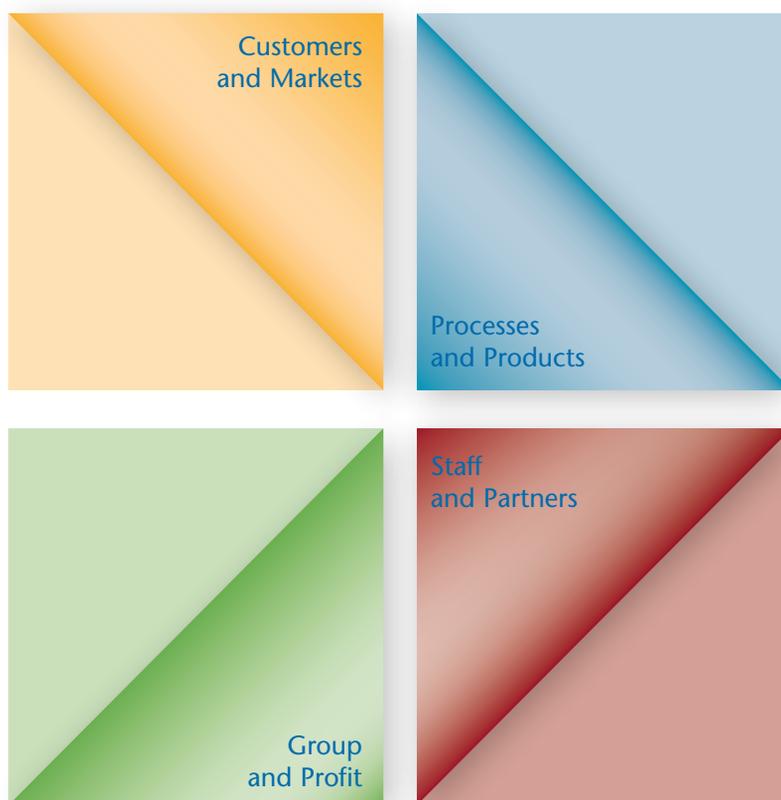


Group Report 2006  
UNIQA Versicherungen AG



Success through individuality

The insurance of a new generation



Group key figures	Page	2006 € million	2005 € million	2004 € million	2003 € million	2002 € million
Premiums written	127	4,532.1	4,370.2	3,599.6	3,030.5	2,668.4
Savings portion of premiums from unit- and index-linked life insurance		559.3	360.2	178.2	102.3	18.7
<b>Premiums written incl. the savings portion of premiums from unit- and index-linked life insurance<sup>1)</sup></b>		<b>5,091.4</b>	<b>4,730.4</b>	<b>3,777.8</b>	<b>3,132.8</b>	<b>2,687.1</b>
<b>Premiums earned (net)<sup>2)</sup></b>	128	<b>4,129.7</b>	<b>4,000.4</b>	<b>3,301.7</b>	<b>2,778.6</b>	<b>2,405.6</b>
of which property and casualty insurance		1,715.6	1,627.7	1,393.5	1,025.4	774.3
of which health insurance		886.7	849.4	742.1	716.4	688.6
of which life insurance		1,527.4	1,523.3	1,166.1	1,036.7	942.8
<b>Insurance benefits</b>	133	<b>3,715.6</b>	<b>3,776.9</b>	<b>3,033.4</b>	<b>2,484.1</b>	<b>2,351.9</b>
Operating expenses (net) <sup>3)</sup>	129, 134	966.9	927.7	826.2	601.5	472.4
<b>Cost ratio (net after reinsurance)</b>	54	<b>20.9%</b>	<b>21.5%</b>	<b>24.2%</b>	<b>21.4%</b>	<b>19.4%</b>
Net investment income <sup>4)</sup>	66	865.0	962.9	747.9	420.9	475.9
<b>Profit on ordinary activities</b>	66	<b>238.5</b>	<b>190.3</b>	<b>120.8</b>	<b>68.3</b>	<b>35.3</b>
<b>Net profit</b>	66	<b>175.1</b>	<b>133.3</b>	<b>101.8</b>	<b>56.2</b>	<b>18.5</b>
Investments <sup>5)</sup>	64	21,155.2	19,367.3	16,597.9	13,233.8	11,682.1
Technical provisions (net) <sup>6)</sup>	65	19,064.5	17,673.6	15,544.4	12,962.4	11,336.3
Shareholders' equity	68	1,122.5	930.4	683.1	540.5	509.5
Total equity incl. minority interests	68	1,329.8	1,133.7	860.2	649.4	608.6
Average number of employees	56, 136	10,748	9,943	9,701	8,335	6,565
Insurance policies		12,533,673	11,892,828	11,739,085	9,834,256	7,441,574

<sup>1)</sup> Values gross before reinsurance.

<sup>2)</sup> Fully consolidated values.

<sup>3)</sup> Incl. reinsurance provisions and profit shares from reinsurance business ceded.

<sup>4)</sup> Minus financing costs.

<sup>5)</sup> Incl. self-used land and buildings, land and buildings held as financial investments, shares in associated companies and investments held on account and at risk of life insurance policyholders.

<sup>6)</sup> Incl. technical provisions for life insurance policies held on account and at risk of policyholders.

## What we have achieved

- Successful market entry in Serbia and the Ukraine. Presence in 16 European insurance markets.
- Group premium volume of over €5 billion.
- The profit improvement programme 2004–2006 was successfully completed and achieved an increase in profit of €170 million.
- Record result of €238.5 million and an ROE of over 20%.

## What we want to achieve

- Profitable, sustainable growth and an increase in the share of international business to over 40% by 2010.
- Profit improvement programme 2007–2010: Increase Group profit by 2010 to €430 million.
- Improve competitive advantage through brand awareness and UNIQA's innovative leadership.
- Keep an eye on further internationalisation of the Group.

**Success through individuality.** The success of a strategy depends on its being individually tailored to fit the situation. This applies both to product solutions that UNIQA develops for its customers throughout Europe as well as to the strategic orientation of the company itself. Our business strategy is a response to the diverse market conditions and accommodates the regional differences of the various locations. However, all our different strategies have a common goal: to increase the profitability of our Group, strengthen our market position and develop new markets.



# Customers and Markets



## 16

Peter Simonischek

Since 2002, the UNIQA customer and full-blooded actor has played *Everyman* at the Salzburg Festival. In an interview, he speaks about the meaning of culture sponsoring from the point of view of an artist.

# Processes and Products

## 25

Franz Fischler

In a conversation, the European by conviction outlines the consequences of Europeanisation through the eyes of a politician and how one can profit through market opening with innovative products.



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# Group and Profit



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Hans Peter Haselsteiner

The successful building contractor speaks from experience as an international businessman about the potential in the Eastern European countries and which strategies will be crowned with success in these markets.

# Staff and Partners

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Benni Raich

For three years, Benni Raich has been the sports partner of the UNIQA Group. In an interview, the Austrian athlete of the year explains the meaning of team play for success and what he considers "mental fitness" to be.



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*Dear shareholders, customers and business partners!*

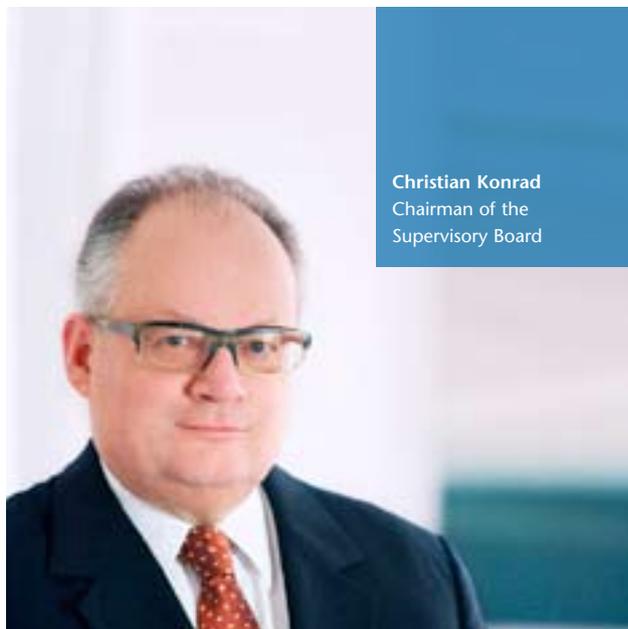
The past financial year was again a very successful one for the UNIQA Group. For the first time, consolidated premium volume surpassed the € 5 billion mark and, with earnings before taxes of € 238 million, we achieved yet another record result.

In accordance with this positive trend we want our shareholders to profit from the improvement in the company's result with an increase in dividends – from 26 cents to 35 cents per share.

We are pleased that all the corporate areas have contributed to this result. Although it cannot be overlooked that the markets in Eastern Europe and the life insurance business in Italy have clearly been the growth drivers during the past financial year. In contrast, the competitive environment is growing stiffer, particularly in the property insurance business in the Western European markets, and this is flattening the growth rates. This makes the further expansion steps that we took in 2006 – entry into the markets in the Ukraine and Serbia – all the more important. With these two countries and the new EU members, Romania and Bulgaria, we have concentrated our activities in the past two years on markets that are offering a high potential for growth.

Of course, a persistent strategy for growth and expansion also requires the right amount of financial strength to go with it. For this reason, we stocked up our capital base by taking up € 250 million of new subordinated debt. Beyond this, it is also very important that the company be in a position to finance its growth from funds it generates on its own. Therefore, it is necessary to pay particular attention to implementing the measures announced last year to lower costs and increase productivity. With the 2007–2010 profit improvement programme we want to optimally tap into the corporate Group's potential, thus further increasing company value.

The goal must be to bring about a benefit for our customers, to strengthen our market position in Austria and Central Europe and position the UNIQA Group as a reliable insurer and financial investor throughout the region. With this, we want to make the



Christian Konrad  
Chairman of the  
Supervisory Board

profitable UNIQA company an even more attractive investment for our shareholders, ensuring that we, with strong internal financial power and attractive shares, can take advantage of all the opportunities that our markets offer us.

I would like to thank all our employees for the tremendous commitment you have brought to your work during the 2006 business year. And I ask you to continue in this same manner to support the further development of our company as it becomes one of the leading Central European insurance groups.

Vienna, April 2007

A handwritten signature in blue ink, appearing to read 'Konrad', with a stylized flourish at the end.

Christian Konrad

## Lodig and Lautner,

In this year's Group Report, we are focussing on the theme of "success through individuality". For this, we shall let well-known personalities from the worlds of culture, politics, business and sports have their say, depicting the developments in a new Europe, in their environment. The emphasis will be on the various points of view of different generations from Eastern and Western Europe.

As "The insurance for a new generation", we consider it our main task to adjust to this rapid change and offer appropriate customised solutions in all areas. In order to also ensure success in the future, it is not enough to look at our core area of insurance – we must also keep an eye on all the changes, trends and developments. In our modern, networked environment, which is developing at varying speeds, understanding and the capability to anticipate changing needs is increasingly becoming a crucial precondition for economic success. We prove that UNIQA is standing up to this challenge with our innumerable product and service innovations for increasing customer benefit and customer loyalty.

As a result of our consistent strategic orientation, we were recently able to achieve a record result of € 238 million in 2006, and drive our development into one of the leading insurance groups in Central and Eastern Europe further forward during the year. We intend to allow our shareholders to participate in the Group's successful development with another increase in the dividend by 35% to 35 cents per share. We shall submit a respective proposal to the Supervisory Board and at the annual general meeting.

Following the rapid price increase during the previous year, UNIQA shares experienced a consolidation phase in 2006. International attention to our activities increased significantly which was, not least, also confirmed by the more frequent coverage of UNIQA's shares by investment companies. Through the further intensification of capital market communication, we intend to continue supporting the positive trend of the UNIQA shares during the coming years.

With the initiation of business activity in the Ukraine and Serbia, we undertook further steps in 2006, in the growth markets of Central and Eastern Europe. We are convinced that, with our expansion activities and the positive development of our cooperation with Raiffeisen within the context of the preferred partnership, we have established excellent preconditions for continuing our growth trend in these regions in the future.



Konstantin Klien  
Chairman of the  
Management Board

We consider it a main prerequisite for the further development of the UNIQA Group to secure the Group's earning power over the longterm. This will strengthen the Group's internal financing power and retain the possibility of responding to market developments with the greatest possible flexibility.

With our new, dedicated profit improvement programme 2007–2010, we are pursuing the goal of increasing the Group's profit by a further € 200 million by 2010. To implement this programme we will primarily rely on securing our profitable growth path in the right product segments and on additional measures for increasing the efficiency of the organisational structures. Furthermore, we are, of course, continuing to work intensively on improving the technical results. With the implementation of this ambitious programme, we are strengthening the preconditions for increasing company value, from which the shareholders will also profit.

Our success is primarily linked to the dedication and motivation of our employees. Special thanks go to them, for their willingness to fully support the changes to secure the Group's future, for their motivation and their identification with UNIQA's values and goals.

Vienna, April 2007

Konstantin Klien

# Strategy

With a new programme to further reduce costs and continually improve profit, as well as the preferred partnership with Raiffeisen, UNIQA has laid the foundation for a continuation of its successful internationalisation strategy.

In the friendly global economic environment, we were able to make some sound decisions in 2006, to further secure our future as an independent player on the insurance markets of Central and Eastern Europe – the future of an insurance group that is active in 16 countries with a premium volume of over € 5 billion, that manages investments of over € 21 billion, and has a market capitalisation of € 3 billion.

The solid foundation of our far-reaching decisions remained our long-term corporate strategy – a strategy that strengthens our market position in Austria, diversifies the risks of our portfolio through consequential internationalisation and, at the same time; makes use of the enormous growth opportunities in Central and Eastern Europe to promote strong Group expansion with increasing profitability.

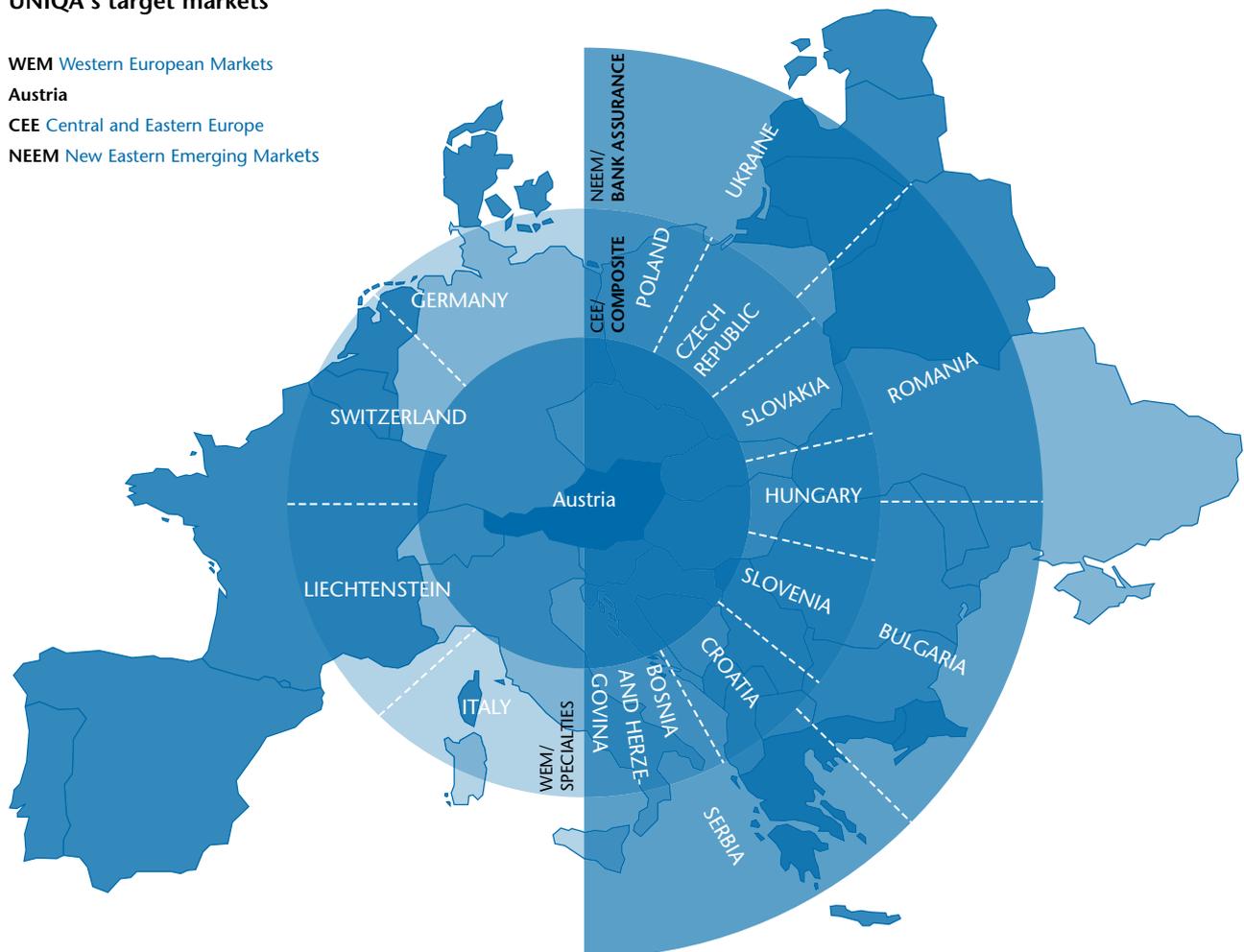
## UNIQA's target markets

WEM Western European Markets

Austria

CEE Central and Eastern Europe

NEEM New Eastern Emerging Markets



**Responsible for:**

Group management, sales, planning and controlling human resources, marketing, communications, investor relations and internal audit

**Country responsibility:** Austria

Dr Klien joined the UNIQA Group in October 2000 as vice Chairman of the Management Board. Since 1 January 2002, he has been Chairman of the Management Board and CEO of UNIQA Versicherungen AG. Dr Klien began his professional career at Arthur Andersen and transferred to Nordstern Versicherung in 1978, where he was appointed to the Management Board in 1986. In 1991, he became Chairman of the Management Board of the Austrian AXA holding company and held executive positions in the AXA companies in Central Europe.



Konstantin Klien (\* 1951), Chairman of the Management Board

### Streamlining to counteract the biting winds of competition

Size alone is no guarantee of survival in the future. We must continuously increase our efficiency in all areas, in an on-going company-wide optimisation process. We must continuously improve our customer service and sales impact, lower costs and increase income. We must work hard and without pause to become even more efficient and competitive. The slogan is: "more efficiency".

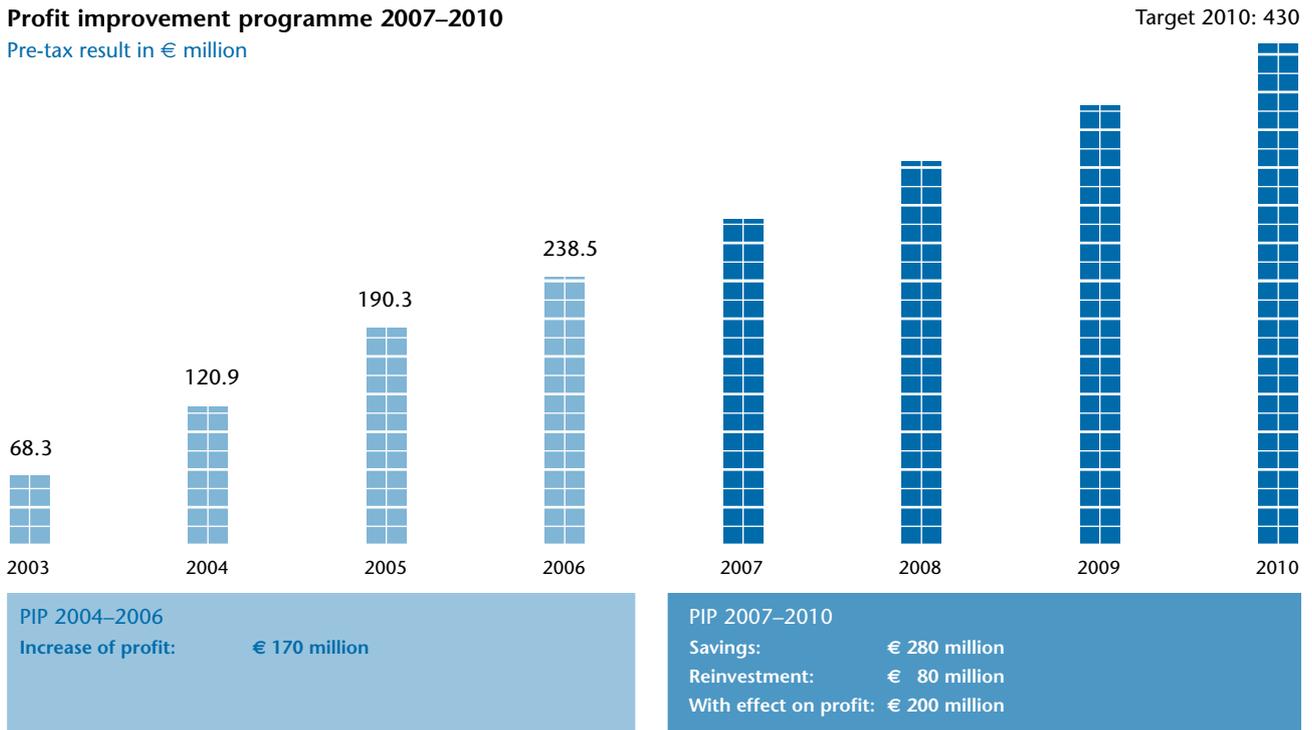
In global competition, enterprises that are lean and healthy will do the best. More efficiency also results in a sustainable increase in income and financial power. For us, a central element for safeguarding our independence is being able to independently earn the funds we need to finance our strategic investments for the future.

"Our strategy of internationalisation is focussed on profitable growth, securing our future as an independent insurance group in Europe."

Konstantin Klien

**Profit improvement programme 2007–2010**

Pre-tax result in € million



**Ambitious profit improvement programme (PIP)**

After successfully completing two programmes to increase profits, UNIQA has decided on a third profit improvement programme for the years 2007–2010. In the process, we will intensify some structures and tasks, do without some activities and bundle certain occupations in international Group companies by outsourcing them.

In the course of this programme, which is based on numerous measures and action plans, we want to further reduce both costs and loss ratios, and lastingly secure the (pre-tax) return on equity of our Group at a level of 20%. From the total savings potential of € 280 million, we intend to reinvest € 80 million in Austria and internationally in expanding sales, in infrastructure and increasing the awareness of our brand. Because of the profit improvement programme, our annual pre-tax result should climb steadily until 2010, from € 200 million to € 430 million.



“With our profit improvement programme we will reduce the costs of sales and administration, increase the efficiency of processes and make lasting improvements to the income situation by 2010.”

Karl Unger

“In the mature markets of Western Europe we operate successfully in profitable market niches, winning over demanding clients with exclusive product solutions.”

Gottfried Wanitschek

**Responsible for:**  
asset management (front office), equity holdings, property management, legal affairs, general administration and internal audit

**Country responsibility:**  
Czech Republic

Dr Wanitschek started working in the insurance business back in the eighties and was first head of the legal office and later, secretary general of Raiffeisen Versicherung AG. From 1991 until he was appointed to the Management Board of UNIQA Versicherungen AG, he was director of Beteiligungsholding Leipnik-Lundenburger Industrie AG, managing director of Kurier GmbH, member of the management at Mediaprint and director of Zeitschriften-Verlagsbeteiligungs-AG.



**Dr Gottfried Wanitschek**  
(\* 1955)  
Member of the Management Board

#### Financing of further expansion secured

With funds we have earned on our own, the issuance of a supplementary capital bond for € 250 million and the planned increase of the funding framework at the European Bank for Reconstruction and Development, we are well prepared for further profitable expansion in Austria and internationally.

