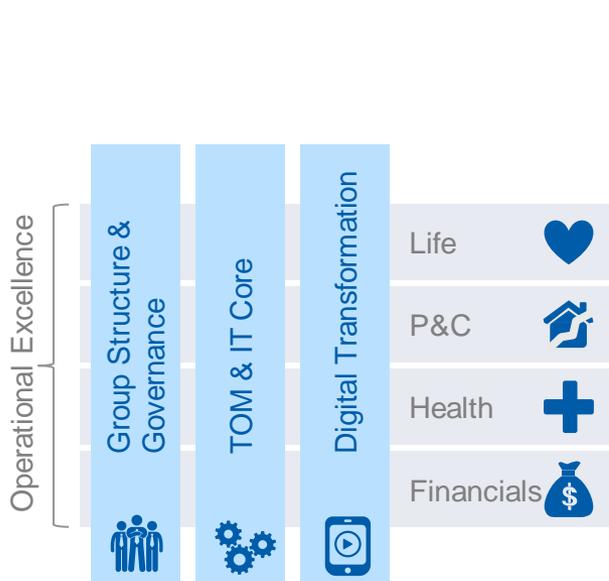
Investments assigned to initiatives

	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



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

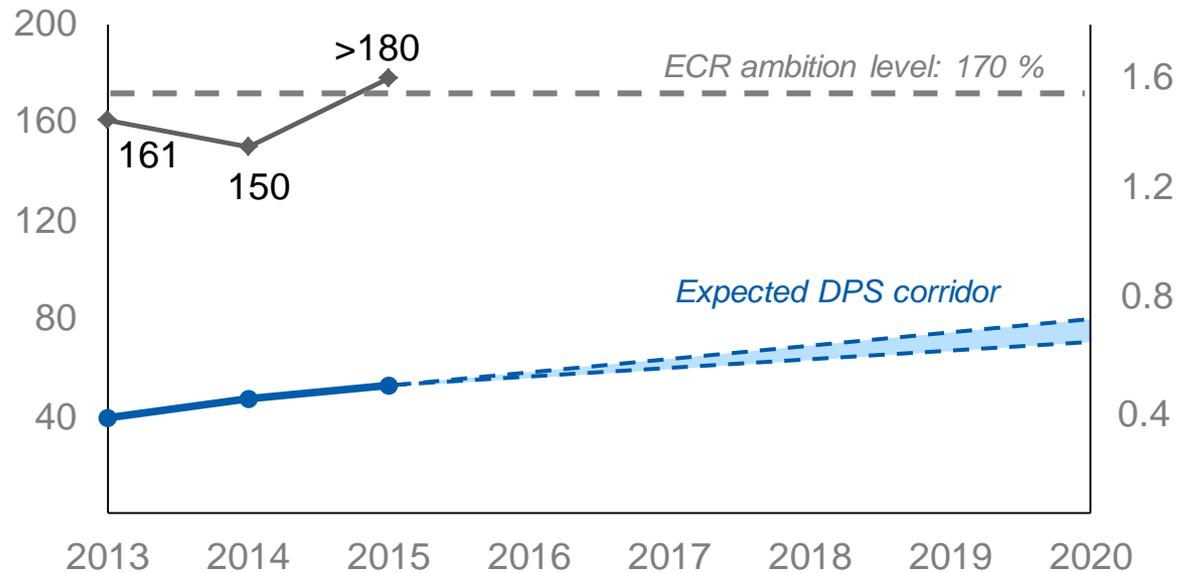


C2 Reduced capital requirements and sustainable cash flow enable increasing dividend payments

Anticipated dividends

ECR quota in %

Dividend per share in €



- ECR quota expected to remain above ambition level from 2015 onwards
 - Product shift to less capital intensive products
 - Capital release from maturing guaranteed back book
 - Increasing operating profit in P&C

Constant increase of dividend per share anticipated for 2016–2020, despite extraordinary investments

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In 2011, UNIQA defined its strategy taking it up to 2020

2011–2012
Get ready

2013–2015
Start winning

2016–2020
Create future

What is our goal?



Customer growth

Double the number of customers by 2020

How can we achieve this goal?



Focus on core business

Focus on our core business as a primary insurer in our core markets of Austria and CEE

Where can we improve our core business?



Implementation of key programmes

- *UNIQA Austria:* Profitability
- *Raiffeisen Ins. AT:* Productivity
- *UNIQA Int'l:* Growth and profit
- *Group:* Improve risk return profile

What is required?



Solid capital base

- Strengthened capital base
- Simpler, more capital market-friendly Group structure
- Re-IPO¹

Why is this attractive?



Attractive financials

Improve EBT by up to € 400M until 2015



Delivered: Customer growth & core business focus



Customer growth

Main achievements up to 2015

- ✓ No. 1 trusted insurance brand
- ✓ Strengthened regional presence
- ✓ Additionally net 2.5 million customers across both core markets



Customers



Focus on core business

- ✓ Focused investments in the insurance business in CEE
- ✓ Selective investments to support core business
- ✓ Exit from equity investments that are not linked to core business



Exemplary deal activities

	Divest	Invest
Regional	Mannheimer in DE	Basler in HR & RS; EBRD in CEE
Business	Hotels, Media Group	Hospitals



Delivered: 4 key programmes effectively conducted

Main achievements up to 2015

UNIQA Austria: Profitability

- ✓ Back office consolidation
- ✓ Portfolio restructuring

Raiffeisen Ins. Austria: Productivity

- ✓ Cooperation agreement
- ✓ Significant increase in productivity

UNIQA Int'l: Growth and profit

- ✓ Organic and inorganic growth
- ✓ Bancassurance agreements

Group: Improve risk return profile

- ✓ Major balance sheet de-risking
- ✓ Solvency II implementation



Implementation of
key programmes

COR
105%₂₀₁₁ $\xrightarrow{-7.2pp}$ 97.8%₂₀₁₅²

Net Admin Cost Ratio¹
14.6%₂₀₁₁ $\xrightarrow{-4.8pp}$ 9.8%₂₀₁₅²

GWP in €
5.5BN₂₀₁₁ $\xrightarrow{+14%}$ 6.3BN₂₀₁₅²



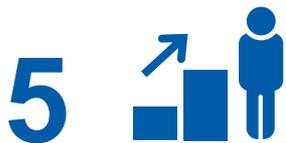
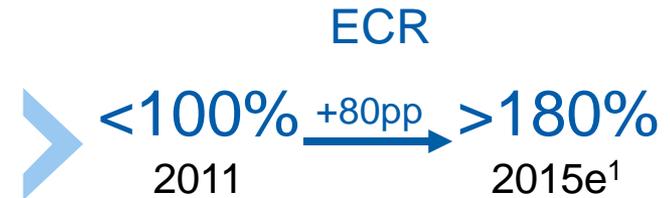
Delivered: Capital base and earnings increased

Main achievements up to 2015



Solid capital base

- ✓ Successful Re-IPO and placement of sub-tier bonds
- ✓ Total record equity increase
- ✓ Solid capital position without use of transitionals and including risk charge for all government bonds



Attractive financials

- ✓ Consistent increase in profit from ordinary activities
 - 2011: € 145M² – 2012: € 204M
 - 2013: € 308M – 2014: € 378M
- ✓ Consistent increase in free surplus generation
- ✓ Substantial and constantly increasing dividends





UNIQA is well positioned today through UNIQA 2.0

UNIQA's achievements

— Targets defined in 2011 —

— Targets defined now —



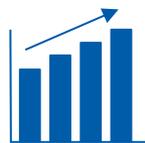
2011–2012
Get ready

2013–2015
Start winning

2016–2020
Create future



Well-capitalised ✓



Improved core business profitability ✓



Diversified portfolio with growth potential ✓



Cash generation for shareholders ✓



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Changing markets call for core business excellence



Low interest yield and volatile capital markets

- 10 year Euro swap¹: 0.9% (3.1% in 2011)
- ATX down ~20% since 2011²



Macro economic headwind

- AT GDP at 0.8% (2015) vs. 2.0% forecast³
- CEE GDP at -0.2% (2015) vs. 3.8% forecast³



Increased regulatory burden

- Solvency II
- IDD and PRIIPS, etc.



Changing customer expectations

- Convenient and holistic services
- Any time and omni-channel access



Increasing importance of technology in insurance

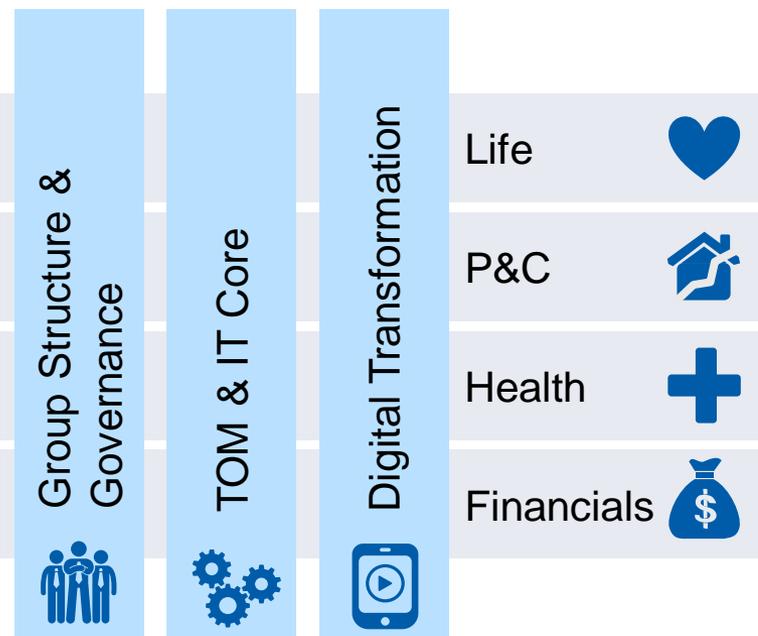
- Data science and analytics
- Automation and **digitisation**



Distinct initiatives ensure business sustainability



Our key initiatives for core business excellence and digital relevance...



...have a positive effect on all our strategic pillars

1		Customer growth	Ensure customer relevance
2		Focus on core business	Consciously invest in our future
3		Implementation of key programmes	Programmes launched to further improve business excellence
4		Solid capital base	Monitor and secure capital strength
5		Attractive financials	Generate cash



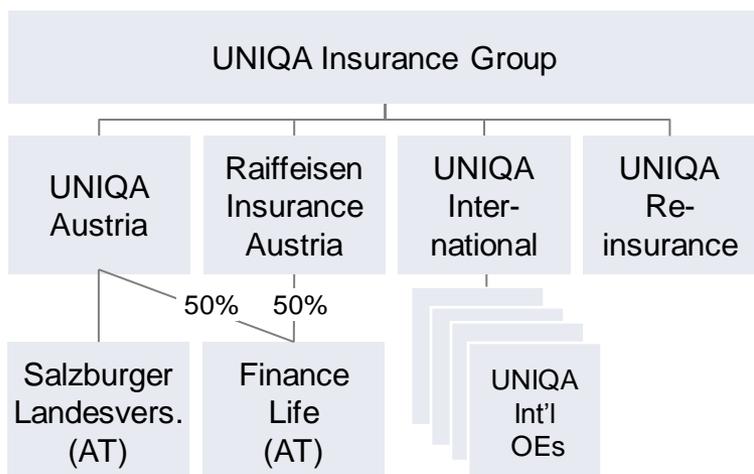
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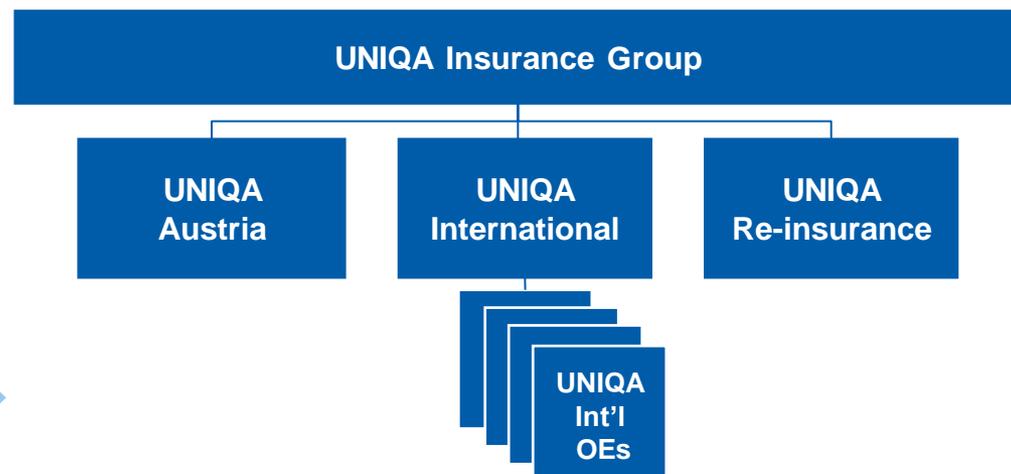
Structural integration of all risk carriers in Austria

Our Group structure today



- UIG as a Group Holding
- Four risk carriers in Austria
- Int'l Holding with regional heads

Our new functional Group structure (end of 2016)



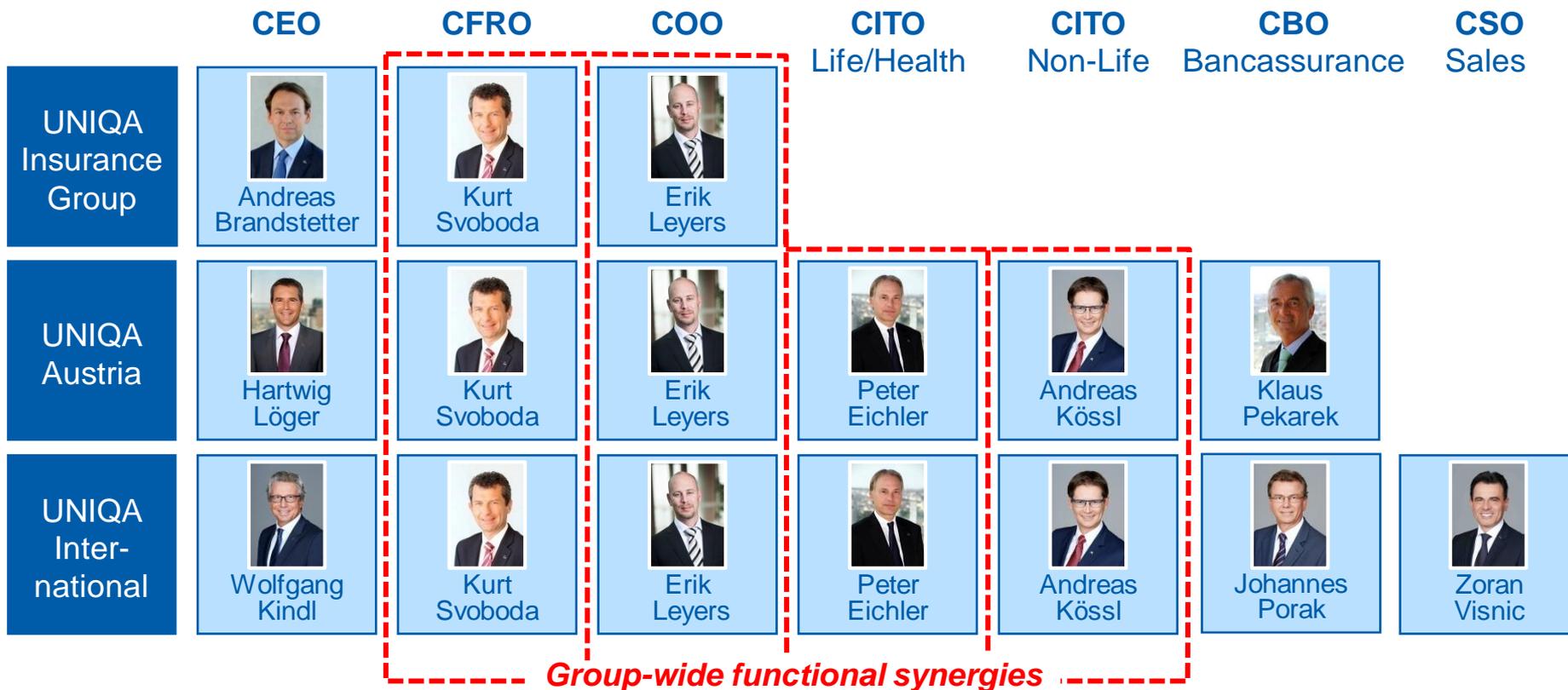
- UIG as a streamlined Group Holding with functional steering
- One risk carrier in Austria
- Int'l Holding with refocused functional steering