The structure of our insurance business will change noticeably with the internationalisation of the company portfolio. At the moment, the Austrian market dominates the Group premium revenue, with about a two-thirds share. By the year 2010, however, international business should already be contributing well over 40% to the Group premium volume and to the Group results.

#### Playing out the advantages of being Austria's top brand

We also owe this success to the differentiated expansion strategy of concentric circles in our target markets. Our Austrian strategy centres on solidifying our position as market leader in personal injury insurance and as one of the largest property insurers, and focussing on qualitative growth. In so doing, we play out the competitive advantages UNIQA has as the best-known

insurance brand with excellent customer service and a powerful sales department with an innovative product portfolio in all sales channels. This is winning over more and more total customers and continuously strengthening the profitability of the business in Austria.

#### Niche strategy for Western Europe is paying off

In our Western European markets in Italy, Germany, Switzerland and Liechtenstein, we operate with niche and specialty products for private customers and medium-sized companies. In Germany, Mannheimer Versicherung is on a successful path as an established brand name company and supplier of brand programmes, above all in the high-growth area of southern Germany.

The close cooperation between the three Group companies in Italy after the acquisition of Claris Vita led to a jump in premiums, in particular due to the bank sales made through Veneto Banca. In Switzerland and Liechtenstein, we score points with an exclusive target group business.



**Responsible for:**  
new markets and mergers & acquisitions

**Country responsibility:**  
Romania, Bulgaria, Ukraine, Serbia, Italy

Dr Brandstetter joined the Group in 1997 and was responsible for the restructuring of UNIQA Versicherungen AG in 1999; he was appointed to the Management Board in 2002. Before that, he was head of the EU office of the Austrian Raiffeisenverband in Brussels.

**Andreas Brandstetter**  
(\* 1969)  
Member of the Management Board

“The symbiotic partnership with the Raiffeisen bank group is a definite advantage for our drive into the growth markets in Eastern and South-Eastern Europe.”

Andreas Brandstetter

### On a course of expansion as composite insurer in Eastern Europe

In the countries on both sides of the Eastern border of the European Union, we are positioned as a composite insurer and, in cooperation with the Raiffeisen bank group, are relying more strongly on bank assurance in order to make the most of the enormous potential in the retail market business. In the process, we are aspiring to achieve a unified market presence of the UNIQA brand and a market share of 5 to 7% in property insurance and from 3 to 5% in life insurance.

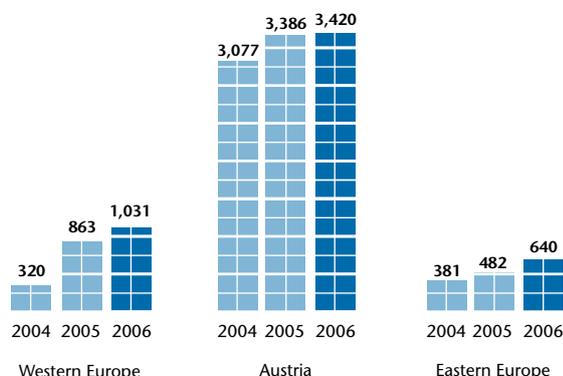
In the established Eastern European markets such as Poland, the Czech Republic, Slovakia, Hungary and Croatia, we are accelerating our growth rate with dynamisation projects using our own funds. With the expansion of sales structures and fortified organic growth, we want to attain the targeted market shares quickly but without any further company acquisitions. We are placing particular importance on profitable and sustainable growth in all sales channels.

## EBRD as an important partner

The EBRD (European Bank for Reconstruction and Development) is an important partner for further expansion in UNIQA's focus markets. The bank was founded in 1991 with the goal of supporting Eastern European countries in their progression towards a market economy with private corporate activities. The EBRD subsidises structural and sector-specific reforms such as competition, privatisation and entrepreneurship. Through its

financing it helps secure co-financing and direct foreign investment, as well as mobilising domestic capital. Investments are mainly made in private companies, usually together with business partners. In addition, the bank provides technical cooperation in relevant areas and cooperates with international financial institutions and international and national organisations. The EBRD and UNIQA have had business relations since 1998.

**Development of Group premium volume written**  
incl. the savings portion of premiums from the  
unit-linked and index-linked life insurance  
in € million

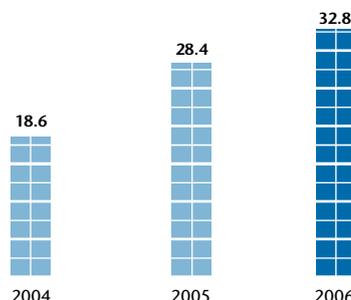


For several years, the European Bank for Reconstruction and Development (EBRD) has been supporting us in taking optimum advantage of the business potential in the Eastern and South-Eastern European countries. The EBRD has already invested minority stakes in the UNIQA companies in Croatia, Hungary, the Czech Republic and Poland.

**Preferred partnership as growth driver**

The successful cooperation with the Raiffeisen bank group in the countries of Eastern and South-eastern Europe is a strategic advantage for our commitment in the New Eastern Emerging Markets and a central building block for our launch in Serbia and the Ukraine. This cooperation, which in the meantime spans eleven of fifteen international markets, has given us access to 10 million customers: this is a very promising area of future potential for tailored insurance solutions, above all in the area of old-age provision.

**Share of international business**  
in %



**“Go east” remains in focus**

During our further internationalisation, we will continue to keep our eyes on Russia, Albania, Macedonia and Kosovo, because of the enormous growth opportunities they offer. If the screening of these target markets is positive, we will stake our claims there as well.

All in all, we have every reason to continue our decisive company strategy of yield-orientated growth and consistent internationalisation. We are headed in the right direction. We can look to the future with confidence.

“We will do without expensive company acquisitions abroad for a time and speed up our growth through targeted dynamisation projects that strengthen sales structures in the new EU member states.”

Hannes Bogner

**Responsible for:**  
group accounting, planning and controlling, asset management (back office) and investor relations  
**Country responsibility:**  
Poland, Croatia, Bosnia and Herzegovina, Germany

Hannes Bogner joined the Group in 1994, and was appointed to the managing board in 1998. Before that, he worked at THS Treuhand Wirtschaftsprüfungsgesellschaft in Salzburg and at PricewaterhouseCoopers in Vienna. Mr Bogner became a tax consultant in 1988 and a chartered accountant in 1993.

**Hannes Bogner (\* 1959)**  
Member of the Management Board

**The world will look different tomorrow. And the day after tomorrow.**



The insurance of a  
new generation.



# Customers and Markets

UNIQA is the best-known and most trusted insurance brand and, as “the insurance of a new generation”, stands for innovation, product quality and first-class service in a rapidly changing world.

Entrepreneurial success in such a quickly evolving global environment requires a feel for trends as well as constant readiness to respond proactively to people’s needs. Those who face the challenges of the future with resolve are one step ahead, as a pioneer on new terrain.

In the seven years since forming our internationally oriented insurance group and establishing the successful UNIQA brand, which is, meanwhile, operating in sixteen European countries, we have succeeded in recognising our customers’ desires and the changes in society sooner than others. And we have found the right answers to questions about insurance and old-age provision that are arising from demographic and technological changes.

## Successful strategy of consistent customer orientation

With a business strategy that focuses specifically on the needs of mobile customers in the age of globalisation, UNIQA has achieved a leading market position in Austria. And we have positioned ourselves as a competent partner in our Central and Eastern European target markets, filling the need for private insurance and old-age provision, which is increasing everywhere.

Our success in developing new markets can be attributed to many factors: The ability to replace separate product offers with comprehensive insurance solutions that include sensible additional benefits and excellent service quality. In doing so, we are honing our image as a leading innovator and trendsetter.

## The insurance of a new generation

UNIQA’s success can be attributed not least to the clear orientation of our business strategy on the changing way of life in the age of globalisation. We approach our customers flexibly, open-minded and receptive about each of life’s phases.

In this new age, we are conveying the overall concept of our company as the insurance of a new generation with an international image campaign, directed at the broader public in Austria and our Central and Eastern European markets.

## Lead in brand awareness increased

UNIQA can build upon its extremely positive brand image. Our high profile is unequalled according to the most recent questionnaire by the market research institute FESSEL-GfK. When they think of insurance, 18% of all Austrians think first about UNIQA. Thus, we have improved our lead compared to the previous year.

UNIQA moved up to 46% with respect to spontaneous awareness and 90% awareness with prompting. We also received the best scores for customer contacts in 2006. Once again, we clearly achieved the highest share of customers (32%), primary customers (18%), and exclusive customers in the Austrian insurance market.



UNIQA is the most trusted insurance company in the eyes of Austrian consumers.

#### Most trusted brand in Austria

And what's more, according to the consumer study "Reader's Digest European Most Trusted Brands", UNIQA is the most trusted insurance brand in Austria for the fourth year in a row. Furthermore, we regularly rank at the top of the market institute's industry brand monitoring, with respect to estimation of service quality, brand value or innovation.

Finally, in 2006, we were amongst the best insurance companies rated by 400 independent insurance brokers for the "Assurance Award Austria", awarded by the market research institute psychonomics AG.

#### Top grade for Raiffeisen Versicherung's service

Raiffeisen Versicherung, the Group's subsidiary that is leading in bank sales, also reaped high praise from its customers. In a survey of the level of satisfaction with the central service centre, nearly three-fourths of those questioned awarded the top grade of "very satisfied" as an overall assessment.

They consider product quality and the bank advisor in his advisory function as the most important reason for the overall high satisfaction. Raiffeisen Versicherung is also clearly ahead of other bank insurers and above the industry average in advisory services after the conclusion of a contract.

#### Strengthen and develop the competitive advantage

In this age of pressing economic change, however, we cannot let ourselves be satisfied with the successes to date which have

made UNIQA the leading insurance company in Austria, with 5.5 million Group customers and a premium volume of more than € 5 billion. We must use our strategic role as pioneer and technology leader in the insurance landscape, our first-class brand image, high innovativeness and enormous customer potential to strengthen the market position in Austria and to develop emerging markets in Eastern Europe.

For this purpose, our product designers are continuously developing new insurance solutions tailored to customers' needs, optimising our best sellers and reinforcing our competitive advantage through modern innovations. And UNIQA occupies new business segments early, which will increase in significance in the future.

#### Business health management as a future topic

Thus, UNIQA – by far Austria's leading health insurer – recognised "business health management" as one of tomorrow's growth sectors. Because healthier employees are verifiably more productive, expenditures to promote their health are also sound business investments. We are leading the way in this sector by setting a good example in our own company. The campaign "UNIQA@work" changed the personal behaviour and self-confidence of the employees with numerous events within the Group.

With the results of this campaign, we will succeed in the future in making our commercial and industrial customers more aware of the topic "health in business" and in providing them with attractive offers. These offers range from simple introductory models to mobile medical examinations, to the vital statistics of a company as a whole.

#### Pilot project against high blood pressure has begun

With "disease management/hypertension", UNIQA has started another innovative health insurance pilot project within the framework of our comprehensive efforts to promote all types of preventative measures, and therefore to avoid illness. Around 100 UNIQA customers between the ages of 60 and 70 who, like every fourth Austrian, suffer from hypertension were equipped



#### The insurance of a new generation

UNIQA is an insurance company which not only understands the changing way of life of a new generation, but which consistently orients its strategy on this. This behaviour is reflected in our claim of being "the insurance of a new generation" and consistently implemented in the campaign. In addition to the television ads, the print campaign began with four topics on posters and billboards in Austria and nearly simultaneously also in four Eastern European countries.

with a blood pressure gauge and a so-called home box for the duration of the project. This transmitted the data which was measured daily per telephone to LifeSensor – a software programme developed by us.

The medical team in our call centre checks this data and advises customers with elevated numbers about possible ways to lower their blood pressure. The project is intended to support the therapy of the doctor treating the patient by providing ongoing consultation outside of normal consulting hours. The goal is to adjust blood pressure to an optimum, to avoid or minimise subsequent diseases, and to reduce the costs to the health care system in the long term.

### Digital risk maps for natural catastrophes

A unique project in Europe for injury and damage prevention has been available since the middle of 2006 throughout Austria: The risk zone system for natural catastrophes, "HORA", developed in cooperation with the Insurance Association of Austria and the Austrian Ministry of Agriculture, Forestry, Environment and Water Management. It conveys a picture of the regional risks of flood or earthquake.

At [www.hochwasserrisiko.at](http://www.hochwasserrisiko.at), every Austrian can learn about the risk of flood or earthquake to which his or her own house or property in the respective region is exposed on a digital risk map and, if necessary, take preventative measures.

The UNIQA and Raiffeisen Versicherung customers affected by flood or storm damage in Austria in 2006 and early 2007, were helped quickly and unbureaucratically. A free hotline was promptly available to them for emergencies and to report damages suffered.

## QualityPartnership

The QualityPartnership is one of our well-established customer loyalty instruments: We reward the loyalty of our customers to our company with PartnerPoints. We also grant an additional bonus if they complete a calendar year without any claims in the defined insurance areas.

### QualityPartnership made even more attractive

Since its introduction in 2003 as an instrument to gain profitable total and new customers, our insurance offer of the QualityPartnership, which is unique in Austria, has continually increased in significance.

This innovative product and service programme to foster and intensify customer relationships was further developed in 2006, and made even more attractive. It documents our consulting philosophy and shows how we are consistently changing from the product-focused to the solution-focused insurance of a new generation.

A personal UNIQA VitalCoach helps our customers learn how they can best maintain their health and well-being or improve it, e.g. through an individually tailored sports programme.



Currently, more than 300,000 customers who own at least two contracts in different insurance areas have a QualityPartnership. They profit from an exclusive insurance and service package in connection with targeted health prevention.

### Active consultation and goodies included

Tried-and-tested building blocks of the QualityPartnership include the guaranteed ActiveCare through a personal Exclusive Advisor, who regularly adjusts the insurance protection to fit new life situations, and also the possibility to receive a bonus of up to € 200.

Furthermore, we reward loyal customers of the QualityPartnership with PartnerPoints and attractive goodies, such as sport and thermal spring gift certificates or a cheque for a short hotel vacation. All contract data of the QualityPartnership, including the balance of PartnerPoints, is available on demand for all customers at any time at the Internet portal myUNIQA.

### Use of the PartnerConto expanded

The PartnerConto is the "financial hub" of the QualityPartnership. The advantage for the customers: premium payments for all insurance contracts are summarised in a single line, all credits are accounted for and handled in one monthly charge.

Our 3,000 brokers in Austria can also take advantage of the TopConto in sales. And we are working as fast as we can to further intensify our connections to total and multiple-contract customers, with the help of the CustomerConto in the distribution channels. At the same time, we would like to greatly simplify communication with the advantages of the QualityPartnership. Additionally, this will be expanded to include a business partnership in the corporate customer segment in 2007.

## Interview with Peter Simonischek

Peter Simonischek was born on 6 August 1946 in Graz, studied at the Graz Academy of Music and Performing Arts, performed at the Graz Schauspielhaus Theatre and later in St. Gallen, Bern and Düsseldorf. Following that, an engagement at the Berlin Schaubühne Theatre, where he stayed for 20 years, proved to be the fulfilment of the dream of a lifetime. In 1999, Klaus Bachler brought him to the Burgtheater, where he was also established as a box-office success. Since the summer of 2002, he has also been a hit in the title role of *Everyman* at the Salzburg Festival.

### What does the Salzburg Festival mean to you?

For me, the Salzburg Festival represents outstanding artistic performances with world-famous interpreters. The best musicians and actors in the world gather together to create something new. This always brings out new and daring ideas. Working here is wonderful. Personally, I most appreciate the summertime togetherness with so many European talents. That is very inspiring.

### Fostering this “gem of Austrian culture” takes a huge amount of money every year; the festival could not possibly be held as it is without suitable sponsoring. How do you feel about the subject of cultural sponsoring?

High culture has always been dependent on support. In the past it was the job of the royalty, today this role is filled by successful corporations – a potential win-win situation when a credible and intelligent partnership can be formed. In this regard, Austrian companies can nurture their traditional role as integrators to the benefit of a cultural European convergence.

### After your successes in the past two years, amongst other things at the Salzburg Festival, one might think that you have reached a peak. What is it that continues to motivate you?

Acting is unbelievably lively and diverse. It's as if an expedition begins with the rehearsals for each new role, a departure

into unexplored regions of our being – a submersion into the depths of the human soul, searching and recognising correlations and contradictions. It is a joy to discover and learn new things each day, and to go on to celebrate a “Festival of the Moment” on opening night and take the audience along on a voyage from which they return happy and a little bit different.

For UNIQA, sponsoring is an important social responsibility. Our commitment is based on partnership and is not limited to purely financial services: as an active partner, we focus on individual sponsoring partnerships that are precisely tailored to meet the needs and requirements of the situation.

“Commitment based on partnership is important.”



## Next Generation



### Kamilla Baar, 27

Actress

She received excellent critiques for her role as Ophelia, and now the up-and-coming Polish actress can be seen on the screen in star director Juliusz Machulski's new film, *Vinci*.

**The path to the top is very difficult these days. What characteristics do you need to be successful?**

You have to trust your luck, concentrate on your goals and remain true to your passion.

**You have worked together with famous producers and actors. What impresses you most?**

That's true. I was lucky enough to have the opportunity to work together with several excellent Polish actors. I was extremely impressed. On the one hand, they are the best in the class. At the same time, they work hard and humbly, and with extreme concentration on every challenge, no matter how small it is.

**Concerning your work: what inspires you?**

People. Every single person I meet can be an adventure.





### Fitness training in the VitalClub

A QualityPartnership or health insurance policy is automatically combined with a membership in Austria's largest health programme – the UNIQA VitalClub, where 90 VitalCoaches are available to work out individual prevention programmes with customers that focus on maintaining and improving fitness and well-being.

The health project, which is unique in the Austrian insurance business, already has around 1 million members. The VitalClub was also established in Germany and Hungary in 2006, for the first time. In the future, it will also focus on corporate customers.

A fixed component of our commitment to preventative health management is the FitnessProfile on four wheels, the VitalTruck. The blue and white vehicle is meant to enable regular VitalChecks for as many people as possible by bringing the VitalCheck to them.

### VitalTruck on tour internationally

The 20-tonne truck, complete with trained medical personnel for the examination of 100 employees daily, can be rented by public and private companies. In 2006, it not only travelled all over Austria, but also in Germany and Hungary.

German air-traffic control employees, who need maximum mental and physical fitness to monitor around 8,000 flights daily, submitted themselves to a check-up in the VitalTruck. The German air-traffic control's health partner is our Group subsidiary, Mannheimer Versicherung.

### More than 100,000 Raiffeisen customers use the Advantage Programme

Raiffeisen Versicherung achieved remarkable success with their core customer programme, "my sure advantage". The company, which operates in bank sales over the counter of the Austrian Raiffeisen banks, greeted the 100,000th Advantage customer in 2006. The success that "my sure advantage" has enjoyed until now is not only based on incentives such as the premium discount. Above all, Raiffeisen customers also receive competent advisory services for all financial matters at their bank.

## Sponsoring

UNIQA's sponsoring strategy is to enter into intermediate and long-term partnerships. Commitment is not limited to purely financial services. As an active partner, UNIQA focuses on the individual and precisely on the necessities and requirements of coordinated sponsoring partnerships.

### Positive image transfer through sponsoring

Within the scope of the UNIQA Group strategy for securing profitable total and new customers in the Central and Eastern European insurance markets, the development of a positive brand image plays an important role. With our sports sponsoring, we aim for optimum support of brand recognition and an image transfer in the areas of innovation, dynamics, success and compassion. With the support of high-class art and cultural events, we emphasise our claim to quality and exclusiveness based on UNIQA's business values.

Thus, in 2006, we extended the successful partnership with the top ski star Benjamin Raich until 2010. The "Blitz from Pitz" won the slalom and giant slalom at the 2006 Winter Olympic Games, and also won the Overall World Cup. He ensured the optimum presence of the UNIQA brand on his blue helmet, which is a symbol for security not only in Austria.

### Popular figure Benni Raich athlete of the year

Austria's sports journalists chose Benni Raich as Austria's 2006 athlete of the year. Our commitment to the sport of skiing is rounded out by our partnership with the Austrian Ski Association (ÖSV). We are the general sponsor, as well as sponsor of many world cup races organised by the ÖSV.

Furthermore, in 2006 we supported the Austrian Cycling Association, the Austrian Tennis Association, the runner-up in Olympic sailing, Andreas Geritzer, as well as sponsoring the top event of the track-and-field all-around competition – the meet in Götzis in Vorarlberg.

### Consistent strategy of "faces for UNIQA"

We continued our sports sponsoring in the international markets of Eastern Europe. The subsidiary in the Czech Republic was one of the main sponsors of the world championship in white-water racing held in Prague. The logical consequence was our partnership with the world-class kayaker, Stepanka Hilgertova, our UNIQA athletic face for the Czech Republic. We continued our overall strategy of "faces for UNIQA" in Bulgaria in 2006, with a cooperation with the rally driver, Krum Donchev, in Serbia with the ex-basketball star, Alexander Djordjevic, as well as in Slovakia with the successful skier, Veronika Zuzulova, and in Hungary with the highly popular water polo players, Adam and Barnabas Steinmetz.



### Cultural sponsoring: the Salzburg Festival

Additionally, we are partner of the most popular Czech football association Sparta Prague, and support the games of the Handball Champions League in Hungary.

As Austria's largest art insurer, the promotion of excellent cultural events is a part of our corporate culture. We have noticeably expanded cultural sponsoring for a good reason. Above all, our long-term cooperation with the Salzburg Festival has proved itself as a symbiotic union between two partners at the highest level of quality.

### Cultural sponsoring receives high approval

The approval is high. Half of all culturally interested people in Austria have a positive perception of our commitment to the Salzburg Festival. And 81% of our customers welcome our sponsoring of this world-class cultural event. As a quality insurer, we are providing an important contribution in order to preserve the high quality of Austrian culture.

### UNIQA ArtCercle for demanding lovers of art

With our ArtCercle, we offer demanding art lovers amongst our customers regular access to top cultural events beyond the usual programme. In addition to previews with tours conducted by

experts, the ArtCercle organises backstage access at exhibitions, enables cultural fans to peruse warehouses and collections, or arranges conversations with renowned experts. In a short time, it has established itself as synonymous with top-quality events of the most demanding scale. The preview of the 200 works of Pablo Picasso, on exhibition at the Albertina, left a particularly special impression in 2006.

### Promotion of the Schiele exhibition in the Belvedere Gallery

Within the scope of our long-term partnership with the Belvedere Gallery, we supported the Egon Schiele exhibition, insured the masterpieces of early Austrian expressionism shown there, and took advantage of this connection for a UNIQA ArtCercle event.

In the area of music, we sponsor the Vienna Philharmonic and promote the Mörbisch Festival on the Lake. And we shall engage ourselves in the future as sponsor of the music festival at Grafenegg Castle under the direction of Rudolf Buchbinder.

## Highlights

With 90% brand awareness, UNIQA is the best-known insurance group in Austria and has also been the most trusted insurance brand for several years.

The QualityPartnership was made even more attractive in 2006. Already, more than 300,000 customers benefit from this.

Our sponsoring strategy focuses on the areas of sport and culture and is being consequentially expanded on the international markets.

**Many insurance companies  
keep up with the times.  
Mine is a step ahead.**



The insurance of a  
new generation.



# Processes and Products

We utilise state-of-the-art Internet and communications technology to ensure efficient processing and administration processes and, top-quality customer service and as instruments for developing creative insurance and pension provision solutions.

In 2006, we pioneered the development of a completely new form of motor vehicle insurance in Austria based on advanced technology. Satellite navigation, a mobile telephone network and information technology are the foundation of usage-optimised insurance (UOI).

The two-phase test run of this innovative project was an impressive success. It marks yet another milestone in our technology leadership. The key innovation: more precise definition of the risk profile by measuring the actual distance driven as well as the roads used.

## Savings from a brand new form of motor vehicle insurance

The core of usage-optimised insurance is the Navi Box – a small device installed in the automobile that contains a GPS receiver. Via satellite navigation, this box records when and where the car is driven. It transmits the data once per day to a server of the telematics provider via the mobile telephone network. The navigation data are then compared with a map. This makes it possible to differentiate between distances driven in the city, on rural roads and motorways. Driving on rural roads presents a statistically lower risk of accidents than driving in the city. The information obtained serves as the basis for risk-based definition of the premiums.

## 300 test vehicles

are driving with the Navi Box and counting kilometres. The new motor vehicle insurance concept: the premium depends on the distance driven, as measured by a Navi Box in the car.

After the successful completion of the pilot run with 300 test drivers, we will offer motor vehicle liability insurance and comprehensive insurance of this new generation, initially to private customers, starting at the end of 2007. Anyone who drives fewer than 10,000 kilometres in a year will save up to one third of their premium costs with this new form of insurance. The market potential is large: according to our estimate, a target group of roughly 900,000 drivers exists within Austria.

## Combination with mobile safety packages

Already unique within Austria, this insurance product will be perfected as a complete solution with additional services, such as accident alarm, car finder, emergency assistance, navigation system and mobile weather warnings. In an emergency, for example, the Navi Box can direct assistance to the accident site or locate a stolen car with the car finder feature.

We are preparing a special offer for companies with small or medium-sized vehicle fleets. It should serve as an electronic driving log as well as allowing locating and tracking of the vehicle fleet. Roughly 12,000 businesses come into question as potential customers for this innovation in commercial motor vehicle insurance, primarily from the areas of leasing and rental cars, car sharing, tradespersons or transport and customer service.

## Planned integration of cooperation partners

We will constantly expand the mobile services associated with the UOI project through cooperation with telecommunications partners. For example, the Navi Box could be installed in containers for tracking transport goods and locating them in the event of theft. The technology has great potential to offer in the area of valuable shipments and in the construction industry. Also conceivable would be its use in a "Help Box" the size of a wrist watch. It could notify an ambulance and simplify rescue measures in the event of an emergency.

Another innovation is our “Auto & Network Environmental Bonus”. Since people who do little driving and use public transportation place less of a burden on the environment, we give all owners a personal annual pass for public transportation, and a one-time credit of two months of premiums upon conclusion of a new liability and comprehensive insurance policy. If passenger insurance is also purchased, we provide free public transportation accident insurance as well. This covers accidents occurring in the use of public transportation and is yet another innovation on the Austrian insurance market.

#### We reward young drivers for staying safe

We also made our motor vehicle rates considerably more attractive in 2006, through improved benefits. For young drivers in particular, we offer significant premium discounts for just three years with no claims after opening of the insurance policy.

For new driver’s license recipients who do not generate any claims at UNIQA within three years of obtaining their license, we will reimburse the additional costs for multi-phase driver’s training. This has led to a significant decline in the accidents caused by learner drivers. The revised motor vehicle rates also offer noticeable improvements for existing customers.

#### Professional safety check for companies

For us, prevention is a decisive factor for limiting claims in all areas of insurance. Upon conclusion of a business insurance bundle, we therefore give our commercial customers a free security package in cooperation with the world’s largest security company SECURITAS.

This security package is implemented between SECURITAS and our customers and allows many small and medium-sized enterprises to obtain an individual risk analysis and security strategy. Because break-ins to offices and business locations or the theft of laptops, computers and expensive electronics are an often underestimated risk for Austrian companies.

#### Direct line to a solicitor without an appointment

We have also optimised our service for legal expense insurance customers with access to legal advice. Thanks to the solicitor PLUSservice from UNIQA and the immediate legal expense assistance of the Group subsidiary Raiffeisen Versicherung, customers can directly contact one of 26 top-notch solicitor’s offices in all parts of Austria through a free hotline available on business days.

As an important contribution to claim prevention, UNIQA provided roughly 165,000 private customers with 2.4 million free severe weather warnings, via SMS to their mobile phones or by e-mail to their computers, within the framework of the QualityPartnership. In addition, approximately 1,100 communities and many companies have taken advantage of this innovative offer. As another unique offering, we also made a separate service available to the agricultural sector free of charge.

**165,000 private customers** take advantage of our severe weather SMS service. This service makes an important contribution to claim prevention as part of the QualityPartnership.

#### Modern weather service now also for farmers

This special agricultural weather service is the first forecasting service for temperature, humidity, precipitation, wind speed and evaporation in Austria that is specific to postal code regions. Timely warnings of gale winds, rain or hail contribute to minimising claims at fruit orchards and vineyards, as well as for vehicle fleets.

#### More accident benefits for the same premium

Raiffeisen Versicherung has expanded the scope of benefits for its accident insurance package. In the event of an occupational or recreational accident, it provides funds to compensate for lost income, financing of therapies, treatment aids or operations, as well as home alterations.

As an additional premium-free benefit upon conclusion of an emergency package, we now offer the “Rehab Service”. Specialists support the accident victim with medical, social and occupational rehabilitation in the event of an expected prolonged invalidity of at least 35%.



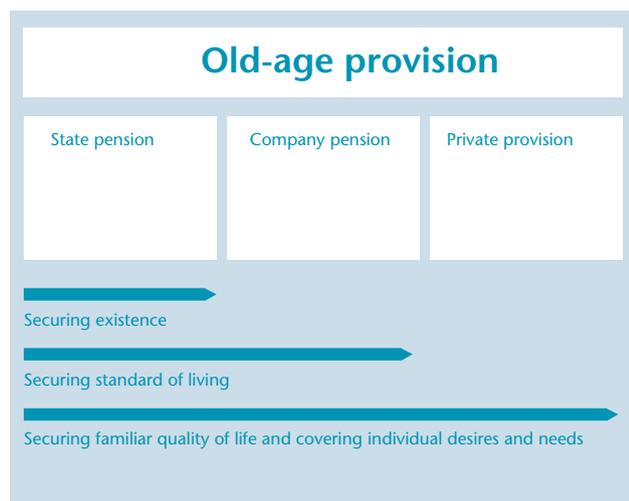
#### 270,000 Policies

The “Pension & Gestalten” pension plan offers our customers two great opportunities to actively design their provisions for the future. They can choose between a proven, conservative investment and the future plan. The future plan offers overall higher yield expectations through special forms of investment. In 2006, we were able to conclude 270,000 policies.

### Private personal old-age provisions are indispensable

As an insurance company of the next generation, creativity in long-term old-age provisions is particularly important to us. Because more than four out of five Austrians consider private personal old-age provisions to be indispensable. Nearly two-thirds have already started at age 30 and spend an average of € 138 per month, primarily for private life and pension insurance.

### Three pillars of old-age provision



### Future-proof provisions with the three pillars

Old-age provisions that are secure against the future are based on three pillars: state pension, company pension and private provisions. Private provisions, which are subsidised by the state with premium discounts, are particularly popular within Austria. Up to a maximum annual contribution of € 2,115, the government offers a subsidy of 9% for 2007. Roughly 1 million Austrians already take advantage of this opportunity. We are the clear market leader in old-age provisions, with 300,000 policies and a market share of approximately 30%.

The advantages: Receipt of the deposited capital plus the government premium is guaranteed. After expiration of the minimum ten-year contract duration – insofar as no pension qualification exists – the collected capital can be paid out subject to subsequent taxation, reinvested in old-age provisions or used as a one-time contribution for a life-long pension, payable at no earlier than 40 years of age.

There is tremendous untapped potential in the area of company old-age provisions. The introduction of employee group insurance based on the model of classic life insurance expanded the range of offerings in the area of company old-age provisions previously served predominately by pension funds.

### Great interest in company old-age provisions

According to an exclusive study by the market research institute FESSEL-GfK commissioned by Raiffeisen Versicherung, the employee group insurance was still unknown to 77% of Austrians shortly after its introduction. The same study showed that those surveyed placed company old-age provisions products in fourth place amongst the provision alternatives. Every second worker would even prefer a company pension to a salary increase. We offer models for this with our employee group insurance and provident insurance, as well as through pension funds.

UNIQA is seeking to score points with companies through a new employee group insurance. The offer provides companies with the security they desire to ensure their capability to provide promised benefits through the guarantee of minimum interest rates, allocated profits and life-long annuity payments.

### Transforming salary into company pension

The UNIQA Group has also developed for companies two attractive models for company pensions through conversion of employee salary increases – with advantages for both sides. Salary increases converted into contributions for provident insurance save the company money on social security contributions and are deductible as business expenses. At the same time, employees transform the salary increase, which is not subject to taxation and social security contributions, gross for net into a guaranteed life-long pension, with provisions, for surviving dependants.

Companies have a choice in the type of investment: either classic life insurance with guaranteed payout values and annual vested profit allocations, or unit-linked life insurance with greater prospects for better interest rates on the invested money coupled with higher risks.

We are also optimally situated in the area of company old-age provisions through pension funds. Our partner ÖPAG, the most experienced pension fund in Austria, is considered the best pension fund in the country. In addition, the new indemnity system has been competently implemented in our complete solution for business customers with our partner for company pension schemes, ÖVK Vorsorgekasse.

### New fund policy with optimal freedom of choice

Our specialist and the market leader for unit-linked life insurance, FINANCELIFE, once again set new standards for innovative provisions in 2006. With “FL active” and “My Raiffeisen fund policy PLUS”, this creative product developer created exclusive offers that combine guaranteed insurance protection with an intelligent concept for asset management.

These offers give the customer power to choose. During the policy term, they can combine the guarantee on their invested money with investment in international stocks or bond funds of various compositions however they like. And they can change their decision at any time. A flexible opportunity for future provisions that is unique throughout the market.

## Next Generation



### Roland Kwitt, 25

Austria, research assistant at Salzburg Research

In his diploma thesis, which was recognised with an award from the Federal Ministry for Education, Science and Culture, the ITS graduate developed methods of detecting, amongst other things, hacker attacks on the World Wide Web. The Salzburg University of Technologies has already put these methods successfully into practice.

**Mr Kwitt, your industry is considered very rich in innovation. How do you arrive at new ideas?**  
Well, we don't reinvent the wheel. But the world is constantly in motion and this always gives rise to new challenges. It is only necessary to critically question what exists – then one finds sufficient ideas regarding what could still be optimised. I simply enjoy asking the questions: How can that be done better, more efficiently, more quickly? How can I achieve my optimal goal?

**That sounds very technical and rational.**

It isn't intended to. I am of the opinion that technology should always be in the service of humanity. For example, my programme makes it possible to exchange information more securely. To me, technology is a tool that can be used intelligently for the optimisation of work processes.



“One must first invest,  
then one can profit.”

As a qualitative market leader, we are always looking for new and innovative ideas that further improve our service quality. We consider it both our job and our duty to confirm our customers' trust in UNIQA, as being the leader in innovation through customised solutions.

## Interview with Franz Fischler

Franz Fischler became the Austrian Federal Minister of Agriculture and Forestry in 1989, and as a member of the European Commission for European agricultural policy from 1995 to 2004, he was responsible for rural development and, as of 2000, for European fishery policy as well. Today, he works as a consultant, gives talks and lectures, and is the Chairman of the Eco-Social Forum.

**Dr Fischler, you are familiar with the opportunities and pitfalls of the political process. What fascinates you in particular about politics?**

In politics, I have always been fascinated by the ability to influence developments and shape the future. I have also always enjoyed being constantly in direct contact with many different people.

**How do you measure the success of a project – based on public acclaim?**

Public opinion is a factor that should be considered. However, the most important thing in politics is to communicate decisions transparently and verifiably. In addition, I measure politics, as well as myself, based on implementation of the goals.

**You are considered a “European by conviction”. What tasks still lie ahead for Europe, in your opinion?**

The most important tasks for the future are, in my opinion, ensuring sufficient jobs and fighting unemployment. To do this, it will be necessary to make our economy more know-how intensive, reduce bureaucracy and also ensure social justice and more responsibility toward the environment. This is also the European

answer to globalisation. However, these are not tasks for the European Community but rather shared tasks in which we all must make our contribution. New sales markets that will help secure jobs will also arise in this way. There is tremendous potential for Austria in the East, in particular. We already profit the most from the expansion and must do everything possible to continue this success story. The Central and Eastern European countries have a long way to catch up, particularly in banking and insurance, as well as in IT. We must optimally serve the markets at our doorstep.

**What does that mean in concrete terms?**

We need a more innovative economy. We only register half as many patents every year as the USA and also have only half as much risk capital. One must first invest, then one can profit.

**What is your personal recipe for success?**

I believe that one should be open to everything new, but at the same time maintain a critical attitude. Only by asking new questions to provoke new answers can we make progress in politics.

FINANCELIFE created another flexible investment concept in the form of the limited edition "Bonus & Garantie II" and "TOPAS BEST 20-GARANT II". It combines the capital guarantee with high yield prospects and tax advantages. The income earned year after year is not only regularly credited to the investor, it is paid out tax-free after just five years, or no later than at the end of the contract.

### Increasing importance of private nursing care provisions

The increasing average age of society presents enormous challenges, not only for the state pension system but also for the financing of caretaking insurance. Approximately 550,000 Austrians currently require nursing care. In fifteen years, there will be an additional 350,000 people of over the age of 75. According to estimates, caretaking costs could rise by up to 400% by 2030. The state nursing care allowance may then fall far short of financing care for the elderly.

Timely private nursing care provisions are becoming the order of the day. For this reason, UNIQA and Raiffeisen Versicherung developed new, flexible options for provisions against the financial burdens care in old age. Nursing care insurance is available as a supplement to pension insurance and also as an independent policy with single or recurring premiums. The benefits are independent of the state nursing care allowance. Independent experts determine the level of nursing care needs.

### New answers for the future of the health care system

As the insurance company of a new generation, we must provide new answers to the burning question of the future of our health care system, because expenditures will increase over the coming decades at above-average rates due to demographic developments and the rising costs for modern high-tech medicine.

With new types of products and attractive offers, we are setting a clear course to curb the rise in costs and premiums through prevention. We provide private customers with information and meaningful offers for a healthy lifestyle through our VitalClub. And we expand on this prevention initiative for business customers and their employees. In cooperation with the Institute for Health Management, our UNIQA HealthService offers companies not only individual prevention modules but also a comprehensive health balance sheet for the company.

### Health account for curbing contribution increases

We imagine a private health account as a suitable instrument for curbing future contribution increases in the state health care system. It would be funded with regular payments and serve for financing of minor health care services that are no longer covered by the state. State subsidisation of this health account, as for old-age provisions, would make the model even more attractive.

### "Select special category" is a bestseller

We have made the entry into private health insurance more interesting for people just starting their careers and for young families on a tight budget with the new "select special category" premium class. We are the only insurance company in Austria to cover the full costs of particularly serious illnesses and accidents at lower premiums than with complete medical insurance of the special premium class.

In addition, we offer the savings model known as FutureBonus. During times when one is earning well, it is possible to pay a higher premium, which reduces the premium burden after retirement.

### Increasing outsourcing of processes

We are supporting the increasing internationalisation of our business through creative solutions in our administrative and service processes. For instance, we set up Group IT competence centres in Poland, Slovakia, Hungary, Romania and Croatia in recent years.

In these competence centres, we not only maintain and develop IT solutions for local markets but also for other regions within our field of operations in Central and Eastern Europe. We even distribute classic insurance processes within the UNIQA Group to various locations in the respective region. In this way, we utilise cost and synergy advantages without any decrease in the quality of the service.

The internationalisation of the administrative and processing processes is also creating new jobs in Austria, since the duties of roughly 200 employees at the UNIQA headquarters are directly related to the activities of the Group outside of Austria.

### U.CIS for a new era of customer service

We took a decisive step in 2006 toward better utilisation of our customer potential, and toward creation of many more complete customer relationships, with the rollout of the UNIQA customer information system U.CIS. The modern online database opens up an entirely new dimension of advising. U.CIS offers us the opportunity to consolidate and statistically analyse all the information from our existing policies, supplemented by the information collected by our representatives in personal conversations with customers.

Electronic access to the individual profile of every policyholder offers the opportunity for service tailored to individual needs as well as access to untapped potentials through cross selling. The start of a new era for our ExclusiveSales programme, which we are also introducing at the subsidiaries in the Czech Republic and Slovakia in 2007.

The holistic approach of U.CIS, which includes not just an individual person but the whole family, will contribute to significantly increasing the number of policies per customer. However, the system will also allow for better service quality and therefore customer loyalty.

#### Competition offensive ensures maximum quality

With the aspiration of being an insurance company of a new generation, we had to offer our most demanding customers an extra class of service. Constantly improving this service is the goal of our ServiceCup. The winning team of this internal competition must rank at the top in multiple categories: correct processing of policies, the speed of precise and unbureaucratic handling of claims or accessibility by telephone.

Ratings by our customers decide the winner of the ServiceCup. The gratifying result: 81% of customers gave us top marks.

But customers also expect attention, speed and correctness in the processing of a claim. For this reason, we hold the employees of the service departments to the highest standards of professionalism, sensitivity and communication skills.

#### Top satisfaction with the central customer service

This challenge must be met by our central customer service in 2,500 inquiries per day. Competence as well as the ability to establish an insightful dialogue are basic requirements for the employees.

We therefore apply the highest standards to their selection, education and training. Our customers' assessment of our central customer service, which also works for group companies such as Raiffeisen Versicherung and *FINANCELIFE*, is clear: 94.2% of those surveyed are very satisfied or satisfied with their personal contact person, 85% would recommend our central customer service to a friend.

Providing our customers with online access to their policy data is a natural part of our business. With the Internet communications portal myUNIQA, they have constant access to the PartnerConto, including the most important services, all insurance policies, the payment plan or an overview of the no-claim bonus, their current PartnerPoints status or the contact information of their exclusive representative.

#### Pioneering accomplishment in portal technology

Raiffeisen Versicherung also achieved a pioneering accomplishment in a new portal technology for its customers. They now have access to an exclusive offering at the Internet address [mein.raiffeisen.at](http://mein.raiffeisen.at).

In addition to the overview of policies and premium due dates available at any time, the user can order special benefits through this online service, such as short holidays in top hotels at preferential rates or hotel vouchers.

## MedPLUS24

UNIQA customers with the MedPLUS24 service can directly contact the medical call centre staffed with knowledgeable physicians to answer their questions. Medical information of all kinds is available, such as explanation of test results and diagnoses, a second opinion, alternative treatment options, tips for medical check ups, travel medicine or addresses of appropriate hospitals and supplemental services.

Our health platform MedUNIQA has now long established itself as the largest and most comprehensive Austrian medical website with over 160,000 accesses per month, thanks in particular to the current and up-to-date articles it publishes on the Internet. The professional mixture of knowledge base, news and, above all, services is exceptionally attractive. Not least of which is the MedPLUS24 service, which offers our customers the opportunity to consult with a physician by telephone.

## Highlights

With the usage-optimised insurance (UOI) we are working on a unique and innovative motor vehicle insurance product that will be introduced to the market at the end of 2007.

In the area of pension provisions, the UNIQA Group is the clear market leader in Austria with a market share of 30%. We are also forerunners in health insurance and in nursing care provisions.

The U.CIS customer information system provides our customer representatives with a new dimension in consulting – and gives them access to untapped cross selling potentials.

# In 16 markets, the focus is on one thing: people.

The insurance of a new generation.



# Group and Profit

The internationalisation of our company portfolio and the profit improvement programme are consolidating our leading position in Austria, and our increasing importance as a profitable player in Central and Eastern Europe.

The clear increase of our premiums and profit in the 2006 financial year was the result of our company strategy aimed at consequent internationalisation and yield-oriented expansion. Our position as one of the leading insurance groups in Austria has remained the basis for our success.

With the strategy of concentric circles around the Austrian market, we are focussing on profitable insurance niches in Western Europe (WEM), but, in particular, on the enormous growth potential in the New Eastern Emerging Markets (NEEM) on the eastern border of the European Union as well as on Central and Eastern Europe (CEE).

## New markets in Eastern Europe as growth drivers

The new markets, with their considerable need to increase their economic prosperity, insurance coverage and old-age provisions, are our strategic growth drivers. We are utilising their potential with prudent determination. We are now operating in fifteen countries outside of Austria. And we are constantly evaluating the possibilities of becoming active in other regions of Eastern and South-Eastern Europe.

## 16 countries

The UNIQA Group is active in Austria and in fifteen other European insurance markets. In total, the UNIQA Group attained a premium volume of € 5 billion. The profit made on ordinary activities for 2006 amounted to € 238.5 million – whereof approximately 30% is attributed to international markets.

The preferred partnership with the Raiffeisen bank group is a reliable pillar of our internationalisation strategy. Together with our local banking partners, we provide services to over 10 million clients in the eastern target markets.

## Leading life insurer acquired in Serbia

We increased UNIQA's presence in the largely untapped emerging markets of South-Eastern Europe in 2006. At the beginning of November, we acquired 80% of the share capital of Zepter osiguranje A.D. in Belgrade. Concurrently, the general conditions for the acquisition of the remaining shares were specified. We renamed the company "UNIQA a.d.o." at the start of 2007 and successfully launched the UNIQA brand in Serbia.

The sixth-largest insurer in Serbia is one of the country's largest life insurers with more than 26 branches operating in the market. There are approximately 100 in-house employees. Brokers, cooperation partners as well as employed and freelance salespersons are involved in sales.

We aim to consolidate the position of UNIQA osiguranje as a leading life insurer by building up bank sales, made possible by the signing of a cooperation agreement between UNIQA and the Raiffeisen banka in Belgrade. The life insurance business is developing very positively and promises to create great opportunities.

The Serbian insurance market, which has annual premiums of approximately € 420 million, is currently dominated by property insurance, which makes up about nine tenths of the market. Therefore, we will broaden the offer of the new Group company to include innovative property and motor vehicle insurances.

Our involvement in the future growth region of Serbia perfectly complements our activities in South-Eastern Europe. The Serbian economy has achieved above-average growth levels in recent years. In 2006, despite increasing inflationary tension, the total economic output experienced a real growth of approximately 7% and is, therefore, on a steep growth path.

### Entry into the Ukrainian market

We entered into the Ukrainian market in May 2006. The entry was a new milestone in our massive commitment in Eastern Europe.

With its 47 million inhabitants, the Ukraine is considered to be one of the largest and most promising markets in Eastern Europe. Due to its enormous need to catch up, the economy is growing dynamically: Despite double-digit inflation rates, the total economic output increased by more than 6% in 2006, and will continue to grow at a similar pace in the next years.

First, we took an equity stake of 35% of the share capital of Credo-Classic in Kiev, which was previously only active in property insurance. At the same time, an agreement was reached to gradually increase our involvement to 76% by 2009. Credo-Classic is the seventh-largest insurer in the country and has a premium volume of around € 30 million and almost 950 employees working in or outside of the office at 26 locations.

## 35%

The UNIQA Group acquired 35% of the seventh-largest Ukrainian insurer, Credo-Classic, in 2006, and founded the Kiev-based UNIQA LIFE.

### Extreme consolidation of the market

A process of extreme consolidation is taking place in the Ukrainian insurance market, which still consists of more than 400 companies. The ten largest companies currently only have a market share of around 21%. The greatest potential for growth in the next few years will lie in motor vehicle liability insurance, which has been compulsory since 2004, and the clearly under-represented life insurance.

For this reason, we founded the Kiev-based UNIQA LIFE in October, with identical capital shares to Credo-Classic. The company immediately began selling life insurance, though at first mainly via Credo-Classic's extensive marketing network.

### Cooperation with Raiffeisen Bank Aval

The new cooperation with Raiffeisen Bank Aval, the leading retail bank in the country with 1,400 branches, offers great possibilities for expansion. It gives access to 3 million clients and creates an enormous potential for cross selling property insurance and other products. Therefore, Credo-Classic developed further offers in 2006, such as traveller's accident insurance and travel cancellation insurance.