Re-organisation optimises synergies (merger of carriers, unified Group operations) while maintaining organisational agility



Streamlined board level enables functional steering

Our UNIQA management team



Significant reduction in number of board members from 22 to 10



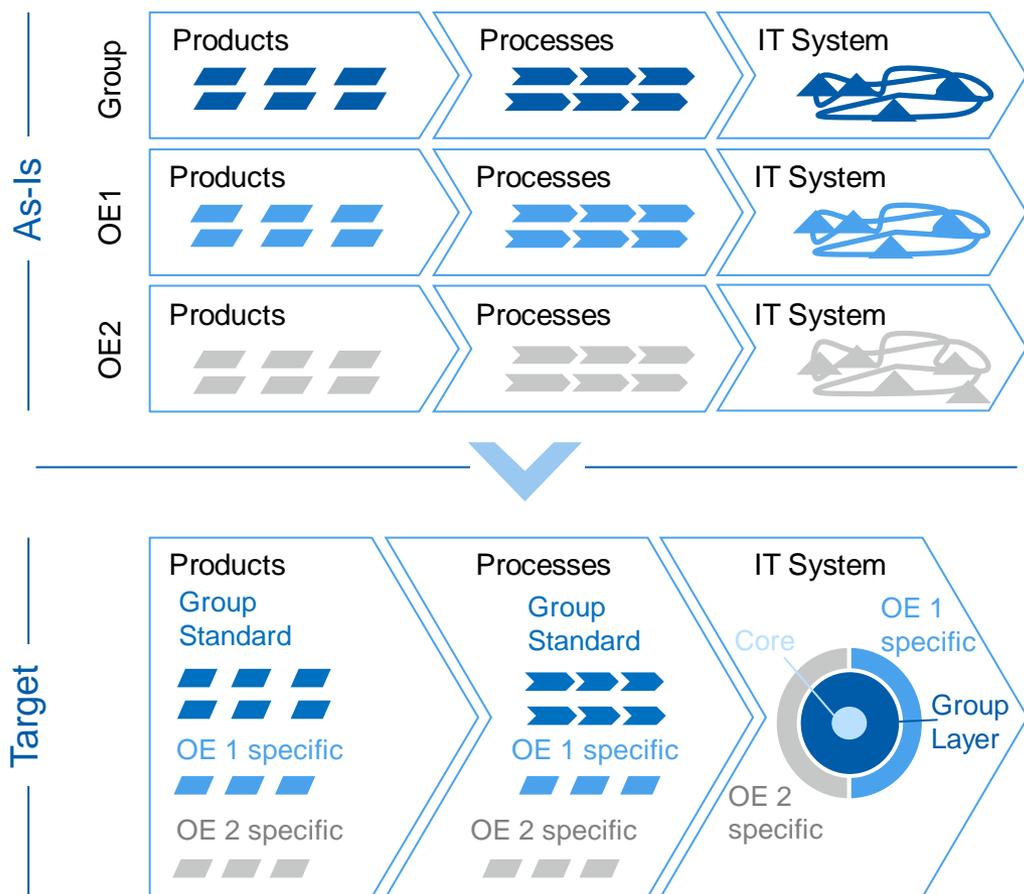
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Systematic harmonisation of UNIQA's TOM

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



New core IT system as key element of TOM initiative

Modernisation of IT systems

- The current IT landscape cannot meet modern efficiency requirements
 - Parts of the IT systems are outdated
 - Different systems across different countries
 - Increasing complexity
- IT renewal offers significant opportunities
 - Meets changed customer demand and sales concepts
 - Is able to support digitisation initiatives
 - Increases cost and process efficiency

Investments in new IT systems



IT renewal in 6 major markets



Low-risk implementation: launch in small pilot market; go-live in 2018



Estimated total time:
10 years



Estimated total investments:
2016–2020: ~ € 185M
2021–2025: ~ € 150M–200M



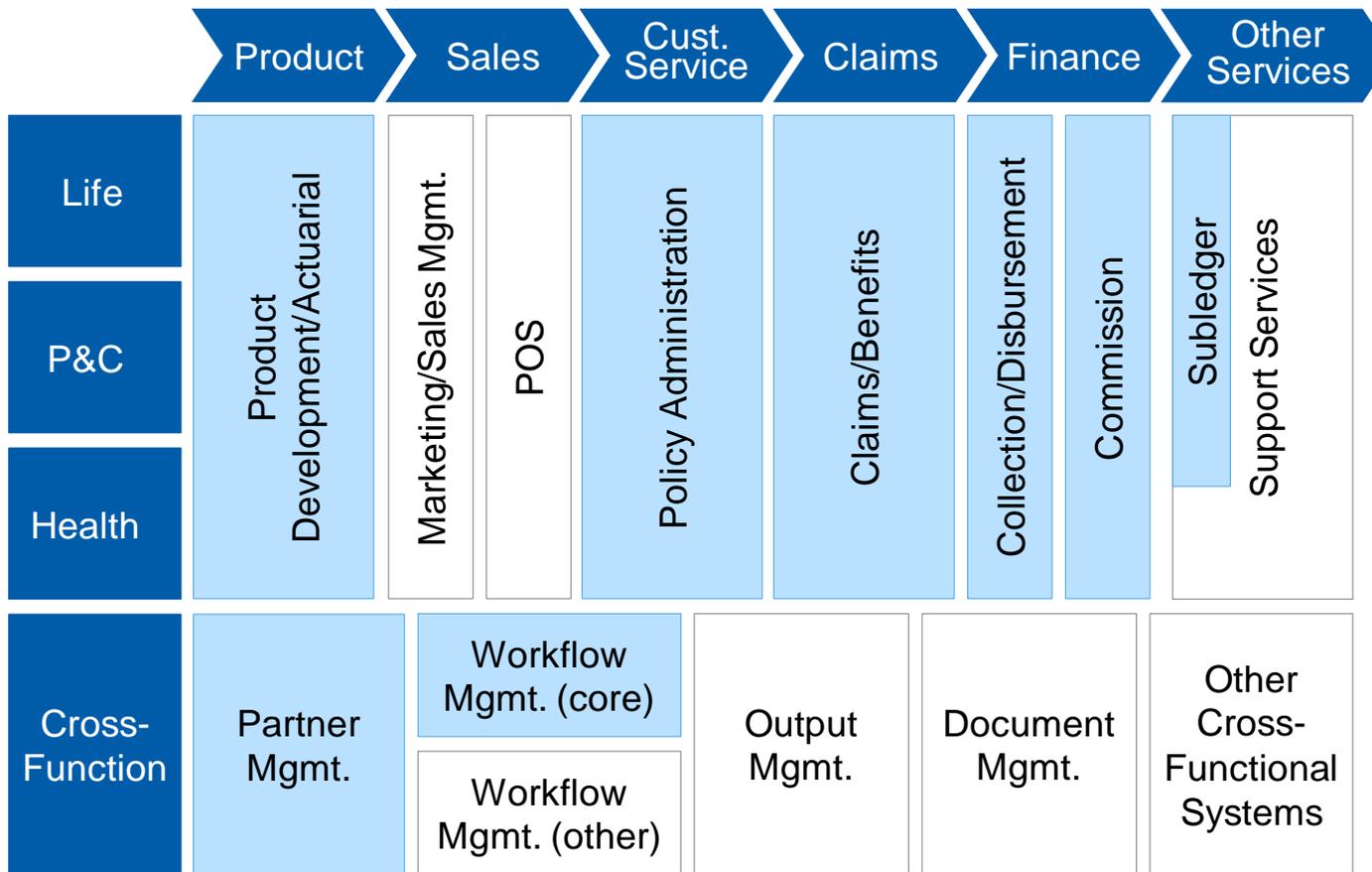
New IT systems as a basis for UNIQA's digital future

Investments in new IT systems will ensure robustness and enhance competitiveness



Shared core platform reduces IT complexity

Shared platform simplifies key elements of the core business value chain



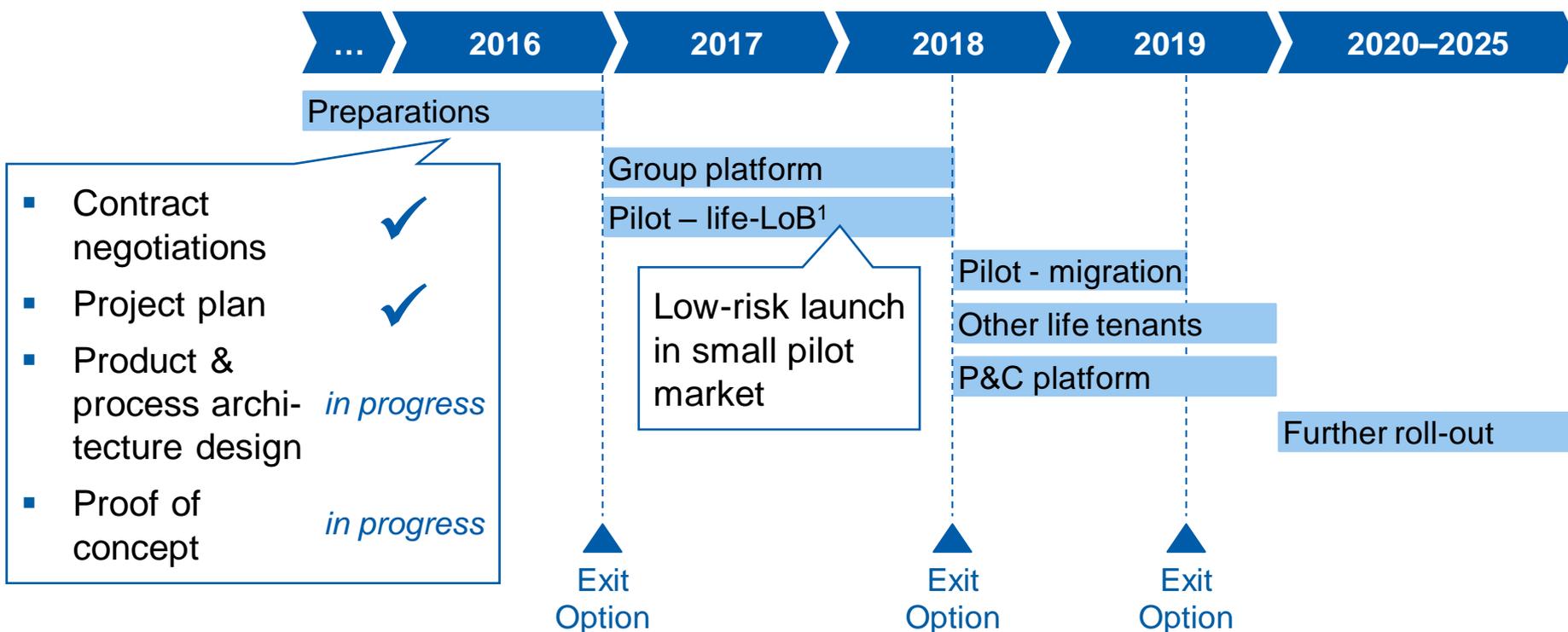
- State-of-the-art core system ✓
- Economies of skill, scale & scope ✓
- Proven “packaged” solution ✓
- Significant complexity reduction ✓

New core platform element



Finalising preparation of core systems implementation

IT implementation timeline

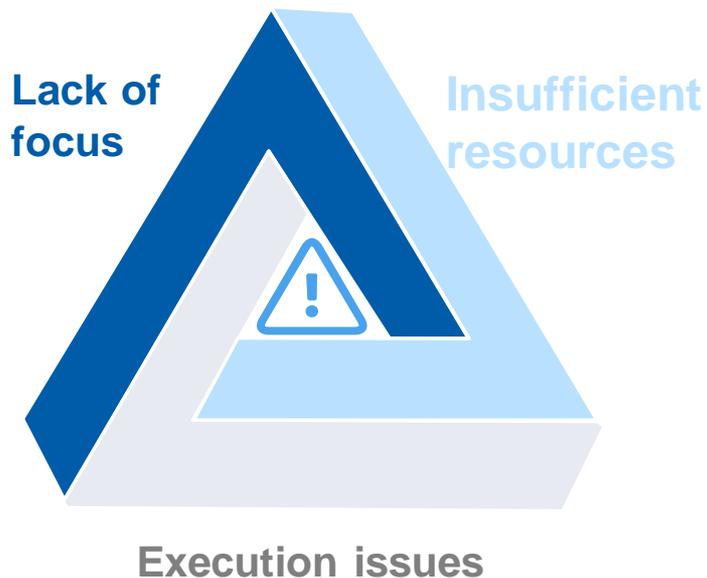


Sequential implementation of new IT core systems will start in 2017



UNIQA's measures to avoid IT project challenges

Typical IT project challenges



UNIQA's measures for project success

	Pre-integrated and proven platform solution	✓
	System-led implementation	✓
	Country-overarching Group governance	✓
	Project steering by business and IT	✓
	Assignment of top employees to project	✓



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Digitisation is changing the insurance industry

Digitisation



Impact on insurance business model



- Individualised, convenient and holistic services
- Any time and anywhere
- Omni-channel and multi-access
- New data sources and analysis opportunities
- Machine learning and decisioning
- Innovative service and product offerings
- Capability to quickly adjust to innovation trends
- Real-time, online transaction capabilities
- Support of partner ecosystems

New digital solutions are required to ensure future sustainability of business model



UNIQA is well-positioned to excel in the digital age

UNIQA is ready for a digital model and...

Clients	Customer-centricity & excellent, innovative brand	✓
Processes	Process excellence & significant cost savings	✓
Products	Broad and innovative products & strong cross-selling potential	✓
Governance	Efficient new set-up & synergies across markets	✓
Technology	IT core system initiative & streamlined IT organisation	✓

... demonstrated successful first steps

Telematics
(Safe-Line)



Client centre
"MyUNIQA"

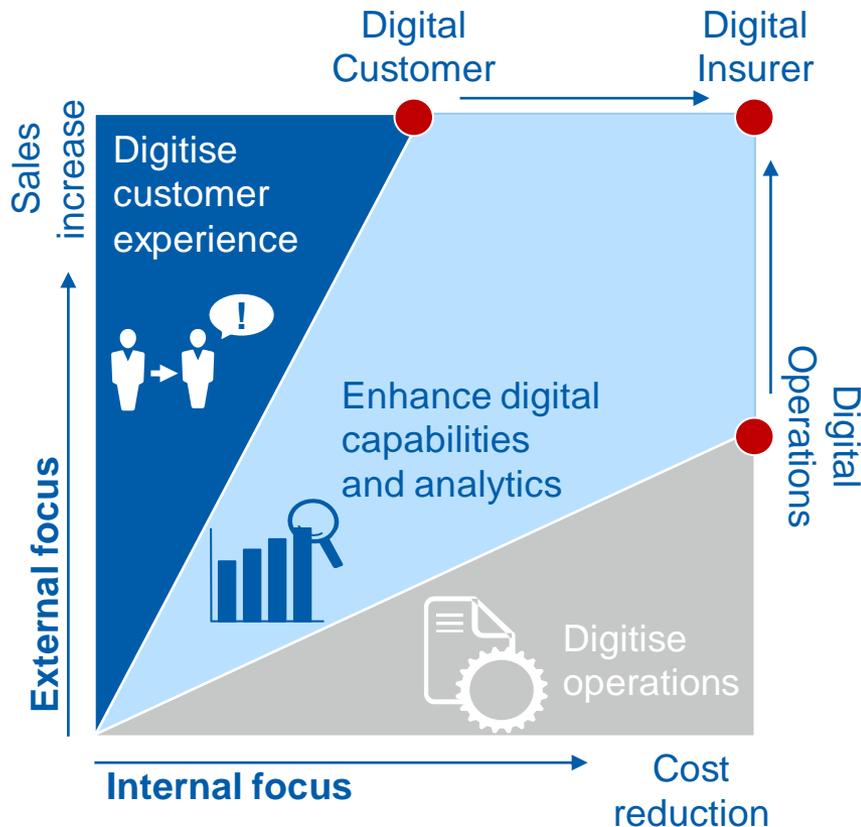
Claims
App





UNIQA strives to become one of the leading digital insurers in Austria and CEE

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



UNIQA plans various near-term digital initiatives

Examples of planned near-term digital initiatives

Digital customer experience

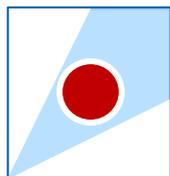


Advanced customer portal including (video) chat abilities



Online platform (pilot project CE)

Enhanced digital capabilities and analytics

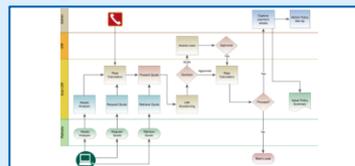
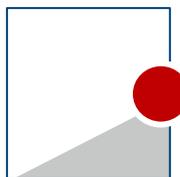


Fraud prevention analytics

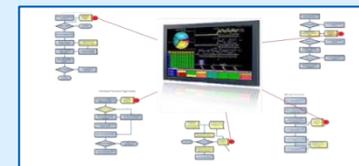


Customer data analytics

Digital operations



Automatic underwriting

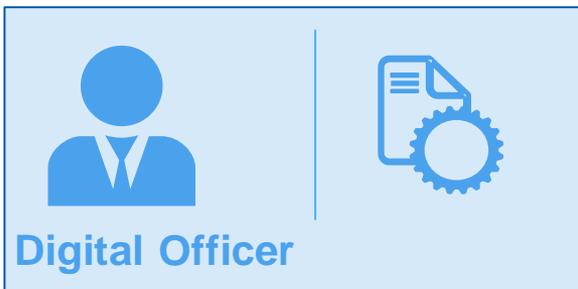


Flexible pricing tool



Three new roles to drive digital transformation and innovation

New functional roles/units



Responsibilities and value-add

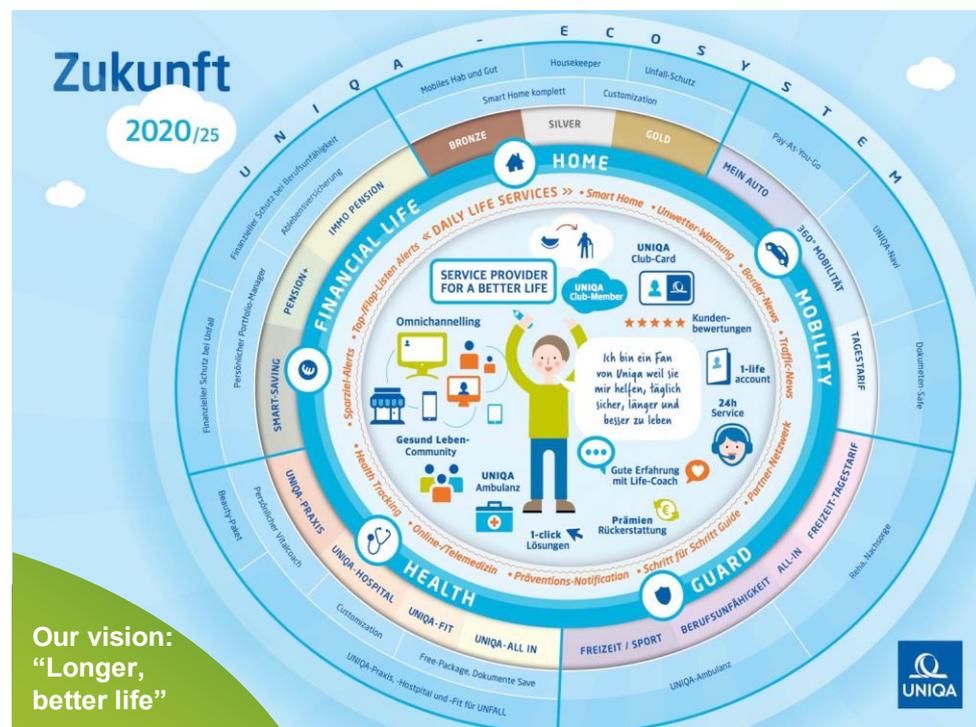
- Screening the market for and creating innovative business model ideas
- Enabling and managing “digital bets” within the organisation
- Managing strategic investments in start-ups/joint ventures
- Developing the digital strategy and designing a Group-wide digital roadmap
- Enabling digital services for current business capabilities throughout the existing organisation
- Managing scope and investments of digital project portfolios
- Developing data science, for example, comprehensive customer data analytics and capabilities for use within business units
- Establishing a seamless data infrastructure and ensuring data consistency throughout the organisation



We will create a UNIQA ecosystem along our vision “Longer, better life for our clients”

UNIQA aims to be a “Better Life Service Company”

- Innovative product and service propositions beyond traditional insurance products
- Tailoring of offerings to individual needs to ensure daily relevance
- Service “members” rather than “clients”
- Building a strong relationship and enabling constant communication with members
- Clear omni-channel/multi-access proposition with 24/7 availability





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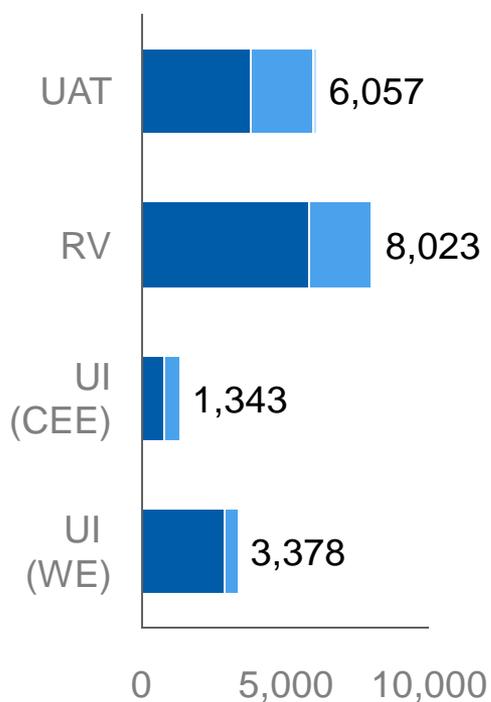
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Major share of UNIQA's life business in Austria

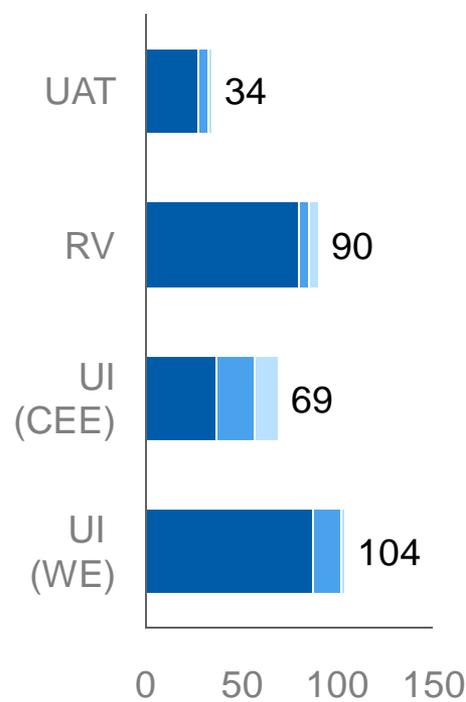
Technical reserves¹

FY15 in €M



New business

FY15 in APE



■ Traditional
 ■ Unit Linked
 ■ Risk

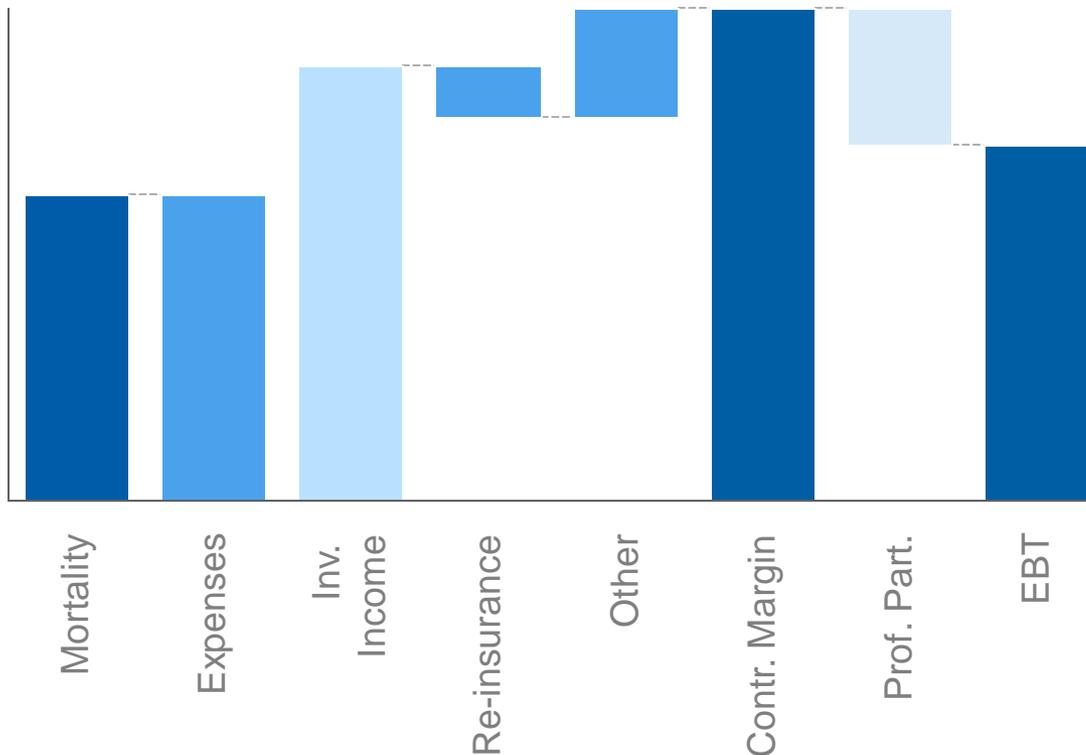
- Essential share of UNIQA's life portfolio in Austria (~75% of technical reserves in UAT and RV)
- Currently, still focus on traditional products (~70% of all technical reserves)
- Italian business mainly single premium (95%)
- Generally Bancassurance business more profitable
 - Profitable annex products in AT
 - Small, but profitable in CEE



Increased focus on expense and risk result

UNIQA profit sources¹

FY15 in €M



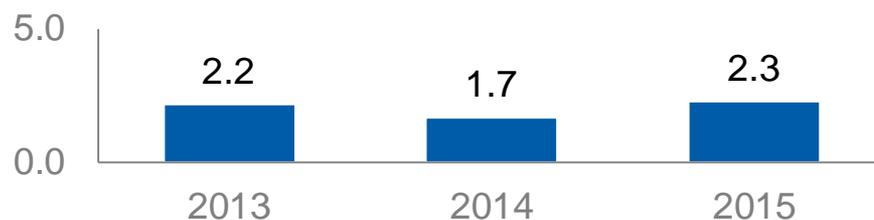
- Solid mortality result
- Investment result clearly covers guarantees and allows for small profit participation
- Further expense result improvement through Group-wide cost programme expected
- Contribution margin as residual reflecting also re-insurance and other results



New business margin improved in 2015

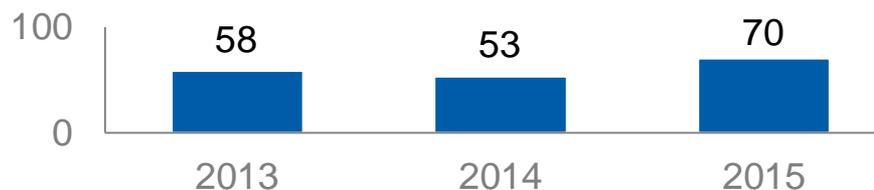
New business margin

PVNB Ratio in %



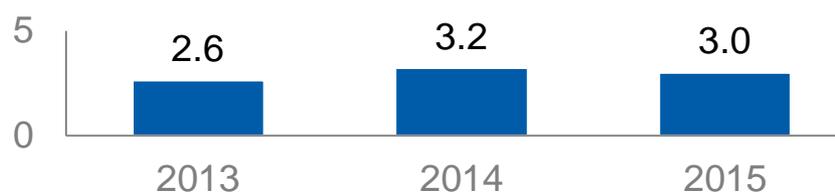
New business value (life & health)

In €M



Present value of new business premiums

In €BN



- New business margin increased to 1.9% (2014: 0.6%) in Italian life business due to new product generation offering reduced guarantees
- Continuation of highly profitable new business in the CEE region (NBM 6.1%, 2014: 5.9%)
- In Austria new traditional product successfully implemented and together with health business overall positive development to 2.0% (2014: 1.5%)

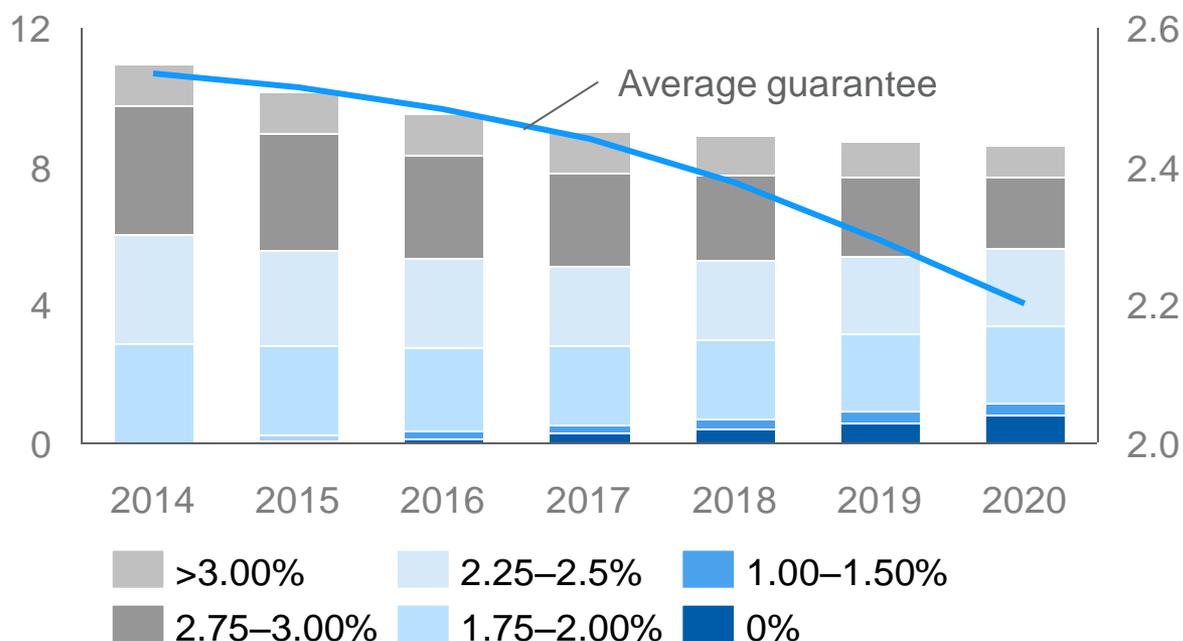


Guarantees in portfolio will decrease significantly

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 ≥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