In the course of our expansion strategy, we had already achieved a foothold in the Romanian market in 2005. After acquiring 27% of the share capital of the seventh-largest Romanian insurer, Versicherung ASTRA S.A., we intend to acquire the majority interest of the company in future.

# ASTRA ASIGURĂRI

Member of UNIQA Group Austria



### New logo for the Romanian market

After a decision at an extraordinary general meeting of ASTRA and UNIQA, the company now appears under the new ASTRA-UNIQA logo. The logo was presented to the public at a launch event in Bucharest.

The company aims to become the market leader in the Romanian insurance market in future, by utilising the solid basis of both partners and innovations in its broad product spectrum for private and corporate clients. The high expectations of the management for 2006 have been fulfilled by an increase in premiums of over 80%.

The service was also improved in 2006 by the new website [www.astra-uniqa.ro](http://www.astra-uniqa.ro), which enables online access to products and contract data. Furthermore, Romanian clients can now reach the call centre at a freephone hotline number, and pay in their policy fees at any post office country-wide.

### Joining the EU promotes prosperity in Romania and Bulgaria

The admission of Romania into the European Union as of 1 January 2007, will add further impetus to the country's economic catching-up process. Supported by a strong increase in private consumption and a robust growth in investments, the country's real production rose by more than 6% in 2006.

The unemployment rate has levelled out at about 6%; inflation continues to fall, recently hitting 7%. These are favourable prerequisites for a basically problem-free expansion over the next few years. Our activities in this future growth region will benefit by this.

As will our commitment in Bulgaria, which also became a new EU member at the beginning of 2007. After taking over 20% of the capital stock of the sixth-largest Bulgarian insurance company, Vitosha, in the year 2005, we have been responsible for managing the Sofia-based company since 2006. At the beginning of 2007, we took over the majority of the shares and rebranded Vitosha into UNIQA. We plan to increase our commitment to at least 75% by 2009.

The cooperation with the Raiffeisen banks in Bulgaria has resulted in an enormous growth spurt in property insurance, and particularly in the life insurance business.

### Capital increase for future investments in Bulgaria

A capital increase of € 18 million in 2006, made Vitosha one of the best capitalised insurance companies in Bulgaria. Aside from building up reserves, the influx of capital has served to finance important investments for the future. The goal is to strengthen the impact of marketing, modernise the IT system and to increase the brand awareness of UNIQA in Bulgaria.

In 2006, to reinforce our brand in the Bulgarian market we launched a campaign in motor vehicle liability insurance called "Stick and Win". And we also promoted UNIQA as a quality brand in the aspiring new EU member country through an advertising cooperation with Krum Donchev, the Bulgarian runner-up in the European rally championships.



### Faces for UNIQA

Sports sponsoring is one of the cornerstones of our marketing activities in Central and Eastern Europe. For example, we were able to increase the brand awareness of UNIQA amongst the public as the main sponsor of the world water slalom championships held in Prague. In Bulgaria, we are working successfully with Krum Donchev, the runner-up of the European rally championships, as a public advertising medium in the aspiring new EU member country. Moreover, we support Sparta Prague, the most popular Czech football club, and in Hungary the games of the Handball Champions League. We are also continuing the Group "faces for UNIQA" campaign with a partnership with the Czech world-class kayak paddler Stepanka Hilgertova, the Serbian ex-basketball star Alexander Djordjevic as well as in Slovakia with the successful ski racer, Veronika Zuzulova, and in Hungary with the well-known water polo players, Adam and Barnabas Steinmetz.

## Interview with Hans Peter Haselsteiner

Over the past 30 years, the 63-year-old entrepreneur has turned a family business based in Carinthia into one of the largest construction firms in Europe, which is planning an initial public offering in 2007. As one of the leading suppliers in Central and Eastern Europe, STRABAG has over 50,000 employees at over 500 locations and provides construction services amounting to more than € 10 billion a year.

**Dr Haselsteiner, you have written a success story in the construction branch that is quite unusual. Why are you so successful?**

I am often described as calculating with a cool head. I find this description too one-sided. But it is an on-the-mark description of a certain side of my actions: I always make sure that I have minimised the risks and use the opportunities that the market offers in a consequential and decisive manner. You can only be successful if you act economically. Because you don't build for its own sake, construction is an economic activity that has to pay off over the long run, like any other business.

**What do the new markets in Eastern Europe mean to you?**

Without a doubt, Eastern Europe is a market of the future; in certain areas its expansion rate is even outdoing the growth rates in China. In ambitious markets, the construction business is always there before all the others. And the need to catch up in the next 30 years is huge in the countries of Eastern Europe. What it took us 60 years to accomplish after the war is expected to take place in just a short time in the emerging markets. An enormous potential for the future of the construction

business, which can contribute substantially to the economic development of Eastern Europe and its people.

**What are the important factors in the development of Eastern Europe?**

Entrepreneurial thinking must adapt itself to the needs of the markets. All-purpose strategies or across-the-board solutions don't help here. What we need are fitting comprehensive concepts for the special situations in the individual countries of Eastern Europe. Those who develop intelligent custom-made solutions are, as always, a step ahead.

If you want to be successful in business you have to be ready to cross borders and take on risks. UNIQA provides its customers with a reliable and experienced partner in sixteen countries, helping them guard against, and overcome, entrepreneurial risks.

**“You can only be successful if you act economically.”**

## Next Generation



**Gerlinde Fellner, 29**  
Institute for Political Economy

The scientist examined the influence of psychology on the financial markets in her thesis and received two awards for her work.

**Ms Fellner, you tie human behavioural patterns to macroeconomic developments. What discoveries did you make here?**

Human behaviour in economic and financial markets is much less characterised by rational calculation as economic theory would like to assume. The quality of a decision definitely depends on emotional and social processes.

**Do you see differences here between Western and Eastern Europe?**

There is a divide between West and East in the willingness to take risks. However, the people in most of the Eastern European countries are currently being confronted with major economic changes. They still have little faith in government institutions. This can dampen the growth rate. Above all, those companies that operate in the market must help to reduce these trust barriers.

**How can you explain the success of your scientific work?**

In research, as in most other professions, hard work and persistence pay off. But building up cooperative partnerships and networks is decisive for success.



Our new campaign also started internationally in 2006: The print campaign began in the early summer, almost simultaneously, in four Eastern European countries. In the autumn, we broadened the campaign to include two additional countries.

#### UNIQA Hungary receives quality seal of approval

UNIQA Biztosító Zrt., operating in Hungary for sixteen years and based in Budapest, has earned a reputation as a pioneer for product innovation as well as a top address for first-class customer service. These achievements were recognised in 2006, with the ISO certification and the issuing of the seal of approval through SGS Hungaria GesmbH by an external audit firm.

The niche product “Super-G”, travel insurance with extra coverage which was developed towards the end of 2005, in collaboration with Car-Tour International travel agencies and the Hungarian Ski Academy, has already become a great success in Hungary. The product was upgraded to “Super-G+” with an additional personal liability insurance in connection with a motor vehicle assistance service, and was taken out by almost 10,000 clients in the past winter season.

The introduction of the VitalClub in Hungary made UNIQA Hungary the first Group company outside Austria to strengthen the activities in the area of health care. The prevention programme was introduced in April 2006 in the form of a health week, several VitalWeekends and UNIQA company sport days.



UNIQA Biztosító Zrt. was awarded the quality seal of approval for first-class service. Our Hungarian subsidiary has been impressing people with product innovations and an outstanding understanding of service for sixteen years.

#### Network of agencies has expanded further

We have increased our presence in Hungary by opening the 100th agency office. The advantage of the agency system, which is unique in Hungary, is that external UNIQA employees can operate agencies on their own account.

The agency network and the office’s own network give UNIQA Biztosító a powerful basis for expanding the business. A result of our dynamisation projects, with which we aim to increase our market share in countries such as Hungary, Poland, the Czech Republic, Slovakia and Croatia through integral, sustained and profitable growth.

With a market share of around 6.5% and over 1,100 employees who look after more than 320,000 clients, we are now not only the no. 6 in Hungary; above all, we are the most rapidly expanding business on the Hungarian insurance market.

#### Reorganisation increased the sales force in Poland

In 2006, the Group companies UNIQA and FILAR in Poland focussed on the optimisation of all processes which serve to continually improve the quality of service. The reorganisation of sales structures was part of this.

The role of bank sales reached a whole new dimension as a result of the framework agreement with Raiffeisen Bank Polska. In particular, in the case of life insurance – especially unit-linked policies – the sale over the bank counter is becoming increasingly important in Poland as well.

As part of the preferred partnership between UNIQA and the Raiffeisen bank group, we developed a special offer for Raiffeisen's clients in Poland. It includes diverse new products such as insurance coverage for unemployment, improper use of credit cards or loss of money. Furthermore, we insure the leasing vehicles of Raiffeisen Leasing Poland.

ExclusiveSales in Poland was strengthened considerably, the reorganisation of FILAR's office network was completed and the broker service was totally restructured, both internally and across the region. In the process, we made sure the contact to the bigger brokers was efficient. A special team was trained to see to their needs.

#### New channels of distribution were developed

In 2006, we reached a cooperation agreement with car dealers in Poland to open up new channels of distribution. A special motor vehicle policy was offered to selected clients. The range of products was also increased and made more attractive in other areas of insurance.

We introduced a new house and flat insurance for private clients and developed a comprehensive security offer for small and medium-sized enterprises in Poland, as well as a tailor-made comprehensive insurance package for important cooperation partners in residential cooperatives.

#### Award for the best insurance in Poland

Furthermore, we began the sale of a unit-linked life insurance that is also suitable as a company old-age provision. We also brought innovative solutions for health care onto the Polish market.

The efforts taken by UNIQA TU to constantly optimise services were rewarded by the monthly magazine "Home & Market" with the conferring of the title "Best Insurance Company".

#### Brand awareness increased in the Czech Republic

Our subsidiary UNIQA pojišťovna based in Prague launched new activities in 2006, to further increase brand awareness and our market share in the Czech Republic. As the main sponsor of the world championship in water slalom, we increased the advertising awareness of the public to UNIQA.

Thus the prerequisites for a continued high expansion rate in insurance and old-age provision have been created for the current year.

#### New products for Slovakia

UNIQA poisťovňa was successful in Slovakia in 2006, thanks to new products and sponsoring activities. The market launch of the unique life insurance "life insurance joker" aroused much public attention. Furthermore, a group life insurance and the health insurance MedExclusive were offered for the first time.

In 2006, we again successfully participated in the "golden coin" competition for the best products from the banking and insurance industry and this time, we took third place for our household insurance product. This allows us to advertise publicly with the "golden coin" logo.

#### Bank sales begin in Croatia

Together with the Raiffeisenbank Croatia our extremely rapidly expanding company in Croatia, UNIQA osiguranje, launched the sale over the bank counter of credit balance insurance and a credit card package. This distribution channel now makes up 15% of UNIQA Croatia's existing premium volume, contributing more than usual to expansion.

At the beginning of the year, the Croatian company presented a new boat insurance at the Zagreb Boat Show and the Croatia Boat Show in Split. We were also the main sponsors of the chamber music festival by Julian Rachlin & Friends in Dubrovnik, for the third time. By inviting selected guests to this event, we made our contribution to the idea – very popular in Austria – of an ArtCercle.

## Best insurer

UNIQA received the award for "Best Insurance Company" in Poland. We have been operating successfully on the Polish market since 1998, and have been setting standards with our innovative products.

#### Successful switch-over process in Bosnia

Our company in Bosnia and Herzegovina successfully switched to the UNIQA brand in 2006. This was achieved through advertising on television and advertising signs in Sarajevo and other cities. The UNIQA brand was thus successfully introduced to the Bosnian insurance market, while at the same time emphasising the reliable cooperation with the Raiffeisen bank group within the framework of the preferred partnership.

With the start of bank assurance in Bosnia and Herzegovina, the Group company brought an innovative combination product to the market for the acquisition, financing and insurance of real estate. The unique offer will give new impetus to the continuously high rate of expansion of our business in Bosnia and Herzegovina.

UNIQA Osiguranje is now the fifth-largest insurer in Bosnia and Herzegovina. In life insurance, the company has even reached third place.

### Mannheimer Versicherung on course for success once again

In Germany, our Mannheimer insurance group was once again on course for success in 2006. The company managed to slim-down internal procedures and increase the number of its brokers significantly, particularly in on location broker sales.

With its growing brand programmes, in particular, the Mannheimer multi-risk policy for the middle-class, the company operated with extreme success. In connection with special expertise for target groups and underwriting and pricing by competent local brokers, the company will further consolidate its position in the medium-sized company segment of the market.

### Additional impetus for the broker business

The extraordinarily fast-growing broker business was given additional impetus by the opening of the new industry headquarters in Ulm, at the beginning of 2007, as a result of access to one of the most rapidly expanding economic regions in Germany. The entire UNIQA Group profits from the role Mannheimer Versicherung plays within the corporate Group as a competence centre for target groups and brand programmes.

As a provider of specialist services and niche insurance, Mannheimer is distinguished by its insurance of the SINFONIMA music instruments. This includes a special and comprehensive insurance coverage in the area of music: for musicians, orchestras, hobby musicians and anyone who owns a musical instrument.

### Private insurance programme in Liechtenstein

The Vaduz-based UNIQA Group companies are, amongst other things, established as product pioneers in Liechtenstein with innovative concepts for asset management and art insurance. The insurance concept for the new generation with changed provision needs has taken shape with the development of the private insurance programme "Liechtenstein Privileg", which offers individual solutions for all phases of life.

The cooperation between UNIQA Liechtenstein, FINANCELIFE, Raiffeisen Capital Management and Raiffeisenbank Liechtenstein enabled the creation of a product with the best of both worlds: The "tailor-made suit" for investment, refined by the privileges of the life insurance line in Liechtenstein. In addition, the subsidiary achieved much success amongst art lovers and private collectors as a result of the all-risk coverage from its art insurance programme "CasaArte".



### High-quality service in Switzerland

The continued success with innovative group health insurance in Switzerland achieved by UNIQA Assurances in Geneva is attributed to the high quality of service and an advisor team selected for the consulting needs of international organisations, embassies and missions.

The European nuclear research centre CERN remains the biggest client with 12,000 policyholders. The Swiss Group company's high level of service was confirmed by the renewal of its ISO quality certification.

### Synergy leads to success in Italy

The integration of our three companies in Italy under one management, which was initiated after acquiring the equity majority of Claris Vita, which was branded UNIQA Previdenza at the beginning of 2007, and accessing bank distribution via the branches of the Veneto Banca, brought the desired success. The introduction of competence and corporate centres made it possible to utilise the specialised expertise of the separate companies for the entire Italian group.

UNIQA Assicurazioni is the specialist for health insurance; UNIQA Previdenza is responsible for life insurance; while CARNICA takes care of the property and casualty insurance business. The company with the best competence in a specific area makes its specialised experience available to all Group companies in all channels of distribution, through the technical development of new products.

### New accident insurance for all distribution channels

Thus the new accident insurance rate, "Prospettiva Sicura", which CARNICA made ready for the market, has been sold by all agents from the three companies since November 2006. The product's suitability for use in all distribution channels was already taken into consideration during the design phase.

As a special service and instrument of customer retention, UNIQA Previdenza introduced the "UNIQA Aura" credit card in cooperation with Veneto Banca and Findomestic. Clients in Italy can use the card to pay for purchases or insurance premiums in instalments, recharge their airtime or pay motorway tolls.

### Extended financial scope for EBRD commitment

The European Bank for Reconstruction and Development (EBRD) gives us considerable support in opening up our target markets in Eastern Europe. Up to now, the bank has invested € 46 million in our Group companies in Croatia, Hungary, the Czech Republic and Poland, within the scope of its financial commitment.

We intend to increase the cooperation with the EBRD in the current year. The EBRD will support our involvement in Bosnia and Herzegovina, Serbia, Romania, Bulgaria and the Ukraine

over the next few years, by acquiring a minority stake of the UNIQA companies.

In view of the exceptional growth rate of our Group, UNIQA Versicherungen AG issued supplementary capital bonds to the value of € 250 million as a further boost to its capital resources. The ownership ratios and voting rights of our shareholders remained unchanged by this measure used to finance our expansion with supplementary capital.



## "A" rating

This year, UNIQA once again impressed the rating agency Standard & Poor's: Once more, the international agency gave the UNIQA Group an "A" rating.

### Standard and Poor's confirms "A" rating

According to a recent analysis by the international rating agency Standard & Poor's, the fundamental data of the Austrian insurance industry has strongly improved during the past few years and is predicted to remain at a good level in the future. The reason for this positive development lies in healthy growth rates, the booming life insurance business in Austria and the expansion to Eastern Europe. Despite increasing price competition in some areas of property insurance, the results are convincing and the outlook for this line of business is stable.

UNIQA insurance group's sound financial state was also confirmed by Standard & Poor's in 2007. The rating of the UNIQA Group, as well as that of its core companies: UNIQA property insurance, UNIQA personal insurance and the Zurich-based UNIQA Re, remains consistently good at "A". The outlook of the individual companies and the Group as a whole was assessed by the agency as "STABLE".

## Highlights

The UNIQA Group's premium volume amounted to over € 5 billion in 2006. About a third of this came from the countries outside of Austria.

In 2006, we entered the market in Serbia and the Ukraine. When developing our target markets, the preferred partnership with Raiffeisen is an important component of our internationalisation strategy.

The cooperation with the EBRD is a cornerstone of our expansion in South-Eastern and Eastern Europe and has existed since 1998. We plan to further intensify it in the future.

# Behind success is a staff with a vision.



The insurance of a  
new generation.



# Staff and Partners

Our corporate values of quality, flexibility, togetherness, decency and respect mark how staff deal with each other and with partners in Austria and abroad, as well as our overall social commitment.

A symbol of our corporate culture visible for miles around and our distinctive profile in the insurance landscape is the UNIQA Tower, the Group headquarters in Vienna. For behind this innovative structure stands not only a creative architect, but also a visionary client.

For this reason, we see the awarding of the building designed by renowned architect Heinz Neumann with the Client Prize 2006 of the Central Association of Austrian Architects, as recognition of our corporate concept of the insurance of a new generation.

## Award for corporate architecture

The jury praised the transparent and imposing appearance of the building, which matches the image of UNIQA. It also highlighted the fact that UNIQA will be making another mark on the urban landscape in the coming years with the "Praterstrasse 1" project by architect Jean Nouvel, to be constructed on the left bank of the Danube opposite the centre of Vienna.

The award of the Client Prize 2006 also acknowledged our nighttime lighting system on the tower as making an important contribution to "metropolitan life". We adjust the exterior lighting to match current seasonal events. The illumination of the UNIQA Tower in this form is unique anywhere in Europe.

## Modern workplaces created in the region

UNIQA also offers examples of sound and functional corporate architecture in other regions. Following the conversion of the regional headquarter for Carinthia and East Tyrol, we concentrated our three locations in Klagenfurt on a single space of around 3,000 square metres. Around 145 staff moved into new offices with a high level of flexibility, mobility and easy communication.



**Innovative: The lighting system on the UNIQA Tower**

The regional headquarters in Innsbruck is also constructing a new central office building for about 250 staff. The six-storey new-build of 3,900 square metres is incorporated within a health and social insurance centre. The project should be ready to occupy this year.

### New headquarters for Prague subsidiary

In Prague, around 300 staff from UNIQA Czech Republic moved into a new four-storey head office in 2006. Sixty per cent of the architecturally and technically ultra-modern headquarters, with a floor space of around 8,000 square metres, is thus utilised by our Group company. It is easy to reach by public transport and just fifteen minutes away from the airport.

The staff at UNIQA set a good example in the efforts made concerning prevention and health care. In 2006, we initiated the campaign series "UNIQA@work" in all regional headquarters, regional service centres and in the UNIQA Tower in Vienna. These campaigns should allow our staff to personally experience the activities of the VitalClub.

### Fitness plan for staff

The project devotes itself regularly to another important topic. The campaign day "Success through mental fitness and brain-food" was met with great interest in all parts of Austria. The topics of "VitalAging" and tips on proper nutrition also met with a high degree of acceptance. Sport and movement are at the heart of "UNIQA@work" in the fight against monotony at the workplace in 2007.

According to international studies, staff with diverse skills are especially sought after for management positions in financial services companies. In addition to the necessary specialist knowledge, they must, above all, have overseas experience and knowledge of other languages.

### Career studies abroad

The mobility programme "Go Ahead" developed by specialists of the UNIQA Human Resources-Service in 2004 for international staff was, therefore, also met by a high level of acceptance in its third year. A total of 129 staff have garnered experience through short-term appointments abroad. These assignments opened new professional and cultural horizons to them, improved their language skills and strengthened their competence within our Group.

The robust expansion of UNIQA will require many more participants in the international exchange of experience. Therefore, with "Go Ahead Light" we are offering a mobility programme reduced by 20 to 60 working days for staff who are unable to take on a longer stint abroad for personal or professional reasons.

These staff work for the agreed period of time in a host company of our Group, but continue to exercise their function in the home company. We are increasingly introducing this type of learning to all actuarial/technical areas and service functions, and expanding it to Sales.

### Management helps management

With "Go Ahead Light Mentoring" we are also building on the internal cooperation of our management staff. Under this programme, experts from headquarters and the regions act as men-

tors for specific corporate areas in the subsidiaries and support their position holders. Thus, a team leader from our central sales organisation supports the sales organisation in Prague locally in designing processes, while retaining his function in Austria.

The tried-and-test staff appraisal used to optimise the working climate in the company was further improved in 2006. It offers an annual platform on which to define structured professional targets for the future, to estimate performance potentials together and to clear up misunderstandings at an internal discussion between management and staff.

### Living corporate values

We gained insight into the internal corporate culture of UNIQA by carrying out an anonymous survey of 2,925 staff and partners. This revealed that our staff live the common corporate values intensively in their everyday professional life. "Decency" and "respect" were cited as being particularly important.



### ManagerCircle

Twice a year, the Management Board and managers come together to discuss current aspects of corporate strategy and to develop ways to implement them in work appraisals. This exchange lets us keep an eye on structural conditions on the market and ask critical questions about our strategy.

## 20,000 days of training

were arranged by UNIQA in 2006, for the ongoing development of its staff, in order to meet the high requirements placed on quality and competence.

### ManagerCircle in Vienna and Venice

For more than 120 managers from eleven countries and all areas of the Group, our two ManagerCircles in Vienna and Venice were top-level meetings. They offered the opportunity to discuss the strategic objectives of our insurance Group for the future.

Key to the discussion were the new profit improvement programme, sales strategies, the importance of the preferred partnership with Raiffeisen for our internationalisation strategy and the new principles in the reinsurance business.

### Mental fitness through regular training

Unsurprisingly, UNIQA scores particularly well in the insurance industry in a comparison of specialist competence and the sales skills of our teams of experts. This success is thanks to the experts at the UNIQA human resources service who specialise in the promotion of human capital. In 2006, they organised around 20,000 training days that met the familiar demands for competence and quality.

Despite country-specific differences, we impose uniformly high requirements on the training of staff in the international Group companies. We have, therefore, implemented a standardised basic training course. In this way, we are able to guarantee the same conditions for working in our company – from Poland to Croatia. After basic training, the companies also offer specific further training packages.

### Conveying knowledge around the clock with eLearning

To help staff prepare ideally for tests, we are increasingly offering the option to work through the training material independently, using eLearning. We consider electronically supported learning on the computer and the Internet as a modern opportunity for flexible operational training. As a pioneer of eLearning, we also operate an electronic platform that allows users to refresh their knowledge and which acts as a reference work, available round the clock.

### Training with a future – to become a FinancialAdvisor

We offer additional opportunities for a job with a future through our training course to become a UNIQA FinancialAdvisor. This is because a new generation of clients is demanding high-quality solutions for insurance and pensions, as well as creative and yield-orientated solutions for financial investments and asset building.

The FinancialAdvisor training programme, which is run by experts from UNIQA and the Danube University at Krems, includes three courses. Around 120 participants have already successfully completed the programme and thus acquired a high level of consulting competence.