Why life insurance in Austria is different

	 Austria	 Germany
General remarks	<ul style="list-style-type: none"> ▪ Various similarities between Austrian and German traditional life business ▪ Key differences due to new regulations or overall market development 	
Average guarantee	<ul style="list-style-type: none"> ▪ Market average: 2.85% ▪ New business 2015: 1.50%² 	<ul style="list-style-type: none"> ▪ Market average: 3.10% ▪ New business 2015: 1.25%
Profit sharing	<ul style="list-style-type: none"> ▪ All profit sources are shared ▪ At least 85% of the gross surplus shared with client (10y look back) 	<ul style="list-style-type: none"> ▪ All profit sources are shared independently of each other (90% from interest profit, 25–50% from others)
ZZR¹	<ul style="list-style-type: none"> ▪ Based on factor approach ▪ Started year end 2013 and can be built up linearly over 10 years ▪ Only in local accounts 	<ul style="list-style-type: none"> ▪ Based on a single contract basis ▪ More sophisticated ▪ Only in local accounts

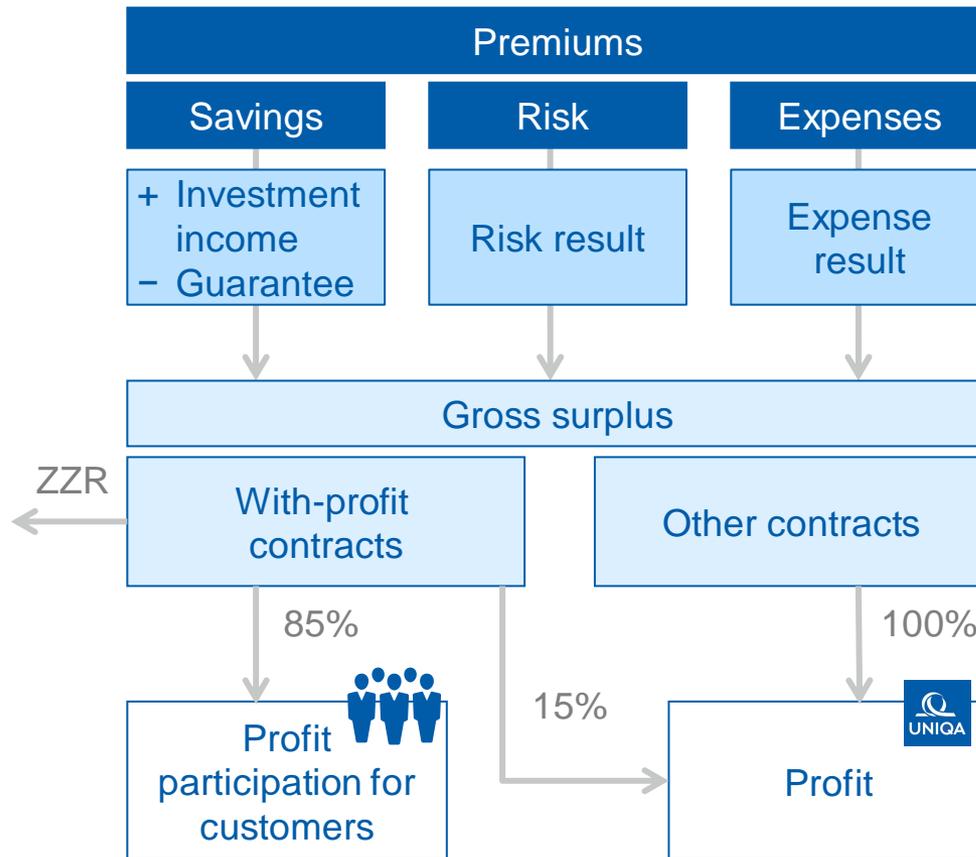
Austrian life insurance environment offers essential advantages



Key components of Austrian profit sharing system

Simplified illustration

Profit sharing overview



- Within the “gross surplus” different profit sources are accumulated
- Profit sharing above 85% can be accounted for in upcoming years and hence it can be used to reduce future profit participation
- Up to 50% of the ZZR is financed by the customer
- Company can build up surplus funds to counter-balance profit participation over time



UNIQA's new life strategy is based on three pillars

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



New traditional product reduces capital intensity

Our new traditional product

Denk
LEBENSFREUDE
altert nicht.

Leben & Garantie Klassische Lebensversicherung mit individuellen Bausteinen

Denk **UNIQA**

Hilf an alles gedacht.

Vorteile für die Pension
Vermögen für Ihre Pension auf und entscheiden wie Sie legen. Sie können sich eine lebenslange, garantierte Pension für Sie belohnen Ihr Kapital auf einen.

Bestprämie und Bonus
Jahrlich können Sie für Ihre Pension vorzuziehen. Bis zum 21. ab 21 Euro. Zahlen Sie Ihre Prämie vierteljährlich in Sie einen Bonus zugesprochen.

DenkPlus
Sicherer sicher gehen? Mit dem Baustein CaretopensionPlus höhere Pension sichern. Für die Berechnung verwenden Sie die Lebenserwartungstabelle und den bei Abschluß mit erhöht sich bei Lebenslange, garantierte Pension.

Schutz bei Ableben
Verschutz stellt Ihren Hinterbliebenen ab dem ersten unabhängig davon, wie viel Sie schon tatsächlich ange-

Lebens- oder Grundfähigkeitsversicherung
monatliche Pension, damit Sie Ihre Einkommenslücke

Prämienbefreiung
Wenn Unverfalltes erstellt, kann es schon mal zu einem finanziellen Engpass kommen.
• Bei Berufsunfähigkeit
• oder bei Unfallverletzung, Pflegebedürftigkeit und Arbeitsunfähigkeit.

Product details



Customer
Benefit

- Modular product incl. biometric options
- Higher flexibility for customers (e.g. surrender values)
- Clear and transparent in the interest of consumer protection



Technical
Details

- Based on a traditional concept
- Guarantee on savings portion of the premium, 0% interest rate guarantee
- Reduced cost base incl. commission
- Terminal bonus distributed at maturity of the contract

More than 40,000 contracts sold in AT in 2015



UNIQA's life insurance objectives 2020

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



Agenda

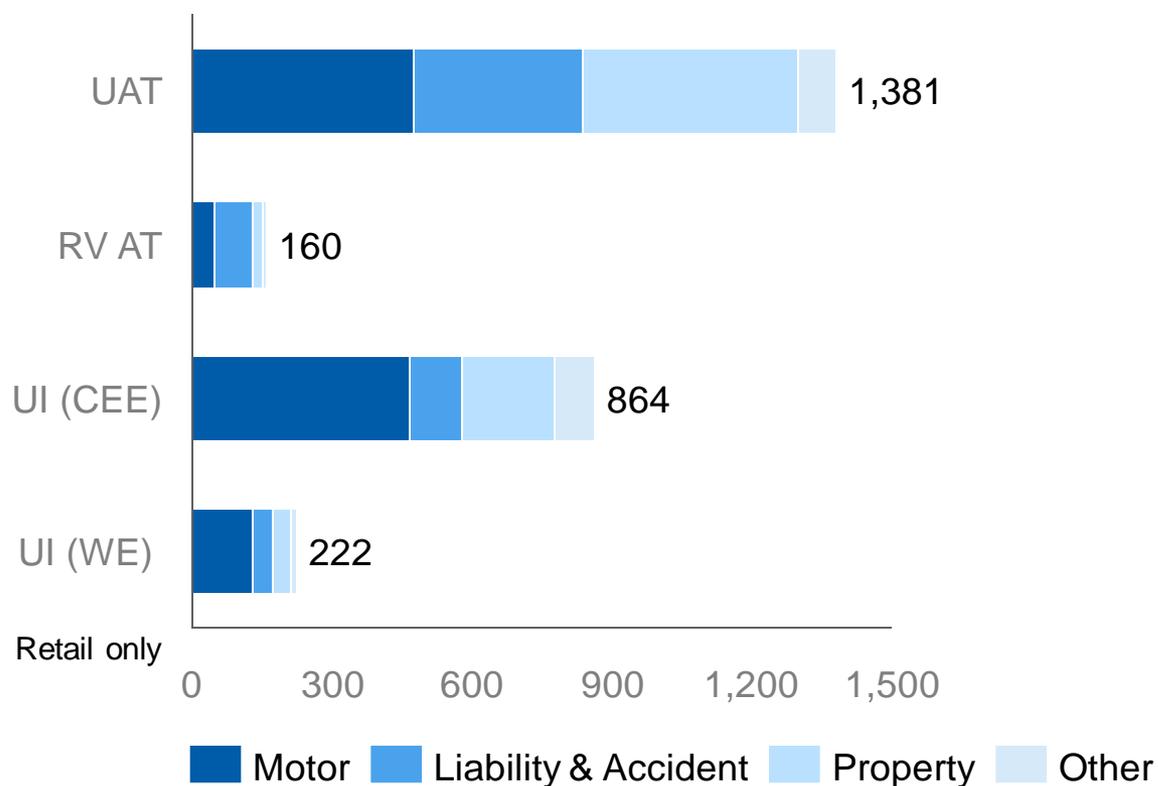
Capital Markets Day	Outline	<i>A. Brandstetter</i>	Main Messages
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		<i>K. Svoboda</i>	Life
			P&C
	Targets 2020	<i>A. Brandstetter</i>	Health
Financials			
Targets 2020	<i>A. Brandstetter</i>	Strategic & Financial Ambition	



UNIQA's P&C business is well-diversified

Business mix

GWP FY15 in €M



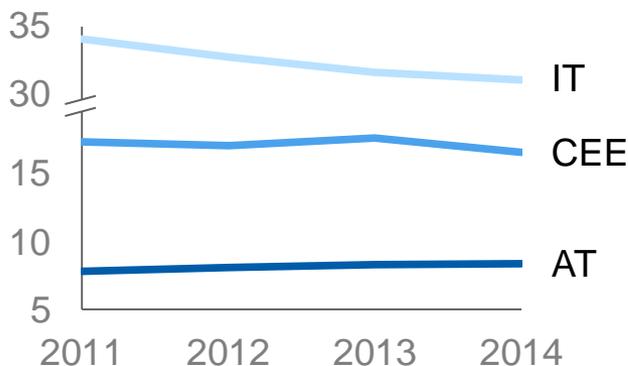
- P&C insurance key business line with € 2.6BN turnover
- Low interest rate environment increases pressure on P&C profitability
- Profitability has improved by 5pp since 2011 due to various measures – still ongoing
- Significant growth in corporate business since launch of strategic initiatives in 2011



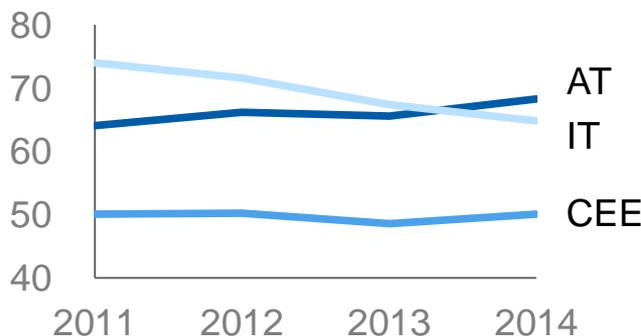
UNIQA expects to grow above market average

P&C insurance market¹

GWP in €BN

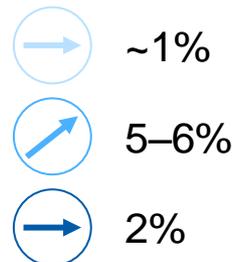


Claims ratio in %



Market outlook

CAGR



Expectations

Austria

- UNIQA growth in line with market
- RV AT outperforms market

International

- Attractive market **growth** in CEE
- UNIQA growth slightly above market

Profitability

- P&C cycle reached a peak, followed by a premium erosion and pressure on margins in the next years
- Impact offset by ongoing cost management and efficiency improvement



UNIQA's P&C strategy is based on six measures

P&C 2016–2020



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

Portfolio management



- Portfolio analysis
- Optimisation renewals/ cross-selling

Claims management



- Insourcing of claim handling
- Standards e.g. CCF¹

Anti-fraud



- Group-wide processes sharing
- IT for fraud detection

Pricing retail/SME



- Holistic pricing levers
- New pricing approach

Product innovation



- Compl. products
- Telematics
- Assistance services

Corporate business



- Further development
- Leverage footprint



Digital Transformation:

- Digital claims management

- IoT product and services

- Customer self-service portal



Core IT:

- Modular products

- Fraud management

- SME automation

Potential applications



Deep dive: Claims management & anti-fraud

Measures taken



Claims mgmt.



Closed claims files review project “UI Motor & Property”



Improvement of bodily injuries management



Insourcing of green card claims handling¹

- Optimisation of processes
- Implementation of Group-wide standards
- Introduction of centralised trainings
- Evaluation of external tools



Anti-fraud



Group-wide anti-fraud harmonisation measures



Introduction of fraudulent claims detection

- Increased focus on transparency and efficiency
- Introduction of CIS²: automated verification of weather history for claims caused by storm, hail or lightening

Deep dive: UNIQA's target pricing system



Pricing retail/SME



Strategic approach

- Holistic pricing levers across all processes
- Align with profitability targets & risk appetite
- Integrate pricing with product & marketing strategy



Building blocks

Product development process

Sales strategy & process

Flexible tariffs

Transparency for commercial price setting

Active steering of sales approach



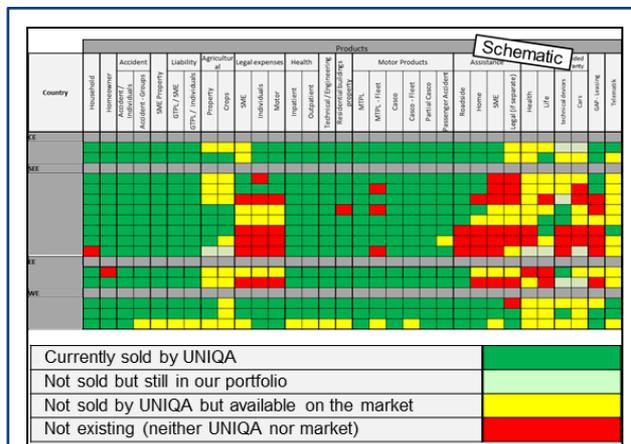
Resource foundation

- Establish pricing functions
- Harmonise tools
- Overarching processes
- Increase data quality & storage

Not just another pricing tool, but considering the entire value chain

Deep dive: Expand international product portfolio

Product offering overview



The heatmap displays the presence of various insurance products across different countries. The columns represent product categories: Health, Accident, Liability, Agricultural, Legal expenses, Health, Motor Products, and Assistance. The rows represent countries: AT, DE, FR, and UK. A legend at the bottom indicates the status of each product in each country: Green for 'Currently sold by UNIQA', Light Green for 'Not sold but still in our portfolio', Yellow for 'Not sold by UNIQA but available on the market', and Red for 'Not existing (neither UNIQA nor market)'.

- Opportunities in product offering identified
- Expected market potential analysed
- Demand for new (digital) products

Two focus products derived



Legal protection insurance

- Increase sales where product already available
- Introduce where not yet sold by UNIQA



Telematics

- UAT is the only insurer in AT to implement telematics as a service & pricing component
- Further development in telematics



Product innovation

Leverage existing products across all markets



UNIQA's P&C insurance objectives 2020

P&C 2016–2020



“Further increase P&C profitability and ensure differentiated growth”

Portfolio management



Claims management



Anti fraud



Pricing retail/SME



Product innovation



Corporate business



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

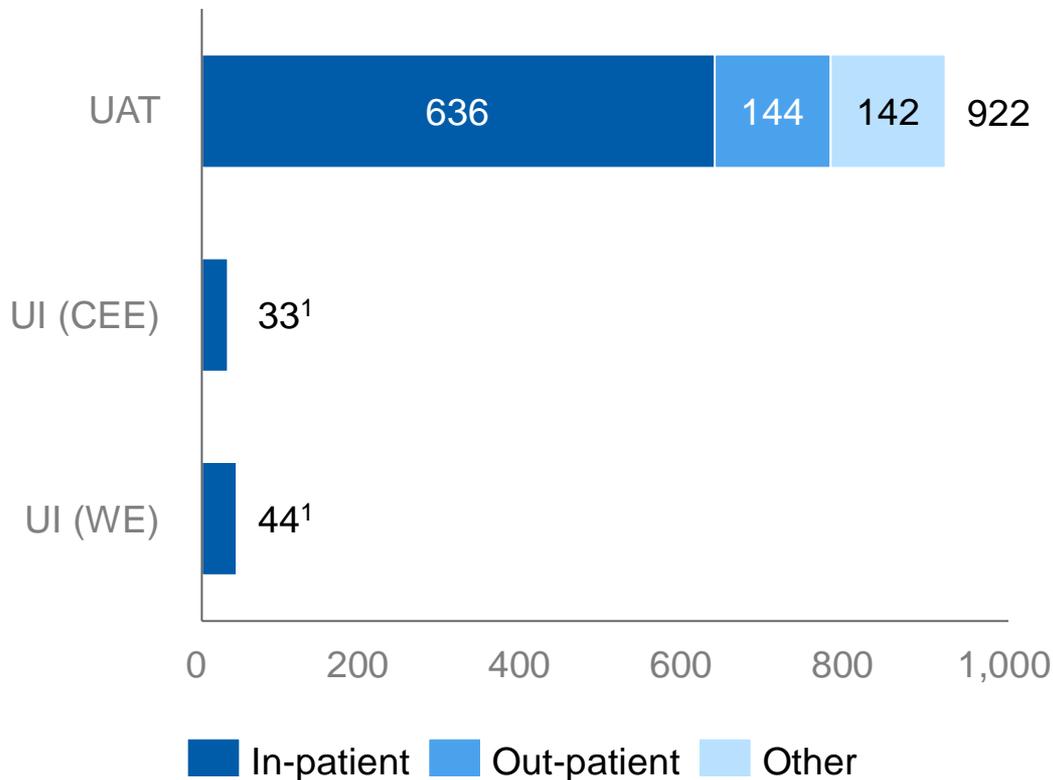
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	Financials		
Targets 2020	<i>A. Brandstetter</i>	Strategic & Financial Ambition	



UNIQA Austria drives the Group's health business

Business mix

GWP FY15 in €M



- In-patient insurance UNIQA's main profit source
- Stable growth at 2–3% in Austria
- CEE business starting to evolve – opportunistically and adapted to local market development
- Main volume of WE business driven by Italy



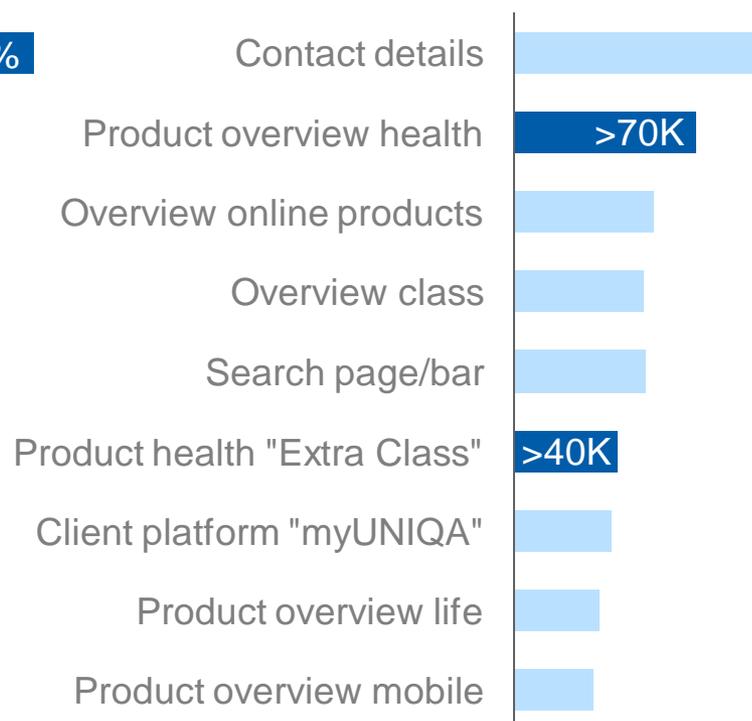
Health is an important issue in the Austrian market

Meaning of “happiness” in Austria

Most important happiness factors?¹



What is the user interested in on the UNIQA AT website?²



Health insurance market

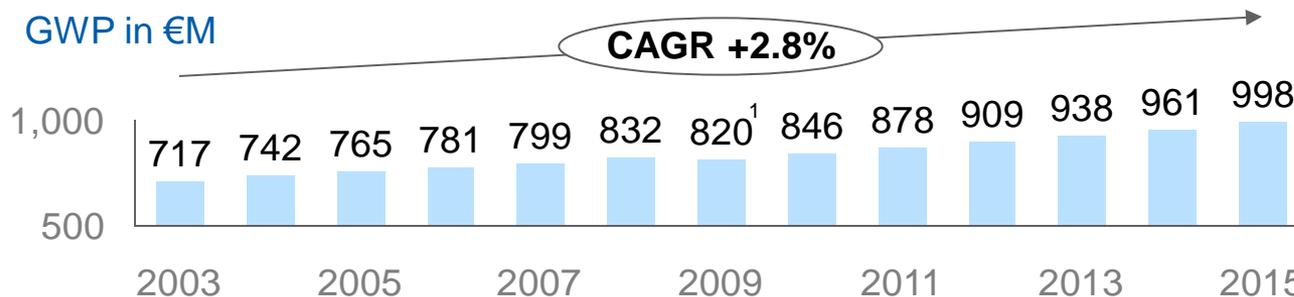
- Mandatory statutory health insurance (SHI)
- Role of private health insurer (PHI) complementary
- Private ward in public hospitals officially recognised
- Sufficient number of private hospitals
- Calculation similar to life insurance (SLI)
- High market concentration



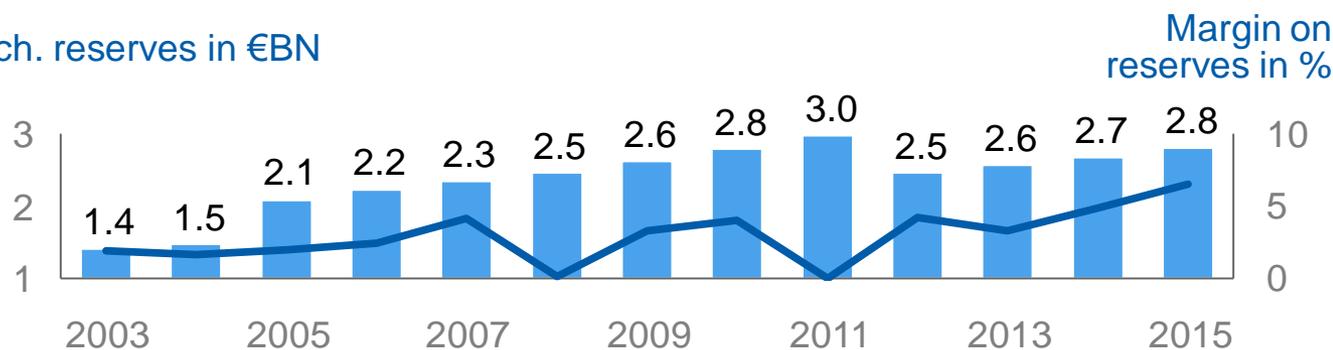
Profitable growth demonstrated over the last decade

Profitable growth (Group figures)

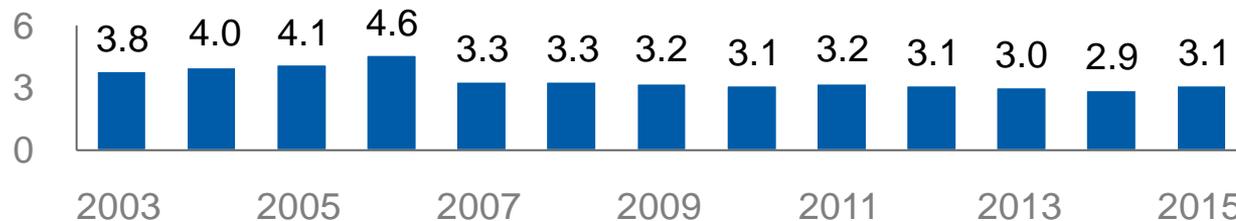
GWP in €M



Tech. reserves in €BN



Lapse rate in %



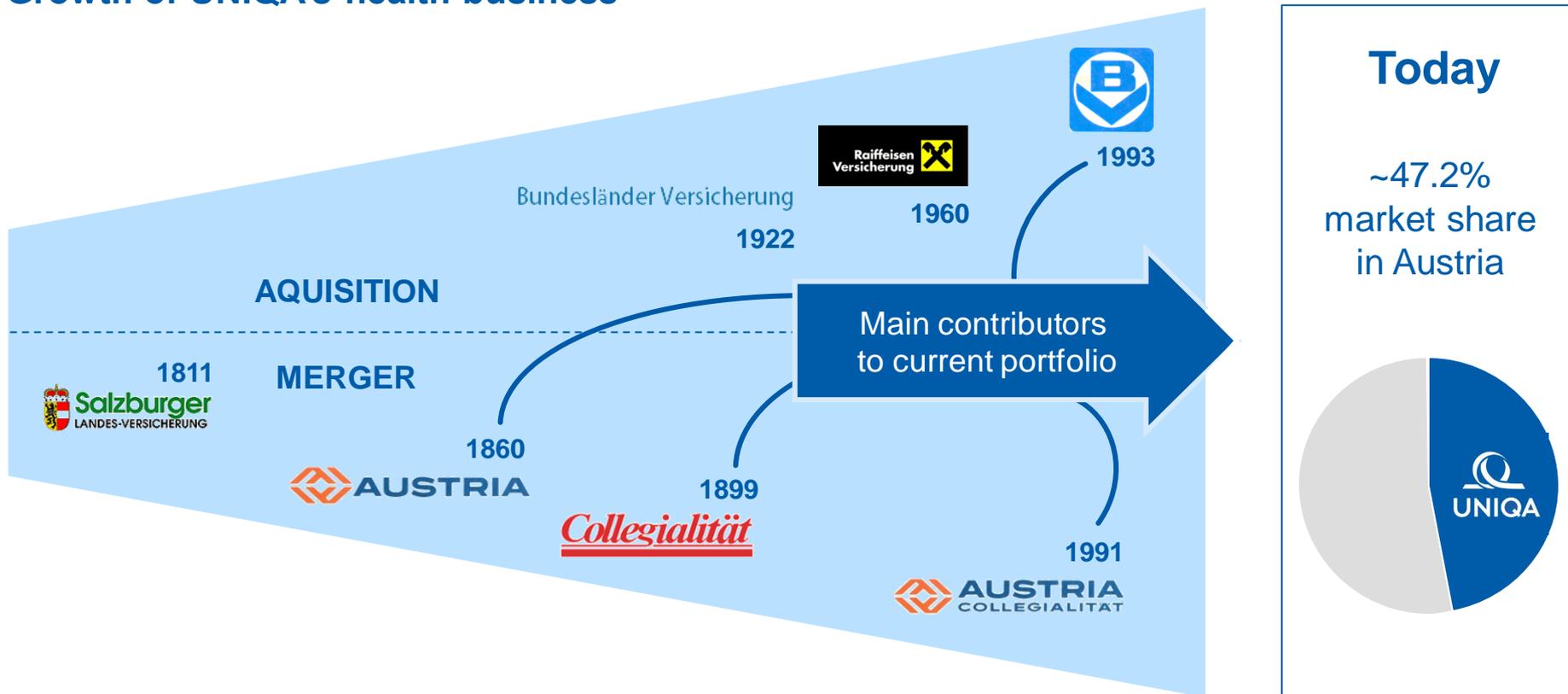
Long-term profitability supported by Austrian market specifics:

- Ability to adjust premiums based on cost development
- Agreed prices for health services through joint negotiations with health-care providers
- Continuously low lapse rate
- Stable cash contributor to the Group



UNIQA dominates the Austrian health market

Growth of UNIQA's health business



Solid market leader position achieved – major changes unlikely



UNIQA's market dominance rests on four pillars

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

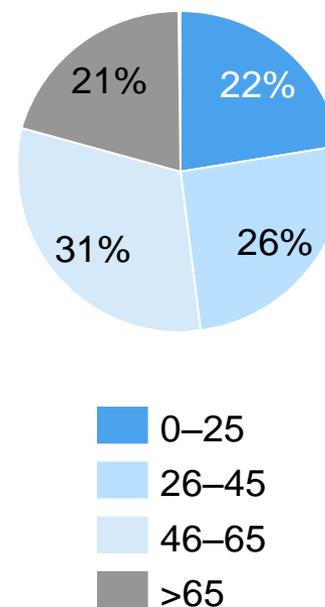
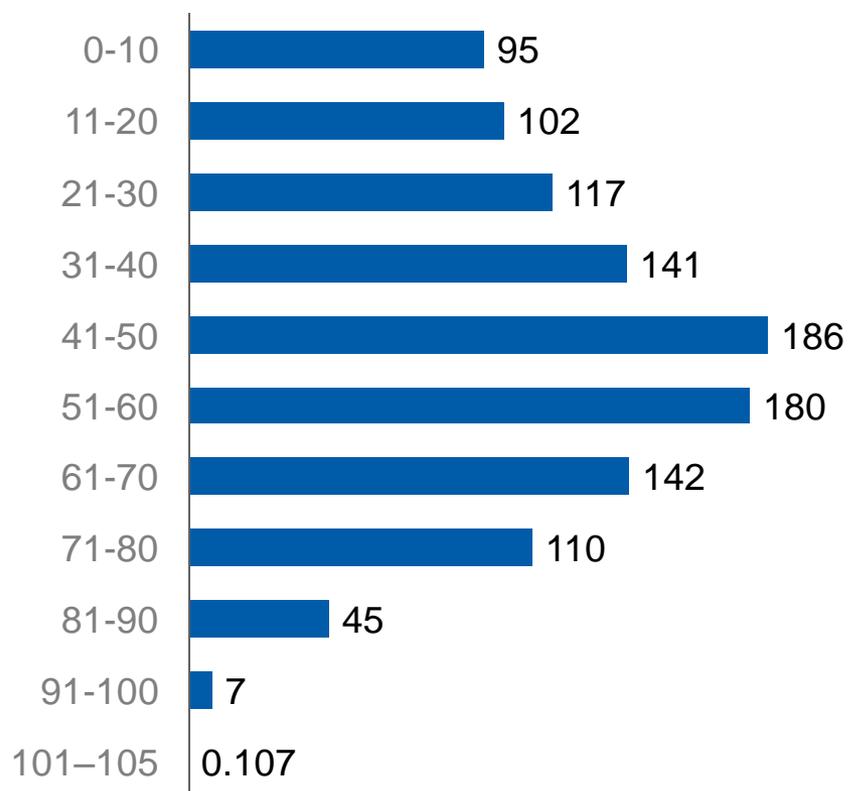
Potential applications



Success story to continue for many years to come

Age structure of our portfolio in UNIQA Austria

clients in cluster in thousand



- Portfolio with high number of insured clients under 45 of age (~540K)
- Long-term perspective for profitable health business
- 1/3 of UNIQA's health business is based on Group contracts



UNIQA's health insurance objectives 2020

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



Agenda

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	Financials		
Targets 2020	<i>A. Brandstetter</i>	Strategic & Financial Ambition	



UNIQA's guiding principles

Management philosophy

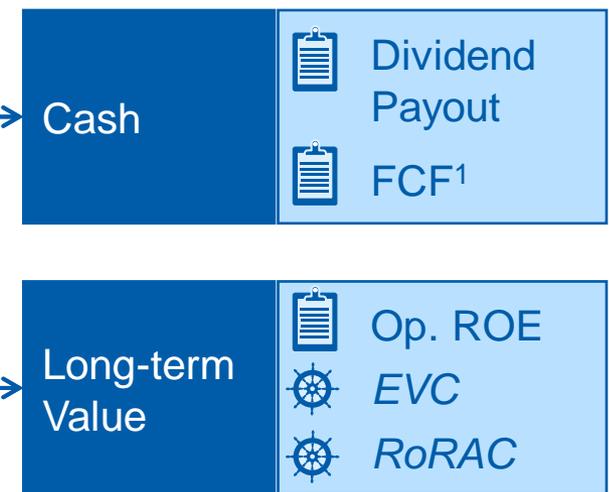
- Focus on economic value creation
- Understandable, transparent, economic value based parameters
- Embedded in an organisational management philosophy and decision processes
- Definition of operating ROE as an overarching target for external communication