For us, investing in the enhancement of the independent insurance broker is obvious as the insurer with the largest broker sales in Austria. The successful cooperation with our independent business partners is a central element of our corporate strategy.

### On an international information tour with the broker academy

We manage contacts with insurance brokers in the form of the broker academy (MAK), which is unique in Austria. With its diverse range of seminars, it has proven itself to be an indispensable service and first-class instrument for our broker managers to manage relationships.

Once a year, the latest module in the seminar programme “MAK international” presents interesting topics with an emphasis on finance within the scope of a trip abroad. Last year, “MAK international” led 115 business partners from Poland, the Czech Republic and Slovakia to the East Asian growth centre of India for the first time.

Other MAK seminars also attracted great interest. These were devoted to specialist sessions on unit-linked life insurance or topics such as “Golf & Management” and “Mental Power Training”. These two to three-day compact courses noticeably improve the impact of our broker sales.

### Decentralisation of the BrokerService

In the further expansion of our international BrokerService, we have started on the process of decentralisation in the Czech Republic and Poland. This should reduce the concentration on the capitals of Prague and Warsaw and simultaneously build up staff capacities in the regions. In addition, business with large broker customers has been encouraged in Hungary and the Czech Republic.

The extraordinary commitment of our BrokerService was made clear in 2006, by the international participation of 250 staff during the “International team days”, which take place every two years.

### TopPartner strategy refined

Our TopPartner strategy focussed on the concentration of brokers with large sales volumes exceeded the highest of expectations. The introduction of automated systems led to a greater range of cooperation. More business partners are now selling the products of various insurance sectors. This has reduced the dependency on individual brokers, some of whom are dominant in specific sectors.

The TopPartner strategy was refined in 2006, through the introduction of a third target group. Between TopPartners and DirectPartners, there now fall those partners who are also serviced by broker managers, but not to the full extent of TopPartners.

“Nothing works without a team and partners!”



## Interview with Benni Raich

Despite his success, the 28-year-old top athlete of Alpine ski racing has kept his feet on the ground and is much admired, not only in Austria. The two-time World Champion and two-time Olympic Champion won the Overall World Cup for the first time in 2006. He was chosen Austrian Sportsman of the Year last year.

**2006 was your top year – two gold medals in the Olympics, Slalom World Cup, Overall World Cup... What is the secret to your success?**

First you need a clear objective that you must follow consistently. Even when you suffer setbacks along the way. You can't let it get to you, but have to take the experience on board and continue working consistently towards your final goal. Naturally, success also needs talent, in order to ski at such a high level for years on end. And, of course, you need to love the job. Just like you do in a company. If you don't enjoy managing a firm, you won't have any success either.

**Experts say that you are cool in difficult situations, whether you're in the lead after the first run in the Olympic slalom or when a race is postponed.**

You have to learn to adjust body and mind quickly and flexibly to different situations. You can train for this by simulating unusual situations and also by always trying out new things during training. This not only gives rise to the correct physical reaction, but you also learn to remain relaxed – or cool, as they say. You could also call it “mental fitness”.



UNIQA's success is primarily determined by its staff and partners: team play is our central success factor. This is why we promote cooperative activities on an international level and provide our staff with targeted support through individual training programmes.

**You are known for being a solo athlete. How important is the concept of "team" to you?**

I'm alone on the slope. But before and after my run I need a functioning team, a functioning environment. The team of trainers for skiing as well as conditioning and fitness, the physiotherapists, the doctors, my press agent. Very important, of course, is the service engineer from the ski company. Confidence must be 100%. In a highly developed, innovative area such as skiing, nothing works without a team and partners!

## Next Generation



### Astrid Mangi, 17

Figure skater

At the 2006 Junior World Championships, the 17-year-old Viennese surprised everyone with her 13th place at the end of the short programme. She is treated as one of the talents in Austrian figure skating.

**Ms Mangi, were you counting on this level of success?**

I've counted on a lot, but such a debut at my first Junior World Championship is still hard to believe. It was like a dream!

**Figure skating is a solo discipline. What role does teamwork play for you?**

A big role. The cooperation with my trainer Sabina Richter-Pavlasova is very important to me. She helps me to develop my own style and find my own expression.

**Individual expression? Is this where the key to success lies?**

I think it does. In fact, figure skating thrives on the athlete's personal interpretation. You can train your technique, but at the top of the game, personal expression and the individuality of the course determine success or failure.

## TopPartners

As part of its "TopPartner strategy", UNIQA sets decisive standards in service quality and additional services for the best and most important business partners, the so-called TopPartners. We guarantee them personal support while observing clearly defined service standards, the use of the TopPartnerCard, with its numerous benefits, as well as the opportunity to present themselves briefly on our sales platform.

Since not only private customers, but also brokers can enjoy numerous benefits by opening a TopConto, we are preparing to introduce the SuccessPartnership for small and medium-sized companies, freelancers and farmers in the current year. Another UNIQA innovation which will place Austrian brokers ahead of the pack in future.

### Area management increases impact in ExclusiveSales

ExclusiveSales, which is responsible for over 10,000 brokers, has acquired an impressive structure with area management to support the service and to control the seventeen regions of the Group. In coordination with the regional Management Boards, the area managers define the strategy for the current eight international Group companies and nine regions of Austria, and are responsible for the annual result.

They pay particular attention to the exchange of best-practice strategies between the regions. They develop joint measures to safeguard and expand the customer base, draw up annual sales and staff plans, as well as action plans. They define business, provisioning and salary models and develop and control quality standards.

At the beginning of 2007, the responsibilities of area management were reallocated amongst a new total of four area managers. This reallocation should increase the impact of ExclusiveSales and, at the same time, underscore its considerable significance for the yield-orientated internationalisation strategy of the Group.

### ProfitCentre instead of regional management

A ProfitCentre model has also been recently implemented. Its task is to secure our top position on the Austrian market by strengthening regional autonomy, further expanding the external sales organisation and giving new impulses to the growth area of personal injury insurance.

In addition, it deals with the direct and indirect control of productivity and quality, the ongoing decentralisation of sales-related decisions and the relocation of customer service functions locally. Finally, the ProfitCentre is intended to reduce the processing stages of standardised business cases, to optimise staff functions and to create clear communication channels between central

ExclusiveSales, regional sales management and regional administration. The simultaneous expansion of independent agency partners secures long-term stability in coordination with the ProfitCentre structure.

### Raiffeisen Versicherung expands Management Board

The Group's own Raiffeisen Versicherung strengthened its upper echelon in 2006: It made former manager of Raiffeisen Bausparkasse, Martin Sardelic, the third member of the Management Board of Austria's leading bank insurer on 1 October 2006.

The Raiffeisen manager should secure the high significance of pension provision as a key element of the product range, and above all more strongly thematise the covering of risks in daily life, such as occupational disability, accidents during leisure time or the loss of household goods and valuables. And he should further improve the high quality of service provided by Raiffeisen Versicherung to the sales partners.

The cooperation of our Raiffeisen Versicherung with the Raiffeisen banks in Austria has developed into an ongoing success story. Important chapters of this story have been written by Chairman of the Board, Dr Christian Sedlnitzky. In 2006, he looked back at the twentieth anniversary of extremely successful work for Raiffeisen Versicherung.

### Bank advisors as qualified insurance partners

Half of all life insurance in Austria is taken out through a bank advisor. Motivated and committed Raiffeisen bankers are more than an interface; they are the fixed link to the customer and therefore qualified partners of a sales channel that is strategically important to the UNIQA Group.

Bank assurance is a decisive driver of growth, especially for expansion on international markets. Transferring the success of bank sales in Austria to the emerging markets in Eastern Europe remains the greatest challenge for Raiffeisen Versicherung as a competence centre for bank sales within the Group.

In eleven countries in Eastern and South-Eastern Europe, UNIQA has already gained access to more than 10 million customers through the cooperation with the Raiffeisen Bank group. These customers are offered our Group's insurance and pension products over the bank counter.

### Special training for Raiffeisen bank advisors

The success of bank sales is based mostly on the quality of the special training courses based by Raiffeisen Versicherung on the characteristics and requirements of the respective bank staff. Bank advisors have to pass a comprehensive basic training course on insurance matters. To prepare for the compact introduction, so-called "eLearning courses", which teach basic sector knowledge, have recently be added.



**10th international pensions symposium in London with high-level EU representation.**

Around 680 participant days are currently covered by the training and development seminars in the professional and behavioural area. More than 1,180 days are allocated to teaching bank staff the basic insurance training, which will become increasingly important in the future.

#### **Pensions symposium in London**

For the property insurance business, comprehensive old-age pensions remain the focus of activities of Raiffeisen Versicherung, even after the successful opening up of the insurance business. Therefore, the company extended an invitation to the 10th international pensions symposium in London in May 2006, attended by high-level experts.

Given all the differences in the pension systems of the European Union, the experts are decidedly of the opinion that the pension systems must be thoroughly modernised and adjusted to shifts in demographics.

Raiffeisen Versicherung is sharpening awareness of security in everyday life and loss prevention with a national campaign run in



[www.womanlife.at](http://www.womanlife.at)

newspaper advertisements, radio spots, display window posters and campaign folders. It documents its competence by offering tailored products such as insurance for owned homes or rented accommodation, as well as accident and motor vehicle insurance solutions to counter the financial risks of life.

#### **Successful women's programme: "Womanlife"**

The product and advice programme "Womanlife", created by Raiffeisen Versicherung for women, has exceeded all expectations. Under this special programme, women also receive additional benefits in accident insurance: By being placed in a cheaper risk class, premiums for women young and old fall by up to 40%.

The "Circle Womanlife" initiative launched for the exchange of information amongst female Raiffeisen bankers has developed with great promise. The first national meet took place in the Wachau in October. The number of Raiffeisen bankers belonging to the circle has already passed the 1,000 mark. The Internet platform, with tips and suggestions on special WomanLife events, arguments for consultancy and expert tips, is also well used.

## Highlights

For three years, the international mobility programme "Go Ahead" has been an essential part of the training and development programme at the UNIQA Group.

With the TopPartner strategy in BrokerService and the new area management in ExclusiveSales, we set new standards in these sales channels in 2006.

Raiffeisen Versicherung's 10th international pensions symposium was held in London in 2006.

# UNIQA Shares

## Ongoing upwards trend on the stock markets

The upwards trend on the international stock markets continued in 2006, despite increasing volatility. Stock prices rose worldwide by an average of 13.8%. Once again, the stock markets in Europe developed better than those in North America. Amongst the emerging markets, the stock exchanges stood out in China (+130.4%), India (+46.7%) and Argentina (+35.5%).

On Wall Street, the DOW JONES INDUSTRIAL AVERAGE of the 30 largest industrial companies hit a new all-time high of 12,529.88 points. After a consolidation stage at mid-year, prices started to rise again and the DOW JONES closed at the end of 2006 with a gain of 16.3%. The S&P 500, which has a broader range of companies, was up 13.6% in 2006.

## Europe beat the US again

In Europe, the DJ EURO STOXX 50 set the benchmark at the end of 2006, with earnings up 15.1% compared to the end of the previous year. The branch index, DJ EURO STOXX Insurance, consisting of eighteen European insurance companies, increased by 16.3%. The top performers in Europe were the stock exchanges in Oslo (+ 33.5%), Madrid (+31.8%), Frankfurt (+ 22.0%) and Vienna (+ 21.7%). The performance on the exchanges in Paris and Milan (+17.5%), Zurich (+15.8%) and London (+10.7%) were slightly weaker in 2006.

The Vienna Stock Exchange has been on a successful path since 2000, and remained that way in 2006. With 4,463.47 points, the ATX closed off the year just below its all-time high of 4,474.80 points. Thus, for the sixth year in a row, the leading index ATX

finished trading with a healthy gain. The 21.7% increase in price compared to the pluses of 50.8% (2005) and 57.4% (2004) was still not bad despite the flattening in a European comparison.

## Vienna once again one of the most successful exchanges in the world

At the end of January, the ATX broke through the 4,000 point mark already and in May it hit a new high with slightly over 4,300 points. It then completely relinquished these price gains, as a result of raging inflation fears and profit-taking, falling to almost 3,300 points. Not until November did a lastingly strong rise in prices set in, which went on to lead the ATX to new record highs by the end of the year.

Vienna proved, once again, to be one of the most successful stock exchanges in the world, overshadowing international financial centres like New York, London and Tokyo. The companies listed on the ATX owe a substantial part of this new success to their high commitment level in the new EU member countries and the emerging markets in Eastern and South-Eastern Europe. As the hub of the East-West integration, they profited more than usual from the economic dynamics of this region, which is developing into Europe's growth driver.

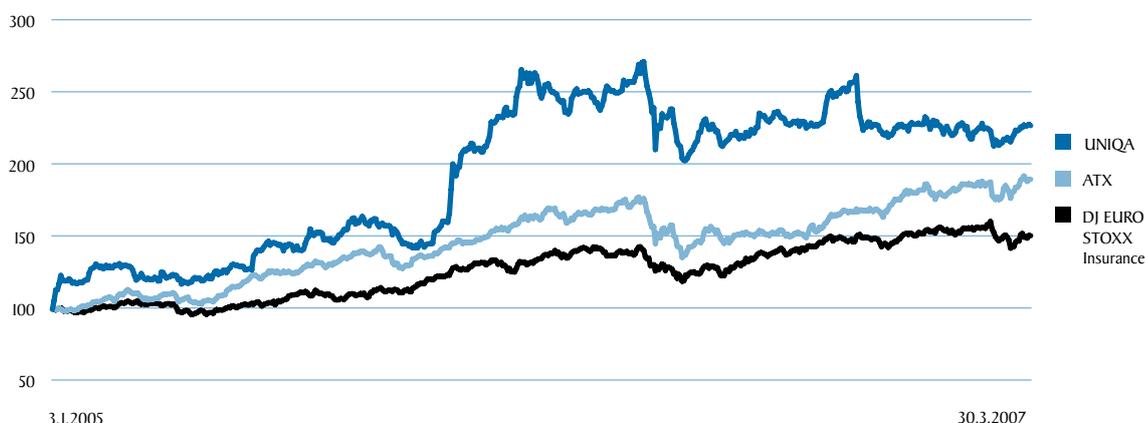
## Record influx of fresh capital

The Vienna Stock Exchange also struck an extremely positive balance in 2006, with a record influx of fresh capital. Through IPOs and capital increases € 11.9 billion were raised, almost double the amount of 2005. With an increase of about 36%, market capitalisation reached a record high of € 146 billion. And this

Share key figures	2006 €	2005 €	2004 €
Stock market price of UNIQA shares as at 31 Dec.	25.09	23.40	10.60
High	29.86	23.65	11.00
Low	22.35	10.60	7.85
Ø Trading volume/day (in million €)	4.7	3.1	0.2
Market capitalisation as at 31 Dec. (in million €)	3,005.2	2,802.8	1,269.6
Earnings per share	1.29	0.94	0.74
Pre-tax earnings per share	1.80	1.44	0.92
Dividend per share	0.35	0.26	0.22

## Development of UNIQA shares

in %



### Information on UNIQA shares

Securities abbreviation	UQA
Reuters	UNIQ.VI
Bloomberg	UQA.AV
ISIN	AT0000821103
Market segment	Prime Market – Vienna Stock Exchange
Trade segment	Official trading
Indices	ATX, ATXPrime, WBI, VÖNIX
No. shares	119,777,808

despite a rise in the monthly trading volume to an average of more than € 10.6 billion, an increase of almost 75%.

The strategy for winning foreign investors and trading members played an essential role in this success story. In 2006 alone, six international members joined the Vienna Stock Exchange for direct trading. In the meantime, about 56% or more than half of turnover is already with foreign traders.

This year the Vienna Stock Exchange plans to continue its road shows to international financial centres and meetings with institutional investors, in order to maintain the successes that have already been achieved. The goal is to consolidate average monthly volume as well as the annual influx of fresh capital on a level of between € 11 and € 12 billion.

### Consolidation phase of UNIQA shares

With a price explosion and a gain of 120.8%, UNIQA shares were the top performers on the Vienna Stock Exchange in 2005. This past year ushered in a phase of consolidation. Following a very promising start and an all-time high of € 29.86 on 11 May 2006, the shares could not withstand the period of general weakness that then developed and recorded a correction – hitting an annual low of € 22.35 in mid-June.

The powerful recovery that later set in did not, however, persist until the end of the year. At € 25.09 apiece, UNIQA shares thus closed on the market at the end of the 2006 year with a gain of 7.2% in comparison with the year before. This brought the company's capitalisation up further, to about € 3 billion.

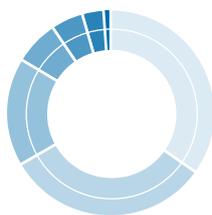
### Analysts discover UNIQA

In addition to the numerous visits we paid to investors and analysts in Vienna, in 2006 we participated in a great number of Austrian and international road shows and investor conferences. As a result of this ongoing communication with the capital market, numerous investment banks and analysts took up the coverage of the UNIQA Group and evaluated us on a regular basis.

A current overview of the recommendations can be found in English on the Internet at [www.uniqagroup.com](http://www.uniqagroup.com) → [Investor Relations](#) → [UNIQA Shares](#) → [Research Coverage](#). Researchers from the following companies have written reports about the UNIQA Group:

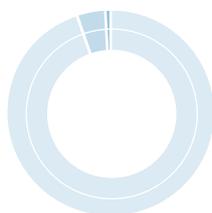
- Raiffeisen Centrobank
- UBS
- Erste Bank
- JPMorgan
- CA IB

### Shareholder structure of UNIQA Versicherungen AG in %



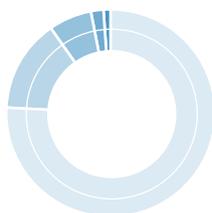
35.24	Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH
31.95	BL Syndikat Beteiligungs Gesellschaft m.b.H.
17.10	Free float
6.97	UQ Beteiligung GmbH
5.22	NÖ Landes-Beteiligungs-holding GmbH
3.23	Collegialität Versicherung auf Gegenseitigkeit
0.29	Own shares

### Shareholder structure by country in %



95.0	Austria
4.3	Europe
0.7	North America

### Shareholder structure by investor type in %



77.4	Core shareholders
14.1	Institutional investors
6.5	Austrian federal provinces
1.7	Private shareholders
0.3	Own shares

### Shareholder structure unchanged

The structure of our core shareholders remained basically unchanged compared to 2005. Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH owns 35.24%, BL Syndikat Beteiligungs GmbH 31.95%, UQ Beteiligung GmbH 6.97%, NÖ Landes-Beteiligungsholding GmbH 5.22% and Collegialität Versicherung auf Gegenseitigkeit 3.23% of the share capital of the Group's parent company UNIQA Versicherungen AG. Due to their voting commitment, the shares of Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH, BL Syndikat Beteiligungs GmbH and Collegialität Versicherung auf Gegenseitigkeit are counted together.

The portfolio of own shares amounted to 0.29% at the end of 2006. The free float thus continues to be just over 17%. Of the total share capital, 95% is held in Austria and 5% in other countries of Europe and North America.

### Continued inclusion in the sustainability index VÖNIX

Even after the new configuration of the sustainability index, VÖNIX, we are amongst the now 27 listed names that are leaders regarding their social and ecological achievements. This means that we may display the VÖNIX membership label for another year.

The development of VÖNIX has shown that corporate citizenship and corporate social responsibility also pay off for investors, as an element of modern corporate management. In the first index year 2005/2006, which ended on 16 June 2006, the VÖNIX achieved a performance of 17.85% and clearly beat the benchmark of the ATXPrime of the Vienna Stock Market by about 3.5 percentage points.

## ar2006.uniqagroup.com

Our Group Report is published in German and English and is also available in an interactive online version.

### Optimum shareholder information

Our modern Investor Relations instruments have also enabled us to provide the financial community and the shareholders with comprehensive and up-to-date information in 2006. We continue to make our annual and quarterly reports as well as ad-hoc releases available not only on our website [www.uniqagroup.com](http://www.uniqagroup.com) but also in written form, if desired. For investors, analysts and institutional investors around the world this information can also be obtained from our Investor Relations Department in English.

## Financial Calendar 2007

21 May 2007  
Annual General Meeting

31 May 2007  
1st Quarterly Report 2007

4 June 2007  
Ex Dividend Day  
Dividend Payment Day

31 August 2007  
2nd Quarterly Report 2007

28 November 2007  
3rd Quarterly Report 2007

# Corporate Governance Report

UNIQA Versicherungen AG has committed itself since 2004, to compliance with the Austrian Code of Corporate Governance and publishes this voluntary declaration of commitment both in the Group annual report and on the Group website [www.uniqagroup.com](http://www.uniqagroup.com) → [Investor Relations](#) → [Corporate Governance](#). Implementation and compliance with the individual rules of the codex are regularly evaluated by an external institution. Using a questionnaire, they evaluate whether companies comply with the Austrian code of corporate governance, as published by the Austrian “Working Group on Corporate Governance”. Their reports about this voluntary evaluation can also be read on the UNIQA Group website.

UNIQA declares its continuing willingness to comply with the Austrian Code of Corporate Governance. In accordance with the law, the L-rules (“legal requirements”) are all adhered to. UNIQA deviates from the provisions of the code in the 2006 version regarding the following C-rules (“comply or explain”) and explains as follows:

## Rule 38

It is not considered appropriate to specify a certain age limit in the articles for members of the Management Board. The appointment to the board of management depends exclusively on professional and personal qualifications.

## Rule 41 and 43

The responsibilities of the nomination committee and the compensation committee are carried out by the Committee for Board Affairs.

## Rule 45

Markus Mair is, in addition to his function as a member of the Supervisory Board of UNIQA Versicherungen AG, also on the Supervisory Board of Grazer Wechselseitige Versicherung AG and GRAWE-Vermögensverwaltung.

## Rule 49

Due to the growth of UNIQA’s shareholder structure and the special nature of the insurance business, with regard to the investment of insurance assets, there are a number of contracts with companies associated with individual members of the Supervisory Board. As long as such contracts require approval by the Supervisory Board according to Section 95 paragraph 5 sub-para 12 of the Austrian Stock Corporation Act (rule 48), the details of these contracts cannot be made public for reasons of company policy and competition laws. In any case, all transactions are handled under customary market conditions.

## Rule 52

The Supervisory Board of UNIQA Versicherungen AG currently consists of twelve members. This higher number results from the shareholder structure of the company.

A detailed report on the remuneration of the Management Board and the Supervisory Board (rules 29, 30 and 51) can be found in the notes to the Group financial statements on p. 136 ff.

A detailed list of the members that make up the Supervisory Board of UNIQA Versicherungen AG and the committees that have been set up, the independence of the individual members, the length of time they have been serving and any comparable positions held at other listed stock corporations in Austria and abroad (rules 39, 53 and 58) can be found in the notes to the Group financial statements on p. 84 f. The criteria for the independence of the Supervisory Board and committee members, as well as the areas they are responsible for in the individual committees, can be downloaded from the Group website.

A comprehensive risk report (rule 67) is included in the Group notes on p. 86 ff. A description of the announcements made about the director’s dealings (rule 70) can be downloaded from the Group website.

# Group Management Report

## Economic environment

The economic environment for our business activities was favourable owing to continued strong global economic growth in 2006. In addition to East Asia and the USA, the Euro zone developed a special dynamic following the cautious growth of the previous year.

### Growth in the Euro zone nearly doubled

Above all, as a result of continuing intensification of investment activity and the lively increase in exports, gross domestic product of the twelve European countries belonging to the monetary union grew by more than 2.5% – nearly twice the rate of 2005. The Central and Eastern European EU accession countries were, once again, one of the international centres of growth. They improved their real production performance by around 5.5%.

Inflation continued to remain above 2%, in particular, as a result of the increased price of crude oil. The European Central Bank, therefore, continued the restrictive course it set at the end of 2005, because of the sustained risk to stability and increased the key interest rate in five steps to 3.5%.