Indicators

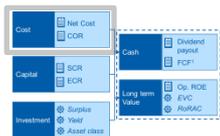


Internal steering

Targets



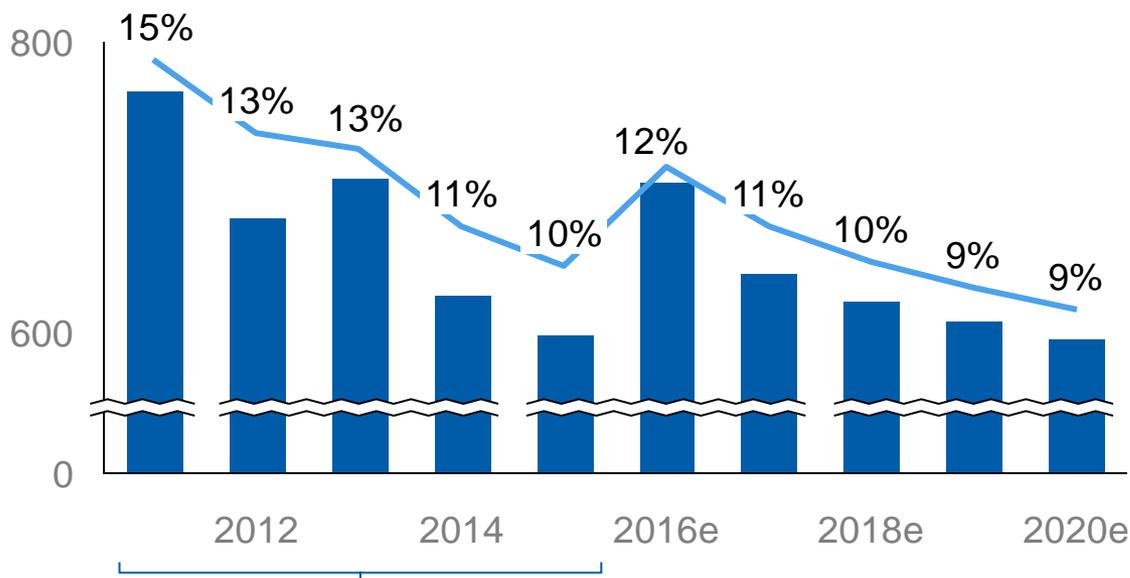
External reporting



UNIQA will further improve its cost base

Cost development

Expenses in €M

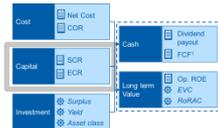


€ 140M Net reduced cost base since 2011

— Net admin cost ratio¹ ■ Operating expenses (excl. commissions, incl investments)

UNIQA's plan up until 2020

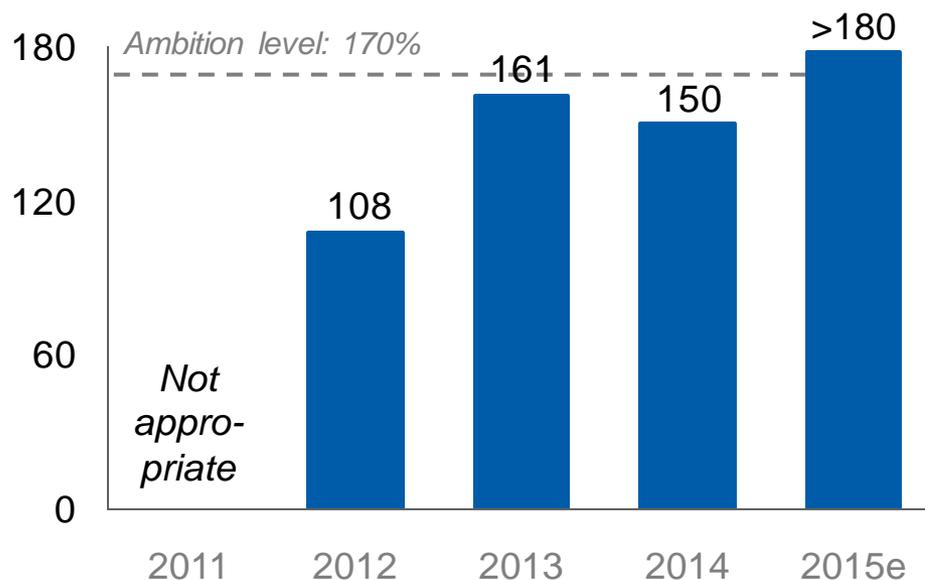
- Approx. additional € 240M costs until 2020 (~€ 100M in 2016) to advance UNIQA's future business model
 - Further improve operational excellence in core business
 - Systematic harmonisation of UNIQA's operating model (Core IT and TOM)
 - Continued digitisation of UNIQA's business model
- Improve net admin cost ratio to <9%



UNIQA strengthened its capital position

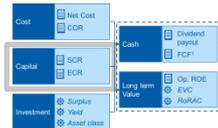
ECR¹ quota development

ECR quota in %



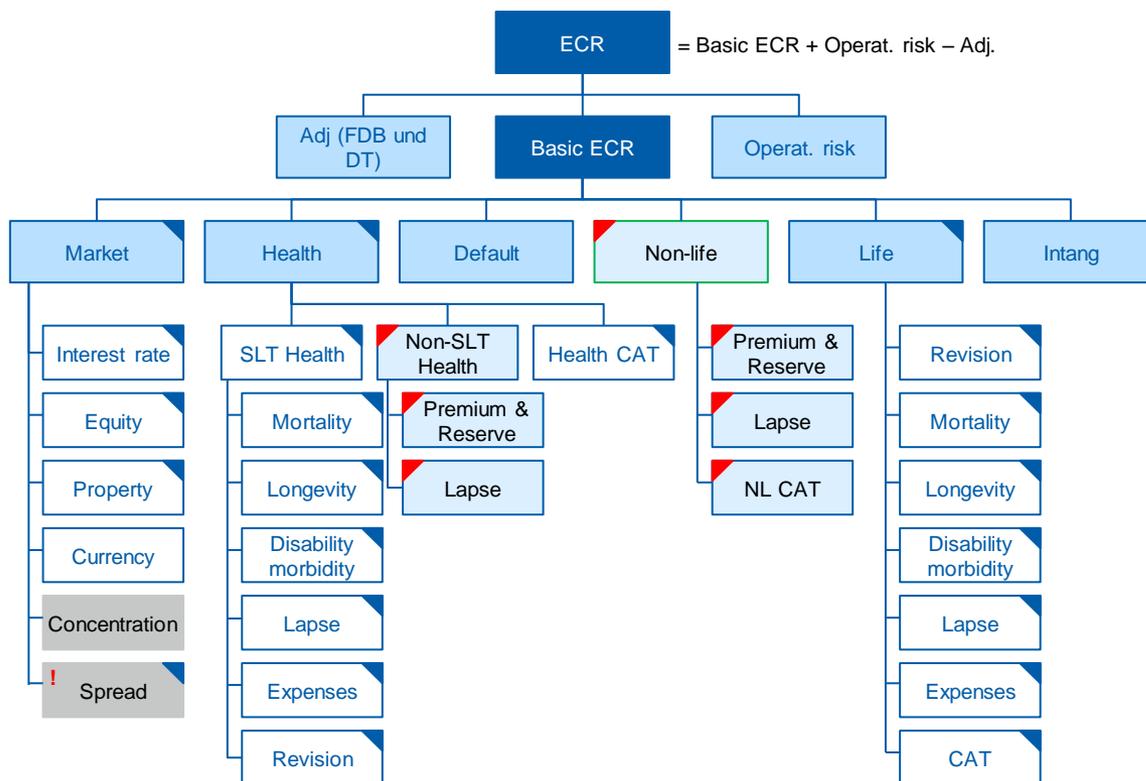
Measures to reduce required capital since 2011

- Release of asset classes private equity, hedge funds and partially ABS
- Reduce duration gap
- Restructuring of motor business CEE
- Strengthen new business profitability
- In-force measures traditional life book



UNIQA's economic capital model (ECM)

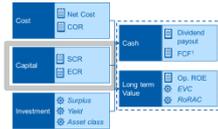
UNIQA Group's economic capital model



- ! Calculated according to UNIQA internal economic methodology
- ▾ Allowance for the risk absorbing effect of Future Discretionary Benefits (FDB)
- ▴ Calculated with partial internal model

Model details

- Based on SII standard approach
- Spread risk and concentration risk are valued on the basis of an internal approach
- The underwriting risk of non-life is valued on the basis of the partial internal model
- Correlation assumptions equal to standard formula – this does not apply to the partial internal model where internal coefficients are used
- Underlying risk measure: 99.5% VaR (Value at Risk) over a 1-year time horizon



Group ECR Results

Economic capital position

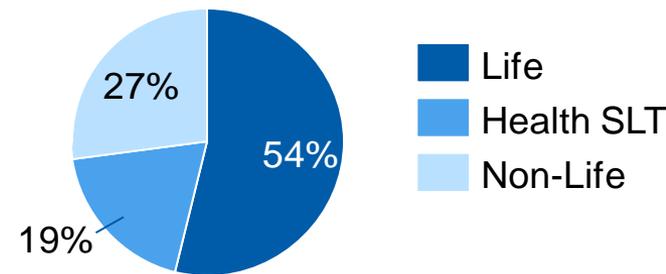


■ Own Funds ■ Economic Capital Requirement

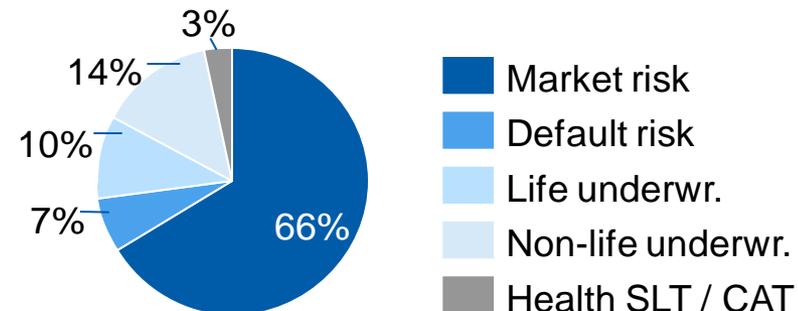
- The Solvency capital position according to the pure EIOPA standard formula is 192%
- The following measures are used

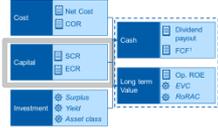
Internal Model:	Yes, P&C business
Sovereign Risk charge:	Yes (full loading)
Volatility Adjustments:	Yes (not dynamic)
Transitionals:	No
Matching Adjustments:	No

ECR split by line of business

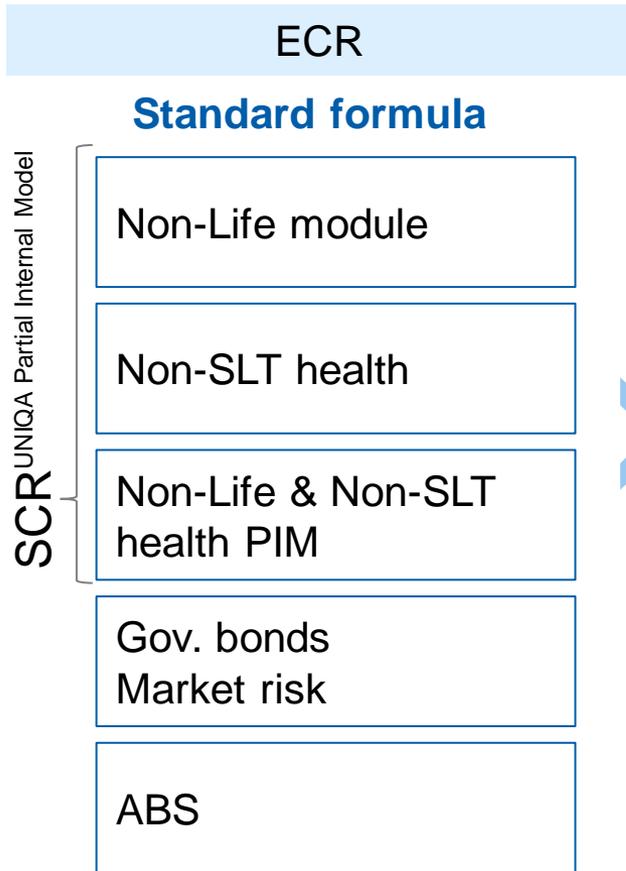


ECR split by risk module

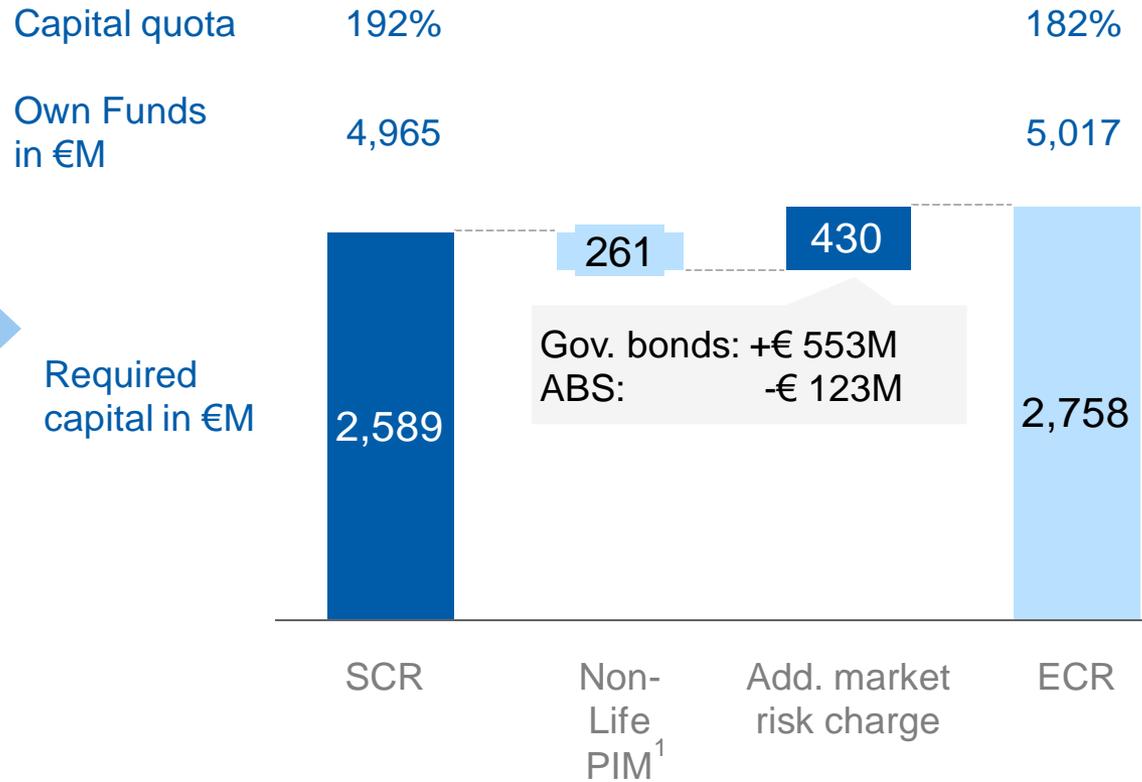




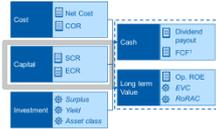
SCR capitalisation even higher than ECR



Solvency requirements 09/2015



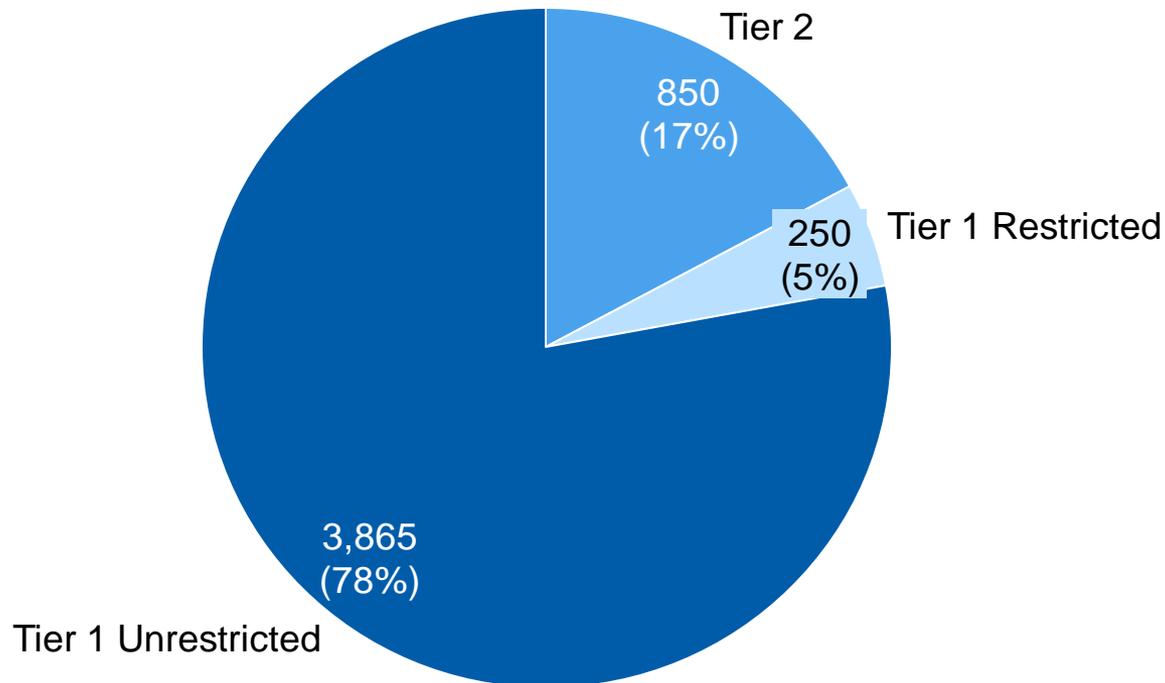
Strong capital base even though we do not use transitionals