### Strong recovery in Austria

Austria profited particularly well from the economic recovery in the Euro zone. Real gross domestic product grew by around 3.2% – stronger than ever since 2000. Despite timid domestic demand, real exports expanded by nearly 9% as a result of strong foreign demand – above all, from Eastern Europe. Unemployment continued to decrease with the increase in employment. With an inflation rate of around 1.5%, Austria was one of the most price stable countries in the Euro zone in 2006.

### Insurance industry feeling the slowdown of business

After 2005, which boomed with a premium growth of 9.5% as a result of the explosive increase in single premium policies, the expansion of the Austrian insurance industry slowed noticeably. Total premium revenues increased in the past year around 1.9% to € 15.6 billion. Without taking the single premiums into account, the solid upward trend of the insurance industry continued – if somewhat flatter – with an increase in premiums of 4.2% in 2006. Not lastly, as a result of the significant amount of unsatisfied demand for private old age pension insurance compared to Western Europe, the insurance industry will continue to be a growth driver of the Austrian economy.

### Decrease in single-premium life insurance policies

Personal injury insurance exhibited the most significant slowdown in 2006. This was, above all, attributable to the decrease in single-premium policies: Their revenues decreased by 12.2% compared to 2005. In contrast, life insurance policies with recurring premiums continued their upward trend with an increase of 6.4%.

In total, life insurance policies lost significant momentum in the past year with an increase in premiums of just over 1% compared to 2005 (+15.6%). Health insurance policies, whose premium revenues increased by only 2.8%, also suffered a slight setback. The casualty line continued its growth trend of over 4%.

### Timid property insurance performance

The property insurance line was more subdued in 2006. Total premiums increased by 2.8%, which was less than in 2005 (+4.8%). As a result of strong competition, automobile liability insurance reduced its growth rate to 0.8%. Premium revenues for general liability insurance, household insurance and industrial fire insurance also lost some of their dynamics.

### Financial markets under the sign of increasing interest rates

International financial markets stood under the sign of increasing interest rates in 2006. The US Federal Reserve Board increased the key interest rate in four steps to 5.25%. The Japanese Central Bank increased the key lending rate for the first time in six years from zero to 0.25%. The European Central Bank increased the refinancing costs of banks to 3.5%.

And during the course of the year, money market interest rates also increased significantly along with the key interest rates. At first, long-term government bond yields increased sharply in both the US and the Euro zone until the middle of 2006, then retreated slightly. The flattening of the yield curve, which was already observable in 2005, continued in 2006. In total, long-term interest rates continued to remain at a historically low level. Despite the round of international key rate increases by the central banks, the economy remained quite liquid. The tight monetary policy has not yet dampened the business activity. As a result of the decreased interest rate discrepancy between the USA and the Euro zone and the interest rate advantage compared to Japan, the external value of the Euro increased significantly compared to the US dollar and yen.

### Stock markets soaring despite volatility

The international stock markets were, of course, affected by losses following the peak in May. However, they continued to soar by the end of the year as a result of the recovery following the increased volatility. In particular, the DOW JONES INDUSTRIAL AVERAGE reached a new all time high and closed on the last trading day of 2006 with a profit of 16.3%. The S&P 500 increased by 13.6%, and the NASDAQ COMPOSITE by 9.5%.

Many European stock markets performed even better. Whereas the DJ EURO STOXX 50 increased by 15.1%, the DAX in Frankfurt increased by 22.0%, the ATX in Vienna by 21.7%, and the CAC 40 in Paris by 17.5%. The index of Central and Eastern European stock markets (CECE) recorded a performance of 14.7% in 2006.

### Economic climate cooling somewhat in 2007

The global economy will cool slightly in the current year, but will continue to expand at only slightly reduced speed. The continued expansion in Europe and the newly emerging Asian nations continues to compensate the increasing weakness of growth in the USA which set in following the overheated development in the real estate market.

Initially, the dynamics will also decrease slightly in the Euro zone. However, the economy will remain robust in 2007. The economic region, which expanded to thirteen members after the admittance of Slovenia to the monetary union, should grow by more than 2% with a slight increase in the rate of inflation. Despite increasing tension between monetary and fiscal policy, the Eastern European EU accession countries will be able to maintain their above-average rate of growth. In 2007, wages in the Euro zone have been rising more strongly than in the previous year, increasing disposable income. Private consumption should thus become somewhat livelier than in 2006.

### Slight weakening also in Austria

The somewhat slower rate of growth in the Euro zone also carried over to Austria. Despite a slight clouding of economic prospects, real production performance should increase by more than 2.6%, and thus continue to be above the Euro zone average. Economic drivers continue to be increasing exports and unchanged strong growth of financial investments. Private consumption should increase by around 2% as a result of moderate wage increases and unchanged low inflation.

### Insurance industry overcomes weak phase

In 2007, the Austrian insurance industry should overcome the short period of weakness which began with the decline in single-premium policies in the previous year, and should expand stronger than the overall economy with a premium plus of more than 4%. Personal injury insurance will drive growth forward with an increase of around 4.8%.

Above all, in life insurance, which is profiting from the increasing need for private old age pension insurance, growth of more than 5% is forecast as a result of the continued dynamic of recurring premiums (+5.8%) and single-premium policies which are once again higher (+3.9%). The health and casualty insurance lines should continue their upward trend in 2007, at a nearly unchanged rate.

The property insurance business will be characterised in 2007 by continued strong pressure from competition in the industrial business area. Thus, growth prospects in the industrial insurance lines should cloud over somewhat in the coming year. Premium growth in the automobile insurance line is stabilising. In total, an increase in premium income of around 2.9% for 2007 is expected for the property insurance line.

### Cautious optimism on the stock markets

Cautious optimism dominated the international stock markets in the first weeks of the new year. As a result of the slight clouding of economic prospects and the insecurity surrounding the further plans of the Federal Reserve in the USA and the central banks in Europe, subdued performance is expected in the first half of the year. At the same time, volatility will increase significantly. As a result of the overall improved future economic prospects for 2007, stock markets in the Euro zone should once again perform better than those in the USA.

## The UNIQA Group

With € 4,532.1 million premiums written, UNIQA is one of the leading insurance groups in Central and Eastern Europe. The savings portion of premiums from unit- and index-linked life insurance amounting to € 559.3 million is, in accordance with FAS 97 (US-GAAP), balanced out by the changes in the actuarial provision. Premium volume including the savings portion of premiums from unit- and index-linked life insurance amounts to € 5,091.4 million.

The UNIQA Group offers its products and services through all distribution channels (salaried sales force, general agencies, brokers, banks and direct sales). UNIQA is active in all insurance sectors; market leader in Austria for personal injury insurance and one of the largest property insurers in the country.

### UNIQA in Europe

The UNIQA Group operates its direct insurance business in Austria through UNIQA Personenversicherung AG, UNIQA Sachversicherung AG, Raiffeisen Versicherung AG, *FINANCELIFE* Lebensversicherung AG, Salzburger Landes-Versicherung AG, and CALL DIRECT Versicherung AG.

The listed Group holding company, UNIQA Versicherungen AG, is responsible for Group management and is the central reinsurer for the Group's Austrian operational companies. UNIQA Re AG has its headquarters in Zurich and is responsible for reinsuring the Group's international operational companies.

A continuous and sustainable growth in our strategic target markets is one of the UNIQA Group's key objectives. The UNIQA Group's international activities are managed centrally through the competence centre and specialist departments, in order to achieve the maximum synergy effects. On the other hand, UNIQA International Versicherungs-Holding GmbH is responsible, in addition to the ongoing observation and analysis of the international target markets, for acquisitions and their integration into the Group.

### Successful market entry in Ukraine and Serbia

In May of 2006, UNIQA acquired a 35% stake in Credo-Classic, the seventh-largest insurance company in the Ukraine, based in Kiev. At the same time, an agreement was reached to gradually increase the commitment to 76% by 2009. In October of 2006, UNIQA and Credo-Classic both invested equal capital shares to form UNIQA LIFE in Kiev, to take up the sale of life insurance policies.

At the beginning of November 2006, the UNIQA Group took over 80% of the share capital of Zepter Osiguranje in Belgrade. At the same time, the general conditions for the acquisition of the remaining shares were specified. At the beginning of 2007, the company was renamed to UNIQA a.d.o. Serbia's sixth-largest insurer is headquartered in Belgrade and is one of the largest life insurance companies in the country.

The preferred partnership cooperation with the Raiffeisen bank group has already been expanded to include the Ukraine (Raiffeisen Bank Aval) and Serbia (Raiffeisen banka).

With these companies the UNIQA Group has expanded its presence in Eastern and South-Eastern Europe and is now already represented in a total of sixteen European countries. UNIQA currently holds either direct or indirect shares of the following 27 international insurance companies:

#### Central Eastern Europe (CEE)

- UNIQA TU S.A., Lodz
- UNIQA TU na Życie S.A., Lodz
- TU FILAR S.A., Stettin
- UNIQA pojišťovna a.s., Prague
- UNIQA poisťovňa a.s., Bratislava
- UNIQA Biztosító Zrt., Budapest
- UNIQA osiguranje d.d., Zagreb
- UNIQA Osiguranje d.d., Sarajevo

#### New Eastern Emerging Markets (NEEM)

- Credo-Classic, Kiev
- UNIQA LIFE, Kiev
- ASTRA S.A., Bucharest
- UNIQA Insurance plc (previously Vitosha AD), Sofia
- UNIQA Life Insurance plc (previously Vitosha Life AD), Sofia
- UNIQA a.d.o. (previously Zepter osiguranje A.D.), Belgrade
- Zepter Osiguranje A.D., Podgorica

#### Western European Markets (WEM)

- Mannheimer AG Holding, Mannheim
- Mannheimer Versicherung AG, Mannheim
- Mannheimer Krankenversicherung AG, Mannheim
- mamax Lebensversicherung AG, Mannheim
- Mannheimer Versicherung AG, Zurich
- UNIQA Assurances S.A., Geneva
- UNIQA Re AG, Zurich
- UNIQA Versicherung AG, Vaduz
- UNIQA Lebensversicherung AG, Vaduz
- UNIQA Assicurazioni S.p.A., Milan
- UNIQA Previdenza S.p.A. (previously Claris Vita S.p.A.), Milan
- CARNICA Assicurazioni S.p.A., Udine

### Companies included in the IFRS consolidated financial statements

The 2006 consolidated financial statements of the UNIQA Group include – along with UNIQA Versicherungen AG – 30 domestic and 52 foreign companies. 43 affiliated companies, whose influence on an accurate presentation of the actual financial status of the assets, financial position and profitability is insignificant, were not included in the consolidated financial statements. In addition, we included fourteen domestic and two foreign companies as associates according to the equity accounting method. Eight associates were of minor importance and their shares are recognised at market value.

The scope of consolidation of the UNIQA Group expanded in the first quarter of 2006, with the Bulgarian companies UNIQA Insurance plc and UNIQA Life Insurance plc, which were fully consolidated for the first time. The Ukrainian Insurance company Credo-Classic has been listed as an associate since the second quarter of 2006. The newly founded UNIQA LIFE in Ukraine has been amongst the fully consolidated companies since the third quarter of 2006. UNIQA a.d.o in Serbia was first consolidated in the fourth quarter of 2006.

## Group business development

### Business activity

The UNIQA Group provides life and health insurance, and is active in almost all lines of property and casualty insurance. The Group holding company, UNIQA Versicherungen AG, conducts the indirect business for the Group. In addition, it carries out numerous service functions for the Austrian and international insurance subsidiaries, in order to take best advantage of synergy effects within all the Group companies, and to consistently implement the Group's long-term corporate strategy.

With over 12.5 million insurance policies being managed at home and abroad, a gross premium volume written of € 5.1 billion (2005: € 4.7 billion) and capital investment of more than € 21 billion (2005: € 19.4 billion), the UNIQA Group is one of the leading insurance groups in Central and Eastern Europe.

In 2006, 42.5% of premium volume came from life insurance (2005: 41.3%), 17.5% from health insurance (2005: 17.9%) and 40.0% from property and casualty insurance (2005: 40.9%).

### Group pre-tax results reached € 238.5 million

In the 2006 financial year, the UNIQA Group was able to further improve its profits and earned a profit that was 25.3% higher than the profit on ordinary activities, which amounted to € 238.5 million (2005: € 190.3 million). Sales profitability could be increased in 2006 to 5.8% (2005: 4.8%).

Details on the consolidated and associated companies can be found in the corresponding overview in the Group notes (cf. Group companies). The accounting and valuation methods used as well as the changes in the scope of consolidation are also explained in the Group notes.

### Risk report

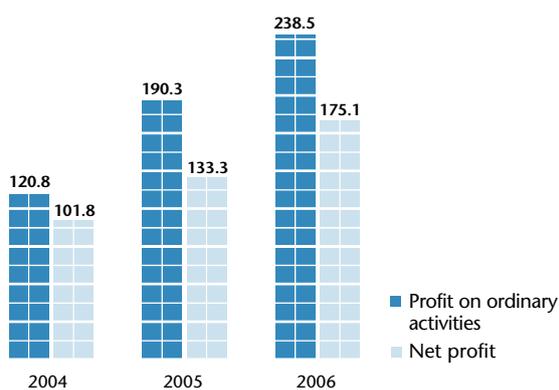
The comprehensive risk report of the UNIQA Group is in the notes to the consolidated financial statement 2006 (cf. notes, p. 86 ff).

### UNIQA Group business development

The following comments to the business development are divided into two sections. The section "Group business development" describes the business performance from the perspective of the Group with fully consolidated amounts. The business trends in life, health and property and casualty insurance are discussed in the segment reports. For the first time, the 2006 Group management report is also geared to the fully consolidated amounts. The figures for the previous year have been adjusted accordingly.

### Profit on ordinary activities

Net profit  
in € million

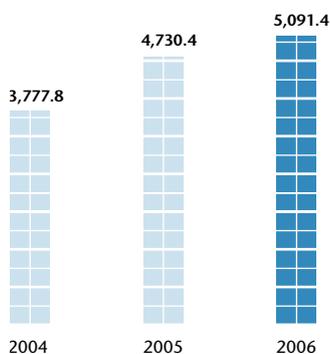


UNIQA is pursuing a consistent dividend policy that provides for a pay-out ratio of about 30% of the Group results. Therefore, the Management Board intends to propose a dividend payment of 35 cents per share to the Supervisory Board and the general assembly – an increase of 35% compared to the previous year.

### Premium volume written

incl. the savings portion of premiums from unit- and index-linked life insurance

in € million



### Premium volume climbed to over € 5 billion in 2006

The UNIQA Group's consolidated premiums written rose in 2006, by 3.7% to € 4,532.1 million (2005: € 4,370.2 million). If one also considers the savings portion of premiums from unit- and index-linked life insurance in the amount of € 559.3 million (2005: € 360.2 million), the total premium volume grew by 7.6% to € 5,091.4 million (2005: € 4,730.4 million). The retained Group premiums earned grew by 3.2% to € 4,129.7 million (2005: € 4,000.4 million).

In Austria, premium volume written incl. the savings portion of premiums from unit- and index-linked life insurance increased in 2006, by 1.0% to € 3,420.5 million (2005: € 3,385.6 million). The reasons for this moderate growth were the high expirations in the area of bank sales and the reduction in single-premium business in life insurance. Furthermore, the loss of recurring premiums from policies with abbreviated premium payment periods put a burden on the development of premiums. Premiums earned in Austria in 2006 amounted to € 2,916.3 million (2005: € 2,917.0 million).

In the growth regions of Eastern and South-Eastern Europe (CEE & NEEM) the premiums developed noticeably faster in 2006. Premium volume written including the savings portion of premiums from unit- and index-linked life insurance increased in 2006, by 32.7% to € 639.8 million (2005: € 482.2 million). This put the share of Group premiums coming from CEE & NEEM at 12.6% (2005: 10.2%). The premiums earned rose by 20.2% to € 523.5 million (2005: € 435.4 million).

In the Western European Markets (WEM) the premium volume written also rose by 19.5% to € 1,031.1 million (2005: € 862.6 million). This corresponded to a share in the Group premiums of 20.3% (2005: 18.2%). Earned premium income in the companies in Germany, Switzerland, Liechtenstein and Italy increased by 6.5% to € 689.8 million (2005: € 648.0 million).

### Development of insurance benefits

The consolidated retained insurance benefits decreased in the 2006 financial year, despite the rise in premiums by a total of 1.6% to € 3,715.6 million (2005: € 3,776.9 million).

In Austria, UNIQA was even able to decrease insurance benefits by an impressive 5.2% to € 2,807.4 million (2005: € 2,960.3 million). In the CEE & NEEM regions, because there was a rise in premium volume, the insurance benefits were also higher. They increased by 16.5% to € 325.6 million (2005: € 279.5 million). In Western Europe insurance benefits grew by 8.5% to € 582.7 million (2005: € 537.1 million).

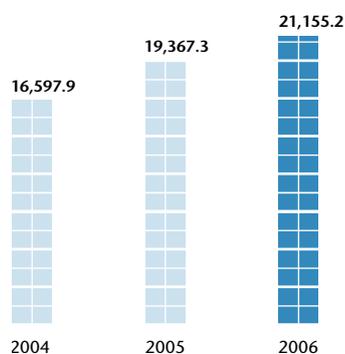
### Development of operating expenses

Total consolidated operating expenses (cf. Group notes, no. 36) less reinsurance commissions and profit shares from reinsurance business ceded (cf. Group notes, no. 32) increased only slightly in the 2006 financial year, despite the increase in the number of companies to be consolidated and the rise in premiums, by 4.2% to € 966.9 million (2005: € 927.7 million). Acquisition expenses incl. the change in the deferred acquisition costs and less the reinsurance commissions received rose by 8.4% to € 627.6 million (2005: € 579.1). Other operating expenses decreased in comparison to the previous year due to successful cost reduction measures as part of the 2004–2006 profit improvement plan by 2.7%, from € 348.7 million to € 339.4 million.

The cost ratio of the UNIQA Group, i.e. the relation of total operating expenses to the Group premiums earned, including the savings portion of premiums from unit- and index-linked life insurance, decreased in 2006 to 20.9% (2004: 21.5%). The administrative cost ratio sank even more, coming to 7.3% at the end of the year (2005 8.1%).

**Total investments**

in € million

**Investment portfolio exceeded € 21 billion**

Total investments incl. land and buildings used by the Group, real estate held as investments, shares in associates and investments in unit-linked and index-linked life insurance increased in the reporting year by € 1,787.8 million or 9.2% to € 21,155.2 million (2005: € 19,367.3 million).

Net investment income less financing costs sank by 10.2% to € 865.0 million (2005: € 962.9 million). In 2005, UNIQA recorded an unusually high level of realised capital gains that was used to compensate the additional provisions needed for retirement annuities due to the adjustment of the Austrian mortality tables. In 2006, the performance of the stock markets was slightly weaker compared to the years before and this, together with the rising interest-rate environment, were additional reasons why the investment results were lower. Nevertheless, a solid profit could be made over the past year due to the broad distribution of asset investments and the use of alternative investment instruments.

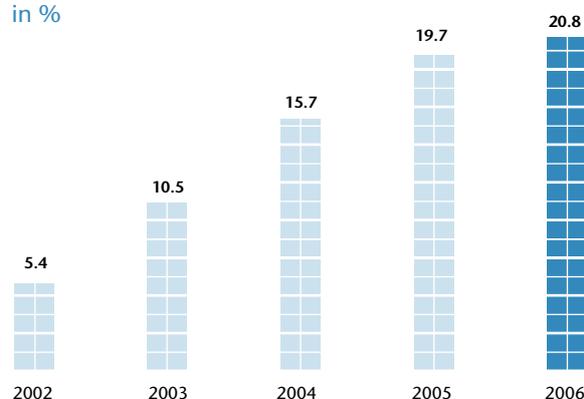
A detailed description of the investment income can be found in the notes to the financial statements. (cf. note no. 33).

**Own funds and total assets**

The UNIQA Group's total equity increased in 2006, by € 196.1 million to € 1,329.8 million (2005: € 1,133.7 million). This included minority interests amounting to € 207.3 million (2005: € 203.2 million). The pre-tax return on equity – the ratio of profit on ordinary activities to average total equity (without taking into consideration the included net profit for 2006) amounted to 20.8% in the past financial year (2005: 19.7%).

**Return on equity**

in %



In light of the obvious growth of the Group, UNIQA Versicherungen AG issued subordinated debt amounting to € 250 million to further strengthen own funds, that was placed in December 2006 and early 2007 in two tranches.

The total assets of the Group increased in the past financial year, by 8.9% and totalled € 24,587.1 million (2005: € 22,568.4 million) on 31 December 2006.

**Cash flow**

The cash flow from operating activities increased by 136.0% to € 1,237.0 million (2005: € 524.1 million) in 2006. Cash flow from investing activities of the UNIQA Group amounted to € -1,280.4 million (2005: € -799.7 million). There was an outflow of cash due to the acquisition of companies of € -159.8 million (2005: -69.5 million). The financing cash flow remained stable due to the issuance of subordinate capital, and came to € 100.7 million (2005: € 104.4 million). A total of € 31.1 million were spent on the dividends from the 2005 financial year. The amount of liquid funds changed in total by € 71.1 million (2005: € -163.3 million). At the end of 2006, funds amounting to € 263.2 million (2005: € 192.0 million) were available.

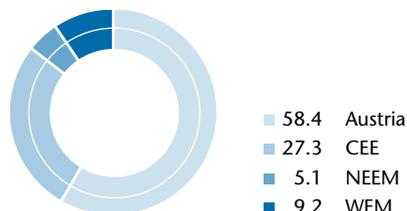
## Staff

The average number of employees in the UNIQA Group increased in the 2006 financial year to 10,748 (2005: 9,943 employees). Of these, 3,957 (2005: 3,469) were in sales (employed sales force) and 6,791 (2005: 6,474) were in administration. In the New Eastern Emerging Markets (NEEM) UNIQA employed a staff of 547 in 2006 (2005: 0), 2,930 people (2005: 2,800) in Central Eastern Europe (CEE) and 989 (2005: 968) in the Western European Markets (WEM). In Austria, 6,282 people were employed (2005: 6,175). This corresponded to a share 58.4%

Half of the staff employed in administration in Austria in the past year were women, 17.6% of the employees were working part time. The average age in 2006 was 43 years. In total, 11.1% of the employees participated in UNIQA's result-oriented remuneration system – a variable payment system that is tied both to the success of the company and to personal performance. In addition, the new UNIQA apprentice exchange programme offers young people in training the opportunity to get to know foreign cultures and make international contacts.

## Staff by region

in %



The productivity of UNIQA's employees continued to rise in the past financial year as well – the income before taxes per employee in 2006 came to € 22,190 (2005: € 19,139).

## Business segments

### Life insurance

#### Premiums rose by more than 10%

Premium volume written in life insurance incl. the savings portion of premiums from unit- and index-linked life insurance increased in the past year by 10.9% to € 2,164.5 million (2005: € 1,951.4 million).

In Austria, premium volume sank 1.3% to € 1,478.9 million (2005: € 1,498.4 million) due to higher expirations in the area of bank sales and the deliberate withdrawal of single-premium business. On the other hand, revenues from policies with recurring premium payments rose by 4.1% to € 1,287.5 million (2005: € 1,236.4 million). Although the development of premiums was influenced by the loss of recurring premiums from policies with abbreviated premium payment periods, there was the same amount of new business in the past financial year as in the year before. The international Group companies were able to clearly increase the premiums from life insurance. In the CEE and NEEM regions premium volume written rose, incl. the savings

portion of premiums from unit- and index-linked life insurance, by 77.1% to € 210.1 million (2005: € 118.6 million). The share of life insurance from these countries thus already amounted to € 9.7% in 2006 (2005: 6.1%). In the Western European Markets (WEM) premium volume increased thanks to the booming Italian business by 42.2% to € 475.5 million (2005: € 334.4 million) – that was a 22.0% (2005: 17.1%) share of the Group's total life insurance premiums.