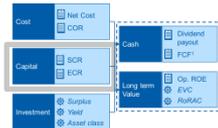
Tiering Solvency II Basic Own Funds

Tiering overview

€ 4,965M

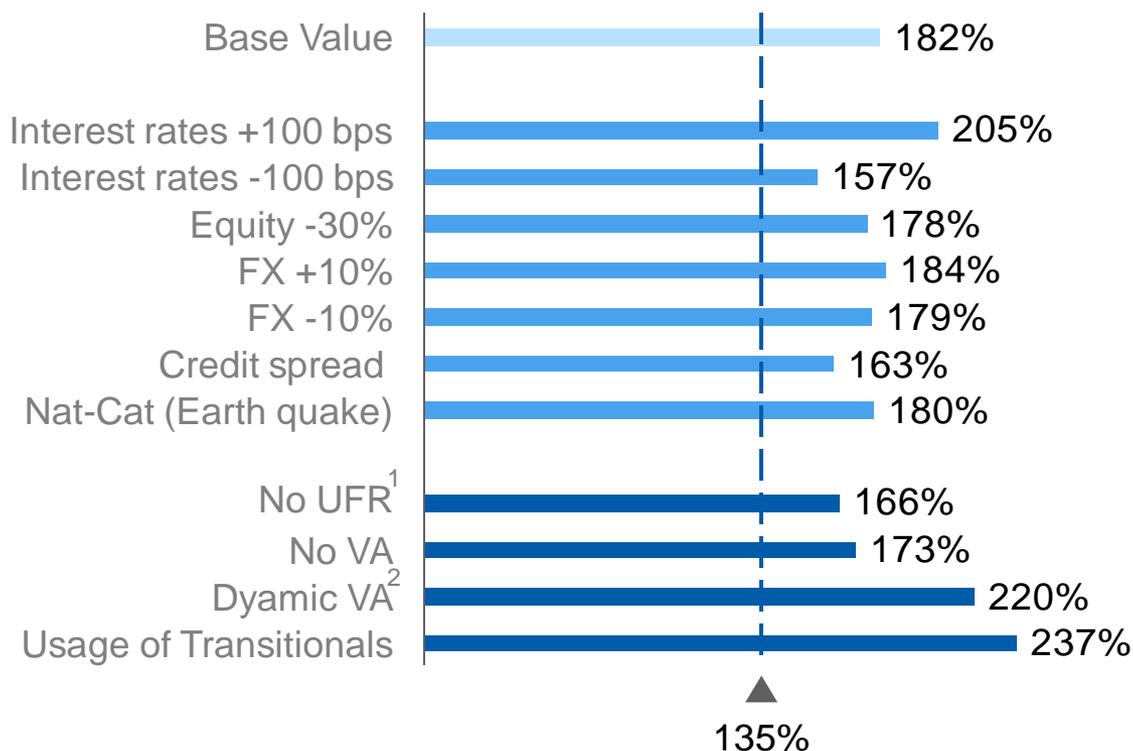


- High quality tier 1 capital with significant debt capacity of € 500M excluding restricted capital
- Current tier 1 restricted component grandfathered subordinates with 1st call December 2016
- Tier 2 entails € 500M 31NC11 bond successfully issued in July 2015



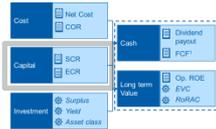
ECR quota above 155% in stress scenarios

Sensitivity of ECR quota



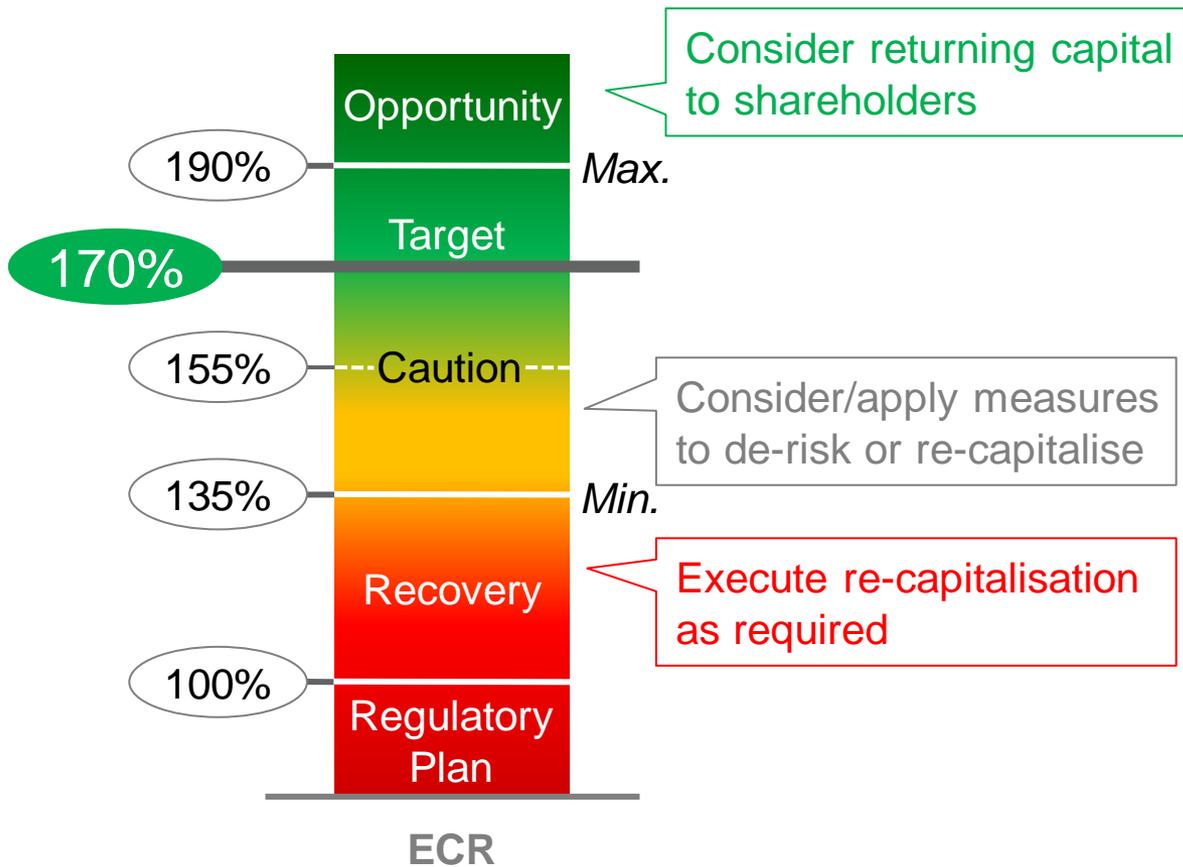
- Sensitivity³ analysis supports target ratio of 170% (as fall below internal limit of 135% can be avoided)
- Economic sensitivities are key to Group, especially changes in interest rates and spreads
- Additional sensitivities to changes in the UFR or VA provide transparency

Even in stress scenarios, we maintain a sufficient capital basis – ECR quota target is set at 170%

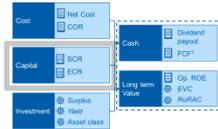


UNIQA follows a clear steering approach

Solvency steering rules



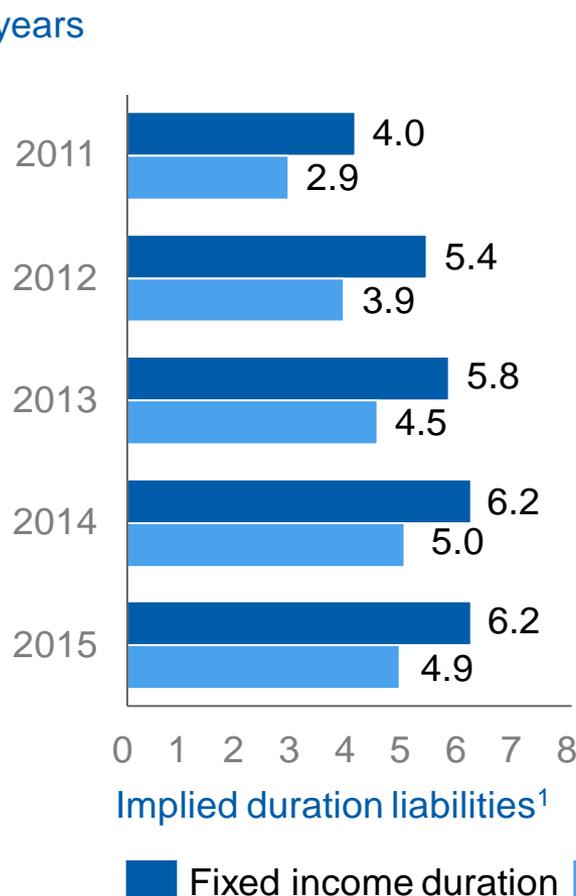
- Solid capital base as prerequisite in current market – ECR target set at 170%
- Clearly defined risk ambition and shareholder promise
- Strict management of capital adequacy across all levels of the organisation



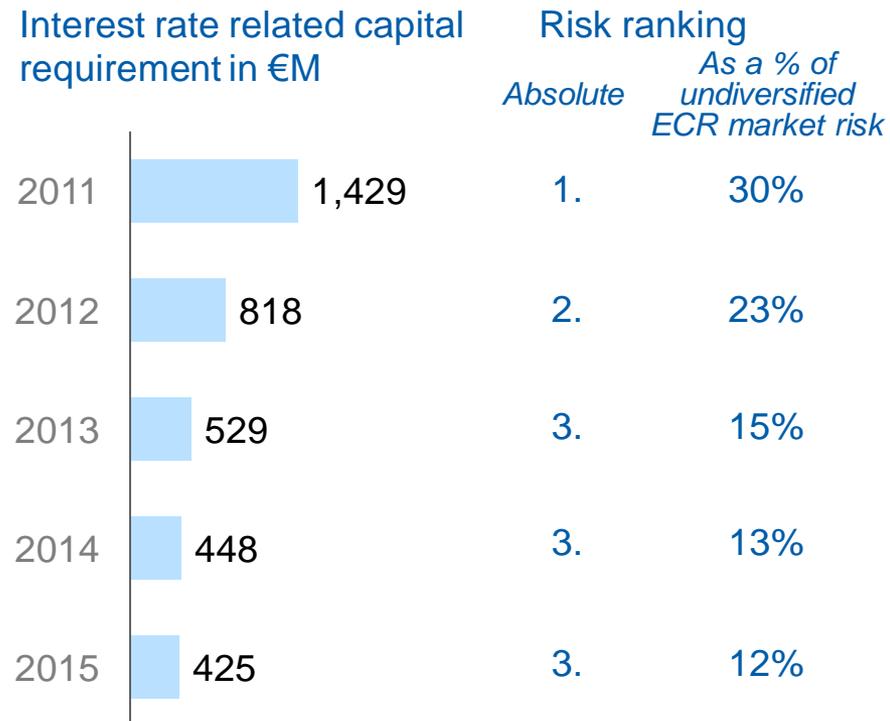
UNIQA has reduced its interest rate risk since 2011

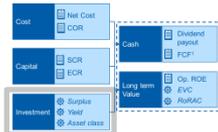
Development of duration

In years

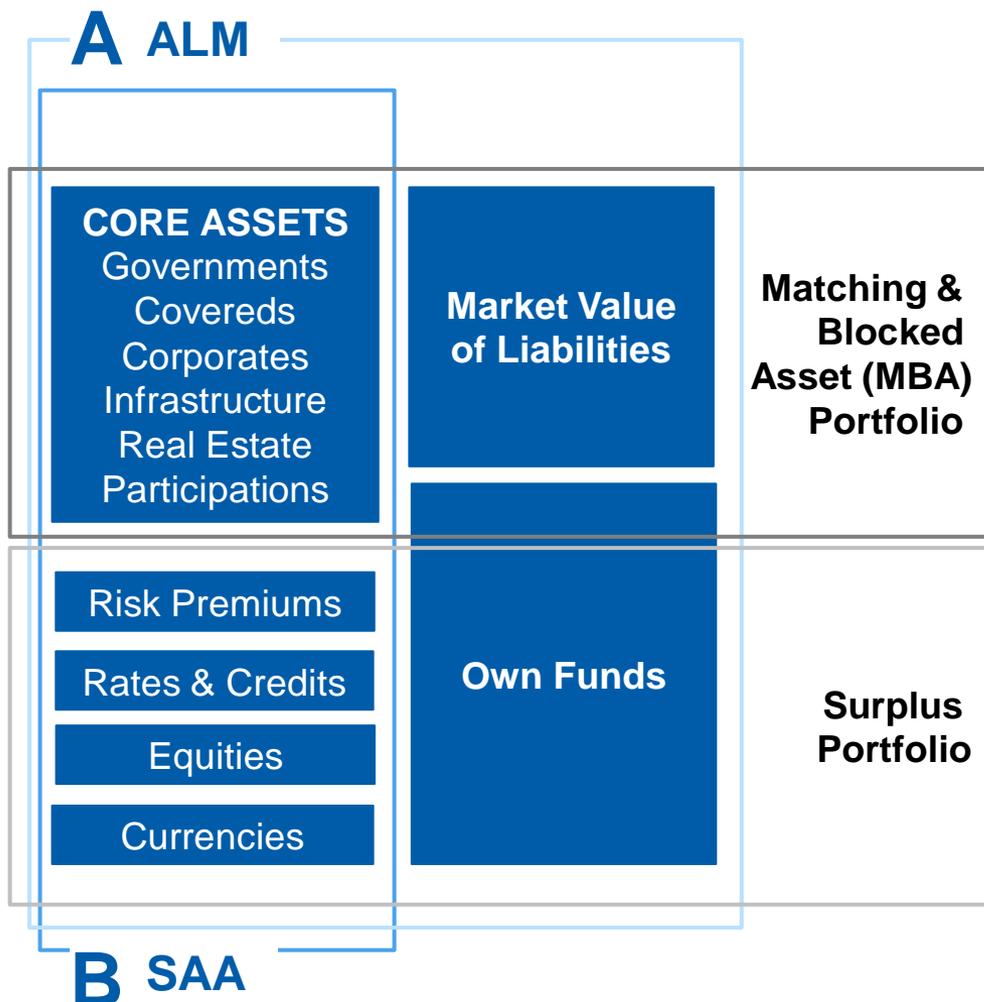


Development of interest rate risk (ECR)





Clearly defined asset management strategy

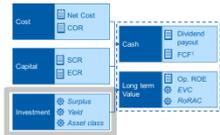


A Asset Liability Management (ALM)

- An integrated view on assets and liabilities ensure duration and convexity matching as well as compliance with risk preference

B Strategic Asset Allocation (SAA)

- MBA portfolio – replication of liability cash flows
 - Low P&L volatility
 - Absolute return driven
- Surplus portfolio with higher potential yield by investing in more volatile risk premiums
 - Decomposition of asset classes in single risk premiums
 - Risk return ratio to be compliant with allocated risk-taking-capacity



Evolution of UNIQA's ALM concept and future trends as well as developments

ALM measures already implemented

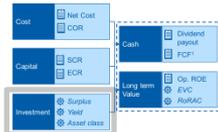
- Implementation of MBA/surplus concept
- Definition of a core investment universe for MBA investments
- Ongoing reduction of the AL-mismatch
- Stabilised return of the matching portfolio via optimising the existing real estate exposure and starting infrastructure debt investments
- Implementation and ongoing advancement of portfolio construction and risk premium concept

Catalogue of measures to be implemented in 2017 ff.