The risk premium portion of unit- and index-linked life insurance included in the consolidated financial statements totalled € 67.3 million in 2006 (2005: € 55.2 million). The savings portion of premiums from unit- and index-linked life insurance amounted to € 559.3 million (2005: € 360.2 million) and was, in accordance with FAS 97 (US-GAAP), balanced out by the changes in the actuarial provision.

The earned premium income from the life insurance sector of the UNIQA Group increased by 0.3% in 2006 to € 1,527.4 million (2005: € 1,523.3 million).

Life insurance segment	2006 € million	2005 € million	2004 € million
Premiums written	1,605.2	1,591.2	1,199.3
Savings portion of premiums from unit- and index-linked life insurance	559.3	360.2	178.2
Share CEE & NEEM	9.7%	6.1%	5.2%
Share WEM	22.0%	17.1%	2.1%
Premiums earned	1,527.4	1,523.3	1,166.1
Net investment income	610.3	731.3	580.1
Insurance benefits	1,779.8	1,897.7	1,450.6
Acquisition expenses less reinsurance commissions	188.5	157.0	148.1
Other operating expenses	72.9	87.1	82.5
Cost ratio (after reinsurance)	12.9%	13.3%	17.8%
Administrative cost ratio	3.6%	4.7%	6.4%
Profit on ordinary activities	56.0	68.8	38.6
Net profit	36.7	44.5	29.0

### Development of insurance benefits

The retained insurance benefits (expenditure for claims incurred, expenditure for increased actuarial provision as well as provisions for premium refunds and profit sharing) decreased by 6.2% to € 1,779.8 million (2005: € 1,897.7 million).

In Austria, insurance benefits even decreased by 9.5% to € 1,448.2 million (2005: € 1,599.6 million). In 2005, one-time additional provisions were made for retirement annuities due to the adjustment of the Austrian mortality tables. In CEE & NEEM insurance benefits rose in life insurance by 13.6% to € 87.4 million (2005: € 76.9 million), in WEM by 10.4% to € 244.2 million (2005: € 221.3 million).

### Operating expenses

Consolidated operating expenses in life insurance less reinsurance commissions and profit shares from reinsurance business ceded rose in 2006, by 7.1% to € 261.4 million (2005: € 244.1 million). While acquisition expenses went up due to the high level of new business 20.1% to € 188.5 million (2005: € 157.0 million), other operating expenses decreased by an impressive 16.3% to € 72.9 million (2005: € 87.1 million).

As a result of this development the cost ratio of life insurance, i.e. the relation of total operating expenses to the Group premiums earned, including the savings portion of premiums from unit- and index-linked life insurance, decreased to 12.9% (2005: 13.3%). The administrative cost ratio also decreased in 2006 and amounted to 3.6% (2005: 4.7%).

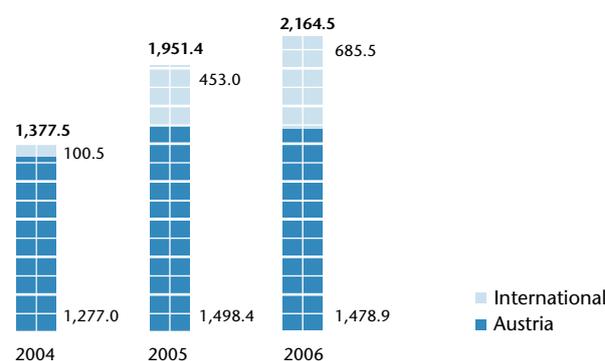
### Investment results

Net investment income less financing costs sank in the reporting year, by 16.5% to € 610.3 million (2005: € 731.3 million). The UNIQA Group's life insurance investment portfolio increased by 9.5% to € 15,744.7 million in 2006 (2005: € 14,381.0 million).

### Profit on ordinary activities, net profit

In life insurance, profit on ordinary activities came to € 56.0 million in 2006 (2005: € 68.8 million). Net profit was down by 17.6% to € 36.7 million (2005: € 44.5 million).

### Premium volume written in life insurance incl. the savings portion of premiums from unit- and index-linked life insurance in € million



Health insurance segment	2006 € million	2005 € million	2004 € million
Premiums written	889.8	845.4	744.6
Share CEE & NEEM	0.3%	0.2%	0.2%
Share WEM	20.2%	17.7%	9.4%
Premiums earned	886.7	849.4	742.1
Net investment income	113.8	100.9	81.5
Insurance benefits	805.8	773.1	675.3
Acquisition expenses less reinsurance commissions	86.8	78.3	66.6
Other operating expenses	49.9	52.6	52.9
Cost ratio (after reinsurance)	15.4%	15.4%	16.1%
Administrative cost ratio	5.6%	6.2%	7.1%
Profit on ordinary activities	53.7	40.6	23.6
Net profit	34.8	34.7	20.2

## Health insurance

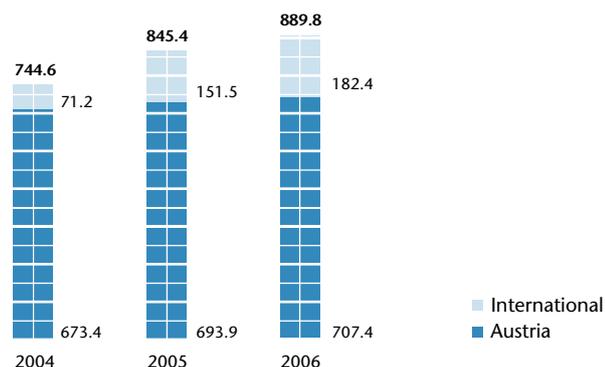
### Premiums up by more than 5% in 2006

In comparison to the previous year, premiums written in health insurance increased by 5.3% to € 889.8 million (2005: € 845.4 million).

In Austria, where UNIQA is the clear no. 1 in the health insurance market, a premium volume of € 707.4 million (2005: € 693.9 million) was achieved in 2006. This was an increase of 2.0%. In the WEM region, health insurance premiums rose 19.9% to € 179.5 million (2005: € 149.7 million), because Mannheimer Krankenversicherung had only been included in the consolidated financial statements for three quarters in 2005. In the Western European markets, the share of the total premiums in health insurance rose from 17.7% to 20.2%. In the countries in Eastern and South-Eastern Europe, private health insurance still plays a secondary role.

In 2006, 4.4% more premiums were earned in health insurance, amounting to € 886.7 million at the end of the year (2005: € 849.4 million).

### Premium volume written in health insurance in € million



### Development of insurance benefits

Retained insurance benefits rose due to the increased amount of business by 4.2% to € 805.8 million (2005: € 773.1 million). In Austria, insurance benefits rose only very slightly compared to the increase in premiums; by 0.7% to € 644.5 million (2005: € 639.7 million). In the international health insurance line insurance benefits rose by 21.0% to € 161.3 million (2005: € 133.4 million).

### Operating expenses

In 2006, total operating expenses increased slightly by 4.4% to € 136.7 million (2005: € 130.9 million). Acquisition expenses rose by 10.9% to € 86.8 million (2005: € 78.3 million). In health insurance it was also possible to reduce the other operating expenses. Despite the rise in premium revenue these expenses sank by 5.2% to € 49.9 million (2005: € 52.6 million).

In 2006, the cost ratio in health insurance remained at 15.4%, the same level as the previous year (2005: 15.4%). However, the administrative cost ratio decreased from 6.2% to 5.6%.

### Investment results

Net investment income less financing costs rose in 2006, by 12.8% to € 113.8 million (2005: € 100.9 million). In health insurance capital investments increased by 2.0% to € 2,067.3 million (2005: € 2,026.7 million).

### Profit on ordinary activities, net profit

Profit on ordinary activities in health insurance rose again in the reporting year by 32.1% to € 53.7 million (2005: 40.6 million). Because of an extraordinary tax effect in 2005, net profit remained, with a rise of 0.2% to € 34.8 million, at basically the same level as the previous year (2005: € 34.7 million).

Property and casualty insurance segment	2006 € million	2005 € million	2004 € million
Premiums written	2,037.1	1,933.6	1,655.6
Share CEE & NEEM	21.0%	18.7%	18.6%
Share WEM	18.5%	19.6%	13.4%
Premiums earned	1,715.6	1,627.7	1,393.5
Net investment income	140.9	130.7	89.5
Insurance benefits	1,130.1	1,106.1	907.5
Loss ratio (after reinsurance)	65.9%	68.0%	65.1%
Loss ratio (before reinsurance)	64.1%	66.4%	63.6%
Acquisition expenses less reinsurance commissions	352.3	343.8	302.4
Other operating expenses	216.6	208.9	176.9
Cost ratio (after reinsurance)	12.9%	13.3%	17.8%
Administrative cost ratio	12.6%	12.8%	12.7%
Combined ratio (after reinsurance)	99.0%	101.9%	99.5%
Combined ratio (before reinsurance)	95.4%	98.2%	95.8%
Profit on ordinary activities	128.8	80.9	58.6
Net profit	103.7	54.2	52.6

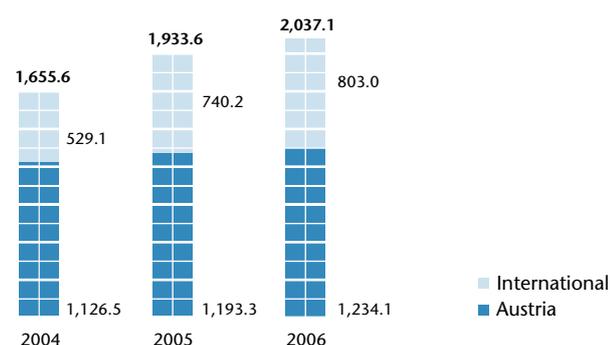
## Property and casualty insurance

### Premiums written over € 2 billion for the first time

In the property and casualty line UNIQA was able to increase premium volume written in the past year by 5.4% to € 2,037.1 million (2005: € 1,933.6 million).

Premium volume in Austria was up, despite the stiffer competition, by 3.4% to € 1,234.1 million (2005: € 1,193.3 million). In the CEE & NEEM regions growth was clearly higher in 2006. The premium volume written jumped up 18.0% to € 426.8 million (2005: € 361.8 million), thus already contributing 21.0% (2005: 18.7%) to Group premiums in property and casualty. On the markets in Western Europe premium volume written sank slightly in 2006, by 0.6% to € 376.2 million (2005: € 378.5 million). That represents a share of 18.5% (2005: 19.6 %).

### Premium volume written in property and casualty insurance in € million



Details on premium volume written in the most important business lines can be found in the notes to the consolidated financial statements (cf. note no. 30).

Premiums earned in the property and casualty line amounted to € 1,715.6 million (2005: € 1,627.7 million) at the end of the year, which was 5.4% more than in 2005.

### Development of insurance benefits

The rise in total retained insurance benefits in the property and casualty line in 2006 was, despite the harsh winter and the claims relating to heavy snow loads, only a very moderate 2.2% to € 1,130.1 million (2005: € 1,106.1 million). In Austria, insurance benefits decreased by 0.9% to € 714.7 million (2005: € 721.0 million), in the Western European Markets even by 2.7% to € 178.1 million (2005: € 183.1 million). In the CEE and NEEM regions, insurance benefits were up 17.4% to € 237.2 million because of the increased volume of business (2005: € 202.0 million).

As a result of this positive trend, the consistent implementation of reorganisation measures and risk-oriented underwriting policies the net loss ratio (retained insurance benefits relative to premiums earned) sank by 2.1 percentage points to 65.9% (2005: 68.0%). At the end of 2006, the gross loss ratio (before reinsurance) was even lower, at 64.1% (2005: 66.4%).

The level of reserves in property and casualty insurance (total retained claims provisions in relation to earned premiums) rose slightly, reaching 110.9% (2005: 109.4%) at the end of 2006.

#### Operating expenses, combined ratio

Total operating expenses increased in the property and casualty insurance line – below average, compared to premiums – by 2.9% to € 568.9 million (2005: € 552.8 million). In the process, acquisition costs rose by 2.5% to € 352.3 million (2005: € 343.8 million), other operating expenses increased by 3.7% to € 216.6 million (2005: € 208.9 million).

The cost ratio in property and casualty insurance sank in the past financial year to 33.2% (2005: € 34.0%). The administrative cost ratio diminished slightly, falling to 12.6% (2005: 12.8%).

The combined ratio was successfully reduced in 2006, and amounted to 99.0% (2005: 101.9%). The combined ratio before reinsurance was even lowered to 95.4% (2005: 98.2%).

#### Investment results

Net income from investments less financing costs rose in the past year by 7.8% to € 140.9 million (2005: € 130.7 million). The investment portfolio increased in property and casualty insurance by 13.0% to € 3,343.1 million (2005: € 2,959.6 million).

#### Profit on ordinary activities, net profit

Profit on ordinary activities increased in property and casualty insurance in 2006, by 59.2% to € 128.8 million (2005: € 80.9 million). Net profit almost doubled, increasing by 91.3% to € 103.7 million (2005: € 54.2 million).

#### International markets

##### Above average growth in 2006 as well

The international premium volume of the UNIQA Group rose sharply in the past financial year, due to strong organic growth and the acquisition of companies in Eastern and South-Eastern Europe. Premium volume written in the international Group companies incl. the savings portion of premiums from unit- and index-linked life insurance climbed in 2006, by 24.3% to € 1,670.9 million (2005: € 1,344.8 million). This brought the international share of Group premiums up to 32.8% (2005: 28.4%). Premiums earned rose 12.0% to € 1,213.3 million (2005: € 1,083.4 million).

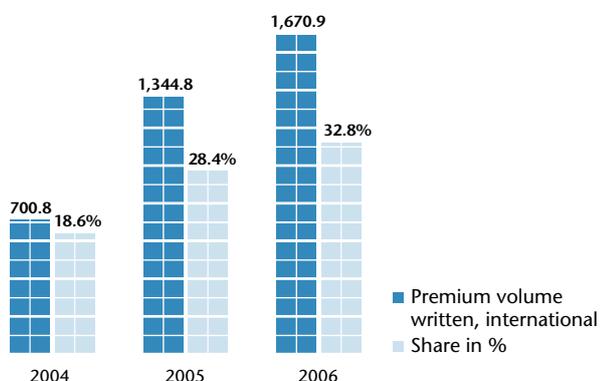
The premium volume written incl. the savings portion of premiums from unit- and index-linked life insurance was divided as follows amongst the various regions and countries in the UNIQA Group:

UNIQA international markets	Premium volume written <sup>1)</sup>			Share of Group premiums 2006 %
	2006 € million	2005 € million	2004 € million	
Poland	197.7	177.1	117.9	3.9
Czech Republic	110.9	95.6	87.7	2.2
Slovakia	56.8	51.9	45.9	1.1
Hungary	203.9	138.5	120.3	4.0
Croatia	15.0	12.3	9.4	0.3
Bosnia and Herzegovina	10.8	6.9	0	0.2
<b>Central Eastern Europe (CEE)</b>	<b>595.0</b>	<b>482.2</b>	<b>381.1</b>	<b>11.7</b>
Bulgaria	42.0	0	0	0.8
Serbia	2.8	0	0	0.1
<b>New Eastern Emerging Markets (NEEM)</b>	<b>44.8</b>	<b>0</b>	<b>0</b>	<b>0.9</b>
Germany	394.7	371.6	122.2	7.8
Switzerland <sup>2)</sup>	41.2	49.7	63.8	0.8
Liechtenstein	15.6	13.1	26.4	0.3
Italy	579.7	428.2	107.2	11.4
<b>Western European Markets (WEM)</b>	<b>1,031.1</b>	<b>862.6</b>	<b>319.7</b>	<b>20.3</b>
<b>Total international</b>	<b>1,670.9</b>	<b>1,344.8</b>	<b>700.8</b>	<b>32.8</b>

<sup>1)</sup> Incl. the savings portion of premiums from unit- and index-linked life insurance.

<sup>2)</sup> Excl. premiums from internal Group reinsurance business.

### International premium volume written in € million



Total insurance benefits in the international Group companies increased 11.2% in 2006, to € 908.3 million (2005: € 816.6 million). Consolidated operating expenses less reinsurance commissions and profit shares from reinsurance business ceded rose in the past financial year by 17.6% to € 346.1 million (2005: € 294.2 million).

In 2006, before consolidation based on the geographic segments (cf. segment reports), profit on ordinary activities generated by the companies in the three regions outside of Austria amounted to € 64.5 million (2005: € 63.2 million). This amounted to a share of the Group results of 27.0% (2005: 33.2%).

## Significant events subsequent to the balance sheet date (subsequent report)

### UNIQA increases involvement in Bulgaria

The UNIQA Group expanded its commitment in Bulgaria at the beginning of 2007, by taking over an additional 31% of Vitosha. This brought UNIQA's portion of Vitosha's share capital up from 20% to 51%. In order to make the integration of the Bulgarian Vitosha companies visible they have already been renamed to UNIQA.

### UNIQA cooperating with largest Albanian insurance company

At the end of March 2007, UNIQA agreed on a cooperation with Sigal, the largest Albanian insurance group. Sigal has a premium volume of about € 20 million, a market share of 28%

and is Albania's largest insurance company with a corresponding market presence in Kosovo and Macedonia. UNIQA will support Sigal in the areas of product development – above all, in life and health insurance – as well as training and marketing.

The agreement also provides an excellent basis for expanding the preferred partnership in these dynamically developing regions in South-Eastern Europe. In addition, UNIQA has secured an option to acquire the majority of Sigal as of 2010.

## Outlook for 2007

### UNIQA's profit improvement programme 2007–2010

The profit improvement programme (PIP) is an additional step in the consistent implementation of the earnings-oriented business strategy. The focus is on achieving a cost, claims and profit structure that is comparable to international benchmark companies.

The goal of this programme is a sustainable increase in the Group's pre-tax results of about € 200 million. This corresponds to earnings of € 430 million for the year 2010, whereby value is placed on consistent development of the results. In total, the PIP presumes savings in the amount of € 280 million, from which € 80 million will be reinvested in measures to expand distribution and infrastructure, and increase brand recognition. The PIP is based on numerous measures and campaign plans that ensure the sustainable achievement of this ambitious goal.

### Life insurance

The vast majority of the population is aware that a private pension plan is a basic prerequisite for upholding the standard of living in retirement. Insurers play a very important role with respect to private old-age provision. Private pension and retirement annuities and federally subsidised provisions for the future will also be of great significance in the future.

Thus, private pension plans will also form the core of UNIQA's distribution and marketing activities in 2007. Within the framework of its autumnal provision campaign, Raiffeisen Versicherung will focus especially on retirement annuity, and *FINANCELIFE*, which successfully promotes federally subsidised provisions for the future, will further expand its market share through innovative product developments and improvements.

UNIQA will also focus on the development of new products and product features in the future:

- A new focal point of advisory services in 2007, will be nursing insurance schemes, since private provision in the event of nursing requirements is becoming ever more important. Thus in 2007, UNIQA with "Care & Advance Preparation" ("Pflege & Vordenken") and Raiffeisen Versicherung with "My Guaranteed Care" ("Meine sichere Pflege") both launched new nursing insurance products. These can be concluded as additional or stand-alone variants – as a single-premium insurance or insurance with recurring premiums. The nursing care requirements are determined according to the "Activities of Daily Life" system (ADL).
- The development of a product platform in the life insurance segment will also be an area of concentration in 2007. UNIQA will combine the advantages of classical and unit-linked pension plan products and their numerous varieties of product components into a single system.
- A special area of concentration in 2007, will be dedicated to company pension plans. UNIQA strives to achieve optimum solutions in the area of company old-age provision plans for small and medium-sized enterprises. There is enormous growth potential in this area. In collaboration with Raiffeisen bank group, especially Raiffeisen Versicherung is in a position to offer an optimum pension solution for every company. The company pension scheme products are largely standardised for this purpose and suitable for the needs of bank distribution. Company old-age provision will be additionally emphasised within the framework of the SuccessfulPartnership – UNIQA's newly created corporate customer loyalty instrument.

Internationally, the UNIQA Group will further strengthen and intensify cooperation with Raiffeisen bank group in Eastern and Southern Europe. Following the acquisitions in Romania and Bulgaria, as well as in Serbia and the Ukraine, these countries are the object of increasing concentration of cooperation in the bank insurance sector. In the product area, the focus is placed on combined bank and insurance products. In 2007, a strong growth dynamic is expected, in particular, in the personal injury insurance sector. A further increase in the life insurance sector – above all, in the unit-linked life insurance lines – is expected in Italy through the successful cooperation with the Veneto Banca Group.

### Health insurance

After the success of 2006, the UNIQA Group will also continue down the path taken to date in Austria in 2007. Of primary importance is, on the one hand, the goal of keeping costs within a moderate scope through cost reduction measures, and on the other hand, making the successes of medical advancement directly accessible to our customers. The negotiations with the hospital carriers and medical associations were characterised

by businesslike rigidity, but at the same time, it was possible to achieve a significant milestone in the development of the contracts through the negotiation of a new operations Group scheme. The necessary premium adjustments of the dominating special premium class insurance were once again somewhat less than in the previous year. UNIQA achieved a clear increase in the number of hospitals which invoice electronically. This number should also increase dramatically in 2007.

The year 2007 will also be characterised by renewal and innovation of products. As a result of the Unisex-Directive of the EU, it will be necessary to recalculate nearly the entire rate scale by November. As of that point, costs for all new customers associated with pregnancy and childbirth may no longer be allocated solely to women, but must be equally apportioned to both sexes. This will result in a reduction in premiums for women and a simultaneous increase in premiums for men.

As early as the middle of 2007, UNIQA plans to launch two special products which already comply with the unisex approach:

- A comprehensive medical expenses rate, which will also include a "semi-in-patient" portion for the first time, in addition to the classic special premium class insurance. This offers insurance protection for the increasingly important area of complex diagnostics, which, in fact, does not require a hospital stay, but for organisational reasons can only be conducted in the hospital. Furthermore, in addition to the possibility of obtaining a "second opinion" prior to operations, psycho-therapeutic support in the event of severe diagnoses and events, as well as hospital stays will be offered. Additionally, the product will comprise of an innovative form of premium refund which rewards health-conscious behaviour and also offers concrete assistance through UNIQA VitalCoaches.
- The second new product pertains to "expatriates". These are individuals who are active outside of their homeland – usually on orders by their employer – temporarily or long term. Comprehensive, but tailored solutions, which cover the (to some extent) very different needs of customers, are required in this segment. The rate structure is prepared at the Group level and is thus available to all the UNIQA Group companies that sell private health insurance.

Our product range in company health management will also be further expanded in 2007. The UNIQA VitalTruck exceeds all expectations and was operated at full capacity in 2006.

In Germany, the discussion concerning the wide-ranging health reform dominated the discussion in the reporting year. At the beginning of 2007, the corresponding legal provisions were approved. To some extent, they result in significantly altered conditions for private health insurance, which also affect Mannheimer Krankenversicherung. However, this insurer had improved its position prior to the conclusion of the reform discussion with

an innovative expansion of its rate scale in the area of additional insurance, as well as through an attractive renewal of its total cost and nursing care rate. For 2007, the focus will be on the careful evaluation of the consequences of the reform and the corresponding development of strategies.

In Italy, UNIQA Assicurazioni has been successfully providing health insurance for decades. In 2007, the company will further develop its product range, not only in the area of hospital insurance, but also in the area of hospital per diem insurance in order to continue to live up to its image as an excellent health insurer.

The trend in the markets of Central and Eastern Europe continues to develop on an evolutionary basis through products adjusted to the private health sector – which is not yet comparable to Western Europe. Essentially, these are rates which provide for lump-sums (for instance, per hospital day or operation).

#### Property and casualty insurance

UNIQA will also consistently continue measures for the further improvement of technical results in the 2007 financial year. The goal is a continued, sustainable improvement in earnings through the stabilisation of loss ratios at a low level.