- Stabilisation of MBA portfolio investment yields by investing in asset classes with insurance business compliant economic and accounting risk return profile
 - Internationalisation of real estate strategy
 - Adjustment of participation strategy
 - Verification of the strategic fit of infrastructure equity investments
- Further surplus portfolio diversification through continuous advancement of risk premium investment universe

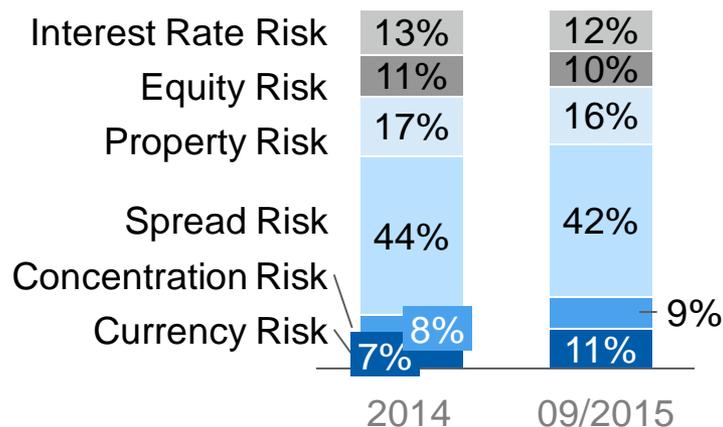
General strategic approach

- Insurers are cash rich: obvious strategy is to earn illiquidity premiums
- Additional diversification from enlargement of investment universe
- Optimising the portfolio by balancing economic and accounting efforts



UNIQA's asset and risk distribution

Market risk



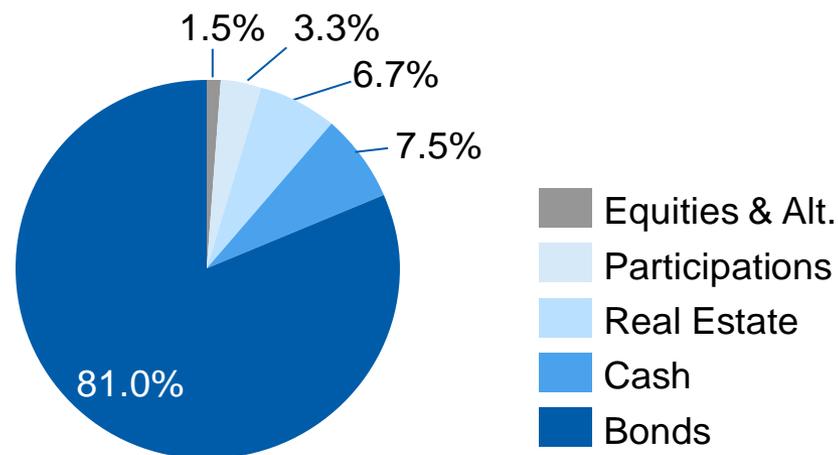
% risk profile

70% → 67%

in €M

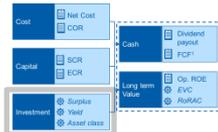
2,665 → 2,595

Asset allocation 2015 (IFRS figures)



- Currently, spread risk as main driver of our market risk
- Currency risk increased since several FX hedges no longer treated as risk mitigation measures
- Intension to increase portfolio diversification

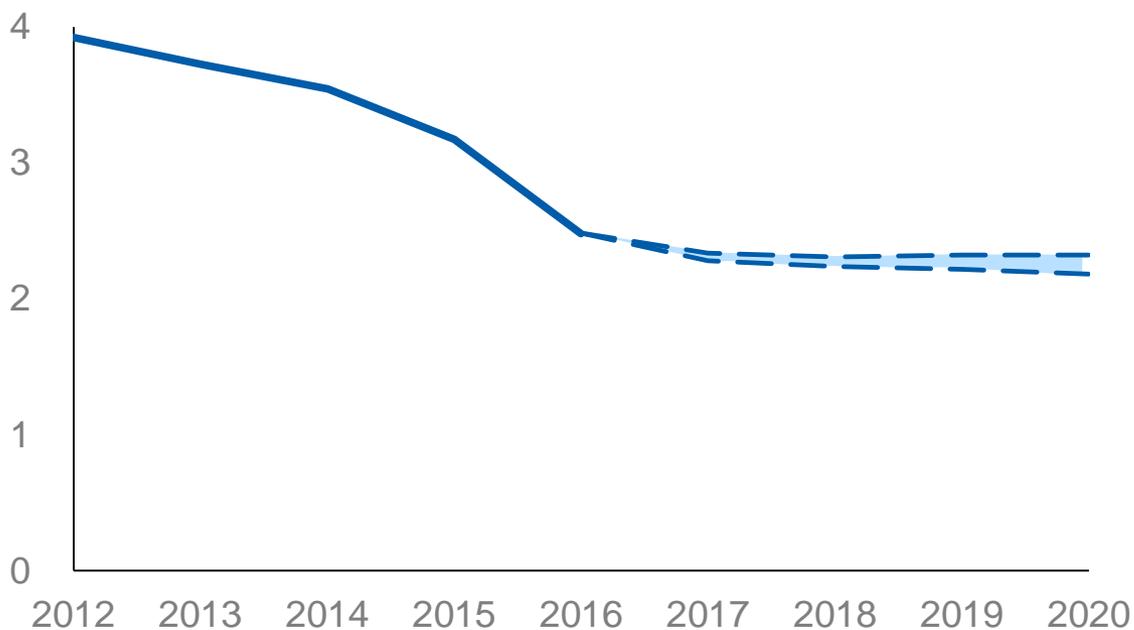
- Decrease in bonds and increase in cash due to placement of subordinated tier 2
- Recent decrease in property exposure due to conversion of strategic risk preferences and strategic asset allocation



UNIQA is able to stabilise the investment yield

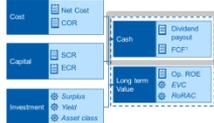
Expected investment yield

Yield in %



- Substantial decline in investment yield in 2016 driven mainly by
 - Ongoing low interest rate environment
 - Maturing of high interest rate bonds
 - Significantly reduced real estate sales in 2016
- Moderate requirement for reinvestments at current low yields due to matching concept
- Risk and illiquidity premiums to be used to ensure stabilisation from 2017 onwards

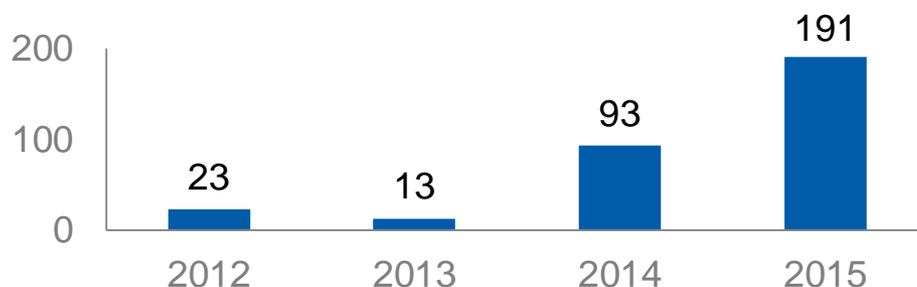
Sustainably low interest rates require receipt of risk and illiquidity premiums



Solid growth in Group free surplus generation

Life and health free surplus generation

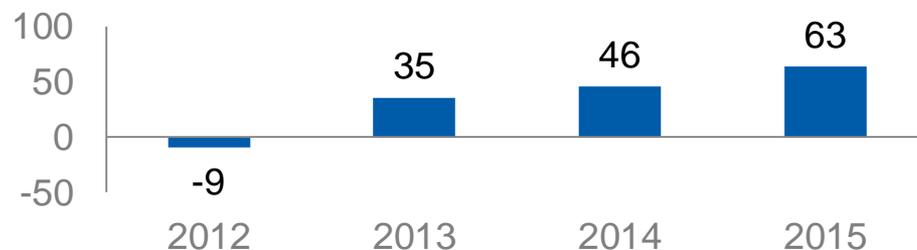
Surplus in €M



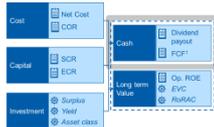
- Strategic measures support stable and growing free surplus generation
- Less capital intensive new business in life and health (reduction of guarantees)
- Reduction in one-off commission payments
- In-force measures to push transfer from VIF

P&C free surplus generation¹

Surplus in €M

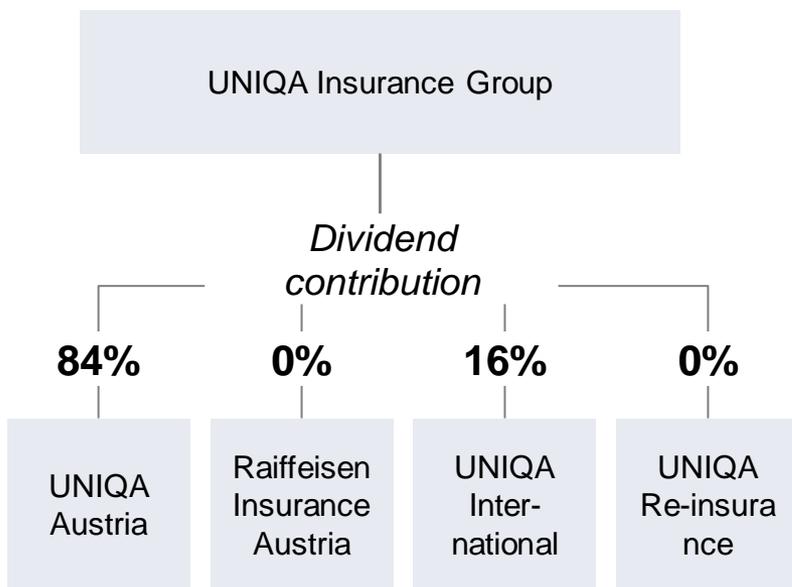


Strong cash flow generation supports dividend growth

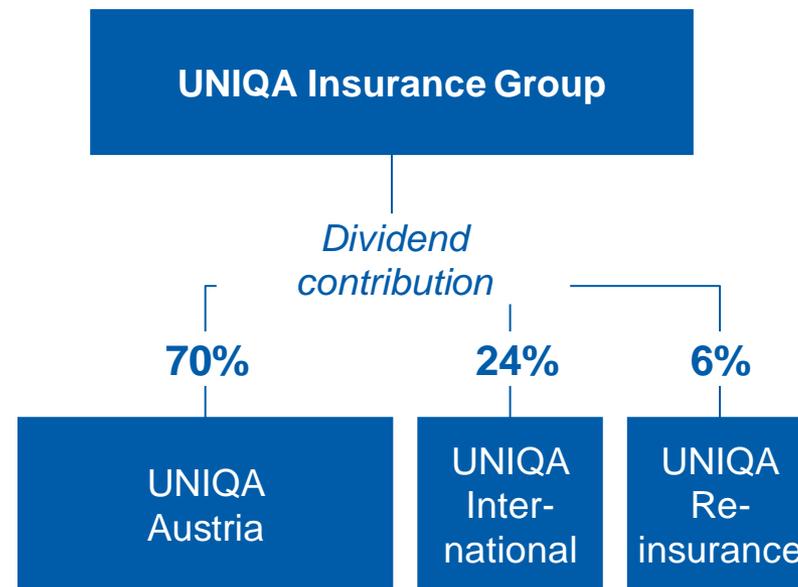


Dividend composition expected to change

Dividend composition 2016 (estimation)



Target dividend composition in 2020



We commit to growing dividend payments

Agenda

Capital Markets Day	Outline	<i>A. Brandstetter</i>	Main Messages
	UNIQA 2.0: 2011–2015	<i>A. Brandstetter</i>	Achievements
	UNIQA 2.0: 2016–2020	<i>A. Brandstetter</i>	Overview
			Group Structure & Governance
			TOM & IT Core
			Digital Transformation
		<i>K. Svoboda</i>	Life
			P&C
			Health
		Financials	
Targets 2020	<i>A. Brandstetter</i>	Strategic & Financial Ambition	

Clearly defined objectives to take UNIQA up to 2020

Delivering cash generation and long-term growth



Investing in the future and delivering core business excellence

- | | | | |
|---|--|----------------------------------|--|
| 1 |  | Customer growth | Ensure customer relevance |
| 2 |  | Focus on core business | Consciously invest in our future |
| 3 |  | Implementation of key programmes | Programmes launched to further improve business excellence |
| 4 |  | Solid capital base | Monitor and secure capital strength |
| 5 |  | Attractive financials | Generate cash |

Recap of today's main messages

A Solid track record

Since 2011, UNIQA has built a strong capital foundation and establish a solid financial track record

B Initiatives & investments

B1 Current market conditions and decreasing investment yields challenge traditional business models

B2 Initiatives have been launched to improve core business excellence and ensure relevance in the digital age

B3 Significant investments are required to advance UNIQA's business model for the future

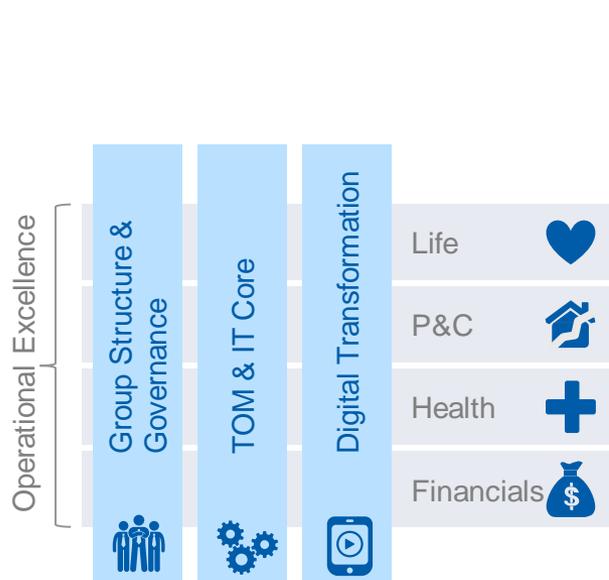
C Attractive results

C1 As a consequence, UNIQA will be able to achieve attractive financial results

C2 Constantly reduced capital requirements and sustainable cash flow generation enable increasing dividend payments

UNIQA will 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

We are ready for the future – with a solid capital base and attractive financials

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