In the area of material insurance, special attention will be given to the development of the loss ratio in the burglary and water damage insurances. The crime rate has perhaps slackened somewhat, however, it can hardly be considered a trend reversal. Therefore, UNIQA seeks to improve the security awareness of its customers through informational brochures and the offer of security checks for small and medium-sized enterprises. In the legal expenses insurance line in 2007, UNIQA also expects continued growth, and the contacts in the art insurance industry should be further expanded through the art history service and professional advisory services.

In the motor vehicle insurance division in 2007, UNIQA will also be able to maintain the technical results at the current level, although all indicators suggest further price competition and, thus, lower growth opportunities. Owing to increased competition in the motor vehicle insurance market, the current price level is stagnating and is even regressing in some risk segments. Since premium adjustments for existing policies will only be possible to a small extent, despite the fact that expenses for personal injury have increased disproportionately as a result of increased health costs, product policy will continue to focus on the specific risk situation of our customers.

As the first company in the entire German-speaking insurance market, UNIQA plans to introduce usage-optimised insurance (UOI) to the market in 2007. The new system will enable a precise specification of the risk profile by measuring the kilometres actually driven and also the streets used. These values influence the amount of the premium. Initially, private customers will be

offered motor vehicle liability and collision damage insurance in addition to the standard rates. The insurance product will also be tied to an extensive security service.

With optimal claims settlement for our customers in mind, UNIQA will also focus on the intensive use of its own motor vehicle experts and current communications technology in 2007. That is why we have concentrated activities in the areas of motor vehicle and property damage through the foundation of our own company for damage observation and repair. Additionally, UNIQA supports new and effective repair methods, and is focusing on a trustworthy collaboration with the qualified Austrian repair industry.

In 2007, Raiffeisen Versicherung will promote motor vehicle, homeowner and apartment insurance products within the framework of its spring campaign.

In the corporate customer business, UNIQA expects the continuation of the trend in which risks requiring little know-how and small capacities will be subjected to price pressure. In the general liability insurance line, there is a tendency to gather entire professional groups in framework agreements in order to achieve a price advantage. UNIQA will also further develop its competence in cross-border insurance programmes together with the international UNIQA companies.

#### Results and proposed appropriation of profit for UNIQA Versicherungen AG

The individual accounts of UNIQA Versicherungen AG, prepared in accordance with the Austrian Commercial Code, report an annual net profit for the 2006 financial year of € 42.0 million (2005: € 31.3 million). The Management Board shall thus recommend to the annual general meeting of shareholders on 21 May 2007, that the net profit for the 2006 year in the amount of € 42,036,959.37 (2005: € 31,321,289.45) be distributed as a dividend of 35 cents on each of the 119,777,808 individual share certificates issued at the balance sheet date and entitled to receive a dividend, and that the remaining amount be carried forward to a new account.

Vienna, 2 April 2007

The Management Board

# Consolidated Balance Sheet

as at 31 December 2006

Assets	Notes	31 Dec. 2006 € 000	31 Dec. 2005 € 000
<b>A. Tangible assets</b>			
I. Self-used land and buildings	1	233,997	236,388
II. Other tangible assets	2	111,113	135,299
		<b>345,110</b>	<b>371,686</b>
<b>B. Land and buildings held as financial investments</b>	3	<b>927,456</b>	<b>856,351</b>
<b>C. Intangible assets</b>			
I. Deferred acquisition costs	4	863,430	807,297
II. Goodwill	5	253,064	223,418
III. Other intangible assets	6	47,167	49,029
		<b>1,163,661</b>	<b>1,079,744</b>
<b>D. Shares in associated companies</b>	7	<b>371,998</b>	<b>219,469</b>
<b>E. Investments</b>			
I. Variable-yield securities			
1. Available for sale	8	3,462,337	3,080,919
2. At fair value through profit or loss		1,025,332	881,383
		<b>4,487,668</b>	<b>3,962,302</b>
II. Fixed interest securities			
1. Held to maturity		0	0
2. Available for sale	8	10,634,769	9,926,273
3. At fair value through profit or loss		508,599	515,629
		<b>11,143,369</b>	<b>10,441,902</b>
III. Loans and other investments			
1. Loans	10	1,034,044	1,157,424
2. Cash at credit institutions	11	802,106	855,233
3. Deposits with ceding companies	11	105,678	97,627
		<b>1,941,827</b>	<b>2,110,285</b>
IV. Derivative financial instruments			
1. Variable-yield derivatives	9	41,144	6,168
2. Fixed interest derivatives	9	54,826	42,236
		<b>95,970</b>	<b>48,405</b>
		<b>17,668,834</b>	<b>16,562,894</b>
<b>F. Investments held on account and at risk of life insurance policyholders</b>	23	<b>1,952,897</b>	<b>1,492,241</b>
<b>G. Share of reinsurance in technical provisions</b>			
I. Provision for unearned premiums	18	31,031	29,291
II. Actuarial provision	19	384,279	370,004
III. Provision for outstanding claims	20	322,567	333,946
IV. Provision for profit-unrelated premium refunds	21	315	1,752
V. Provision for profit-related premium refunds, i.e. policyholder profit sharing	21	100	100
VI. Other technical provisions		2,656	2,577
	22	<b>740,947</b>	<b>737,670</b>
<b>H. Share of reinsurance in technical provisions for life insurance policies where the investment risk is borne by policyholders</b>	23	<b>305,580</b>	<b>255,704</b>
<b>I. Receivables including receivables under insurance business</b>	12		
I. Reinsurance receivables		36,298	56,849
II. Other receivables		634,784	604,813
III. Other assets		37,150	36,959
		<b>708,233</b>	<b>698,621</b>
<b>J. Receivables from income tax</b>	13	<b>54,249</b>	<b>28,792</b>
<b>K. Deferred tax assets</b>	14	<b>85,000</b>	<b>73,197</b>
<b>L. Liquid funds</b>		<b>263,164</b>	<b>192,024</b>
<b>Total assets</b>		<b>24,587,131</b>	<b>22,568,392</b>

Equity and liabilities	Notes	31 Dec. 2006 € 000	31 Dec. 2005 € 000
<b>A. Total equity</b>			
I. Shareholders' equity	15		
1. Subscribed capital and capital reserves		206,305	206,305
2. Revenue reserves		692,161	576,389
3. Revaluation reserves		181,982	116,433
4. Group total profit		42,037	31,321
		<b>1,122,485</b>	<b>930,449</b>
II. Minority interests in shareholders' equity	16	207,299	203,226
		<b>1,329,784</b>	<b>1,133,674</b>
<b>B. Subordinated liabilities</b>	17	<b>475,000</b>	<b>325,000</b>
<b>C. Technical provisions</b>			
I. Provision for unearned premiums	18	389,987	351,896
II. Actuarial provision	19	14,942,474	13,970,159
III. Provision for outstanding claims	20	2,022,881	1,939,806
IV. Provision for profit-unrelated premium refunds	21	48,027	43,518
V. Provision for profit-related premium refunds, i.e. policyholder profit sharing	21	752,647	863,618
VI. Other technical provisions		43,461	40,381
	22	<b>18,199,478</b>	<b>17,209,378</b>
<b>D. Technical provisions for life insurance policies held on account and at risk of policyholders</b>	23	<b>1,911,516</b>	<b>1,457,644</b>
<b>E. Financial liabilities</b>			
I. Liabilities from loans	24	193,526	211,731
II. Derivatives	9	1,209	37,029
		<b>194,734</b>	<b>248,760</b>
<b>F. Other provisions</b>			
I. Pensions and similar provisions	25	542,418	523,127
II. Other provisions	26	179,900	175,830
		<b>722,319</b>	<b>698,957</b>
<b>G. Payables and other liabilities</b>	27		
I. Reinsurance liabilities		724,329	689,251
II. Other payables		655,096	429,998
III. Other liabilities		8,232	11,539
		<b>1,387,657</b>	<b>1,130,787</b>
<b>H. Liabilities from income tax</b>	28	<b>66,754</b>	<b>95,361</b>
<b>I. Deferred tax liabilities</b>	29	<b>299,889</b>	<b>268,831</b>
<b>Total equity and liabilities</b>		<b>24,587,131</b>	<b>22,568,392</b>

# Consolidated Income Statement

for the 2006 business year

	Notes	2006 € 000	2005 € 000
<b>1. Premiums written (retained)</b>	30		
a) Gross		4,532,137	4,370,165
b) Reinsurers' share		-372,366	-354,410
		<b>4,159,771</b>	<b>4,015,755</b>
<b>2. Change due to premiums earned (retained)</b>			
a) Gross		-31,152	-15,824
b) Reinsurers' share		1,048	498
		<b>-30,104</b>	<b>-15,326</b>
<b>3. Premiums earned (retained)</b>	31		
a) Gross		4,500,985	4,354,341
b) Reinsurers' share		-371,318	-353,912
		<b>4,129,666</b>	<b>4,000,429</b>
<b>4. Income from fees and provisions</b>	32		
Reinsurance provisions and profit shares from reinsurance business ceded		<b>80,865</b>	<b>66,744</b>
<b>5. Net investment income</b>	33	<b>890,342</b>	<b>989,470</b>
of which profit from associated companies	38	45,017	12,871
<b>6. Other income</b>	34	<b>41,884</b>	<b>36,566</b>
<b>Total income</b>		<b>5,142,757</b>	<b>5,093,209</b>
<b>7. Insurance benefits (net)</b>	35		
a) Gross		-3,938,925	-4,005,588
b) Reinsurers' share		223,290	228,685
		<b>-3,715,635</b>	<b>-3,776,903</b>
<b>8. Operating expenses</b>	36		
a) Acquisition costs		-708,444	-645,811
b) Other operating expenses		-339,361	-348,651
		<b>-1,047,805</b>	<b>-994,461</b>
<b>9. Other expenses</b>	37	<b>-107,024</b>	<b>-93,230</b>
<b>10. Amortisation of goodwill</b>		<b>-8,448</b>	<b>-11,732</b>
<b>Total expenses</b>		<b>-4,878,912</b>	<b>-4,876,326</b>
<b>11. Operating profit</b>		<b>263,845</b>	<b>216,883</b>
<b>12. Financing costs</b>		<b>-25,359</b>	<b>-26,550</b>
<b>13. Profit on ordinary activities</b>		<b>238,487</b>	<b>190,332</b>
<b>14. Income taxes</b>	39	<b>-63,422</b>	<b>-56,991</b>
<b>15. Net profit</b>		<b>175,065</b>	<b>133,342</b>
of which consolidated profit		151,900	107,760
of which minority interests		23,165	25,581

# Consolidated Cash Flow Statement

for the 2006 business year

	2006 € 000	2005 € 000
Net profit including minority interests		
Net profit	175,065	133,342
of which interest and dividend payments	54,651	41,593
Minority interests	-23,165	-25,581
Change in technical provisions	1,372,731	1,825,129
Change in deferred acquisition costs	-55,965	-49,026
Change in amounts receivable and payable from direct insurance	53,830	28,798
Change in other amounts receivable and payable	121,029	154,983
Change in securities at fair value through profit or loss	-184,484	-884,970
Realised gains/losses on the disposal of investments	-468,225	-677,288
Depreciation/appreciation of other investments	211,661	-44,891
Change in provisions for pension and severance payments	19,291	56,404
Change in deferred tax assets/liabilities	13,542	10,620
Change in other balance sheet items	-5,714	-832
Change in goodwill and intangible assets	1,737	-9,272
Other non-cash income and expenses as well as accounting period adjustments	5,638	6,710
<b>Net cash flow from operating activities</b>	<b>1,236,972</b>	<b>524,126</b>
of which cash flow from income tax	-115,688	-25,465
Receipts due to disposal of consolidated companies and other business units	59,807	6,088
Payments due to acquisition of consolidated companies and other business units	-159,821	-69,486
Receipts due to disposal and maturity of other investments	9,488,763	6,116,234
Payments due to acquisition of other investments	-10,208,539	-6,425,148
Change in investments held on account and at risk of life insurance policyholders	-460,656	-427,361
<b>Net cash flow used in investing activities</b>	<b>-1,280,446</b>	<b>-799,673</b>
Change in investments on own shares	0	118,261
Dividend payments	-31,051	-24,620
Receipts and payments from other financing activities	131,794	10,739
<b>Net cash flow used in financing activities</b>	<b>100,743</b>	<b>104,379</b>
<b>Change in cash and cash equivalents</b>	<b>57,268</b>	<b>-171,168</b>
Change in cash and cash equivalents due to foreign currency translation	911	342
Change in cash and cash equivalents due to acquisition/disposal of consolidated companies	12,961	7,495
Cash and cash equivalents at beginning of period	192,024	355,354
<b>Cash and cash equivalents at end of period</b>	<b>263,164</b>	<b>192,024</b>
of which cash flow from income tax	-115,688	-25,465

The cash and cash equivalents correspond to item L. of the assets: Liquid funds.

## Development of Group Equity

	Subscribed capital and capital reserves	Revaluation reserve	Revenue reserves including reserves for own shares
	€ 000	€ 000	€ 000
<b>Situation as at 31 Dec. 2004</b>	<b>206,305</b>	<b>77,211</b>	<b>440,206</b>
Changes for:			
Foreign currency translation			3,815
Change in consolidation scope			1,187
Unrealised capital gains and losses from evaluation at equity			3,247
Dividends to shareholders			
Own shares			53,806
Unrealised capital gains and losses from investments		39,222	
Net profit for the period			
Changes in revenue reserves			77,546
Changes in capital reserves			
Other			-858
<b>Situation as at 31 Dec. 2005</b>	<b>206,305</b>	<b>116,433</b>	<b>578,950</b>
Changes for:			
Foreign currency translation			4,962
Change in consolidation scope			
Unrealised capital gains and losses from evaluation at equity			
Dividends to shareholders			
Own shares			
Unrealised capital gains and losses from investments		65,549	
Net profit for the period			
Changes in revenue reserves			109,661
Changes in capital reserves			
Other			1,149
<b>Situation as at 31 Dec. 2006</b>	<b>206,305</b>	<b>181,982</b>	<b>694,722</b>

	Holding of own shares	Profits carried forward and net profit for the year	Equity	Minority interests	Total equity
	€ 000	€ 000	€ 000	€ 000	€ 000
	<b>-67,016</b>	<b>26,373</b>	<b>683,080</b>	<b>177,081</b>	<b>860,161</b>
			3,815		3,815
			1,187	4,990	6,177
			3,247		3,247
		-24,620	-24,620	-8,110	-32,731
	64,454		118,261		118,261
			39,222	3,683	42,905
		107,760	107,760	25,581	133,342
		-77,546			
		-646	-1,503		-1,503
	<b>-2,561</b>	<b>31,321</b>	<b>930,449</b>	<b>203,226</b>	<b>1,133,674</b>
			4,962		4,962
				4,975	4,975
		-31,051	-31,051	-9,848	-40,899
			65,549	-14,218	51,331
		151,900	151,900	23,165	175,065
		-109,661			
		-473	676		676
	<b>-2,561</b>	<b>42,037</b>	<b>1,122,485</b>	<b>207,299</b>	<b>1,329,784</b>

# Segment Balance Sheet

## Classified by segment

	Property and casualty		Life	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000
<b>Assets</b>				
A. Tangible assets	202,477	287,770	126,641	67,085
B. Land and buildings held as financial investments	334,423	384,362	411,829	285,862
C. Intangible assets	284,162	235,882	664,432	628,567
D. Shares in associated companies	270,794	174,410	81,275	24,646
E. Investments	2,707,690	2,268,921	13,294,902	12,603,478
F. Investments held on account and at risk of life insurance policyholders	0	0	1,952,897	1,492,241
G. Share of reinsurance in technical provisions	346,393	359,815	391,873	375,776
H. Share of reinsurance in technical provisions for life insurance policies where the investment risk is borne by policyholders	0	0	305,580	255,704
I. Receivables incl. receivables under insurance business	682,119	485,461	417,502	468,984
J. Receivables from income tax	26,853	18,632	26,377	8,736
K. Deferred tax assets	74,770	67,353	3,921	1,565
L. Liquid funds	95,637	76,817	151,653	99,506
<b>Total segment assets</b>	<b>5,025,318</b>	<b>4,359,423</b>	<b>17,828,884</b>	<b>16,312,149</b>
<b>Equity and liabilities</b>				
B. Subordinated liabilities	235,000	85,000	270,000	240,000
C. Technical provisions	2,250,311	2,136,197	13,726,250	12,983,065
D. Technical provisions for life insurance policies held on account and at risk of policyholders	0	0	1,911,516	1,457,644
E. Financial liabilities	185,419	260,345	51,930	56,597
F. Other provisions	681,973	660,867	32,150	29,770
G. Payables and other liabilities	835,028	589,370	1,166,519	974,217
H. Liabilities from income tax	42,667	71,215	13,673	13,219
I. Deferred tax liabilities	200,188	152,377	54,829	60,027
<b>Total segment liabilities</b>	<b>4,430,587</b>	<b>3,955,370</b>	<b>17,226,866</b>	<b>15,814,538</b>

	Health		Consolidation		Group		
	2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000	
	15,993	16,832	0	0	345,110	371,686	
	181,204	186,127	0	0	927,456	856,351	
	215,067	215,295	0	0	1,163,661	1,079,744	
	19,929	20,413	0	0	371,998	219,469	
	1,877,779	1,831,951	-211,537	-141,456	17,668,834	16,562,894	
	0	0	0	0	1,952,897	1,492,241	
	2,681	2,078	0	0	740,947	737,670	
	0	0	0	0	305,580	255,704	
	174,445	182,762	-565,834	-438,586	708,233	698,621	
	1,019	1,424	0	0	54,249	28,792	
	6,310	4,279	0	0	85,000	73,197	
	15,873	15,701	0	0	263,164	192,024	
	<b>2,510,300</b>	<b>2,476,862</b>	<b>-777,372</b>	<b>-580,042</b>	<b>24,587,131</b>	<b>22,568,392</b>	
	0	0	-30,000	0	475,000	325,000	
	2,223,393	2,084,506	-476	5,610	18,199,478	17,209,378	
	0	0	0	0	1,911,516	1,457,644	
	0	1,361	-42,615	-69,543	194,734	248,760	
	8,195	8,321	0	0	722,319	698,957	
	89,747	82,053	-703,637	-514,854	1,387,657	1,130,787	
	10,414	10,928	0	0	66,754	95,361	
	44,871	56,427	0	0	299,889	268,831	
	<b>2,376,621</b>	<b>2,243,596</b>	<b>-776,728</b>	<b>-578,786</b>	<b>23,257,347</b>	<b>21,434,718</b>	
					Equity and minority interests	1,329,784	1,133,674
					<b>Total equity and liabilities</b>	<b>24,587,131</b>	<b>22,568,392</b>

The amounts indicated for each business segment have been adjusted to eliminate amounts resulting from segment-internal transactions.

Therefore, the balance of segment assets and segment liabilities does not allow conclusions to be drawn with regard to the equity allocated to the respective segment.

# Segment Income Statement

## Classified by segment

	Property and casualty		Life	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000
1. a) Gross premiums written	2,039,463	1,941,188	1,605,224	1,591,214
1. Premiums written (retained)	1,742,395	1,642,200	1,527,607	1,523,553
2. Change due to premiums earned (retained)	-27,561	-15,752	-200	-291
3. Premiums earned (retained)	1,714,834	1,626,448	1,527,407	1,523,262
4. Income from fees and provisions	60,440	63,322	22,088	12,083
5. Net investment income	148,292	132,245	626,283	754,905
6. Other income	38,120	26,508	7,156	5,900
7. Insurance benefits	-1,132,322	-1,105,385	-1,779,823	-1,897,899
8. Operating expenses	-632,131	-612,962	-284,125	-255,867
9. Other expenses	-60,985	-48,336	-39,123	-40,052
10. Amortisation of goodwill	0	-1,846	-8,448	-9,886
11. Operating profit	136,247	79,995	71,415	92,446
12. Financing costs	-10,774	-12,197	-14,585	-14,353
13. Profit on ordinary activities	125,474	67,797	56,830	78,092
14. Income taxes	-25,191	-26,748	-19,311	-24,267
<b>15. Net profit</b>	<b>100,282</b>	<b>41,049</b>	<b>37,518</b>	<b>53,825</b>
of which consolidated profit	93,641	36,928	30,711	45,621
of which minority interests	6,641	4,121	6,807	8,204

## Impairment by segment

	Property and casualty		Life	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000
<b>Goodwill</b>				
Change in impairment for current year	0	-1,839	0	-3,485
of which reallocation affecting income	0	-1,839	0	-3,485
<b>Investments</b>				
Change in impairment for current year	-21,604	-3,873	-97,996	-22,864
of which reallocation/reinstatement of original values affecting income	-21,604	-3,873	-97,996	-22,864

	Health		Consolidation		Group	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000
	889,801	845,420	-2,351	-7,657	4,532,137	4,370,165
	887,825	843,763	1,944	6,239	4,159,771	4,015,755
	-2,008	4,899	-335	-4,181	-30,104	-15,326
	885,817	848,662	1,609	2,057	4,129,666	4,000,429
	414	346	-2,078	-9,008	80,865	66,744
	115,804	102,051	-38	268	890,342	989,470
	1,336	1,214	-4,728	2,945	41,884	36,566
	-804,974	-772,461	1,484	-1,158	-3,715,635	-3,776,903
	-136,602	-131,097	5,052	5,465	-1,047,805	-994,461
	-5,671	-6,953	-1,244	2,111	-107,024	-93,230
	0	0	0	0	-8,448	-11,732
	56,125	41,763	58	2,680	263,845	216,883
	0	0	0	0	-25,359	-26,550
	56,125	41,763	58	2,680	238,487	190,332
	-18,919	-5,975	0	0	-63,422	-56,991
	<b>37,206</b>	<b>35,788</b>	<b>58</b>	<b>2,680</b>	<b>175,065</b>	<b>133,342</b>
	27,490	22,532	58	2,680	151,900	107,760
	9,716	13,256	0	0	23,165	25,581

	Health		Consolidation		Group	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000
	0	0	0	0	0	-5,325
	0	0	0	0	0	-5,325
	-11,081	-2,480	0	0	-130,681	-29,217
	-11,081	-2,480	0	0	-130,681	-29,217

## Classified by region

	Premiums earned (retained)		Net investment income	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000
<b>Austria</b>	<b>2,919,866</b>	<b>2,921,048</b>	<b>763,497</b>	<b>874,933</b>
<b>Other Europe</b>	<b>1,208,191</b>	<b>1,077,462</b>	<b>133,331</b>	<b>120,018</b>
Italy	306,581	268,878	47,240	44,127
Germany	272,000	263,461	36,439	28,419
Switzerland	266,707	265,123	6,173	5,354
Poland	134,495	112,713	11,005	11,414
Hungary	71,077	68,893	18,704	15,201
Czech Republic	64,345	48,961	5,049	10,006
Bulgaria	35,764	0	639	0
Slovakia	29,945	25,798	2,119	1,999
Croatia	9,117	6,886	797	501
Bosnia and Herzegovina	8,519	5,905	550	204
Others	9,640	10,844	4,615	2,791
<b>Total before consolidation</b>	<b>4,128,058</b>	<b>3,998,509</b>	<b>896,828</b>	<b>994,951</b>
Consolidation (based on geographic segments)	1,609	1,919	-6,486	-5,480
<b>In the consolidated financial statements</b>	<b>4,129,666</b>	<b>4,000,429</b>	<b>890,342</b>	<b>989,470</b>

Starting in the 2006 fiscal year, the presentation of the investment income and the profit on ordinary activities by region has been adjusted for the effects from the capital consolidation included in the investment income. The amounts from the

previous year have been adjusted to correspond. Accordingly, the consolidation based on geographic segments comprises the expenses and income consolidation from operative business between Group companies.

	Insurance benefits		Operating expenses		Profit on ordinary activities	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000
	-2,813,002	-2,967,962	-665,495	-666,749	181,531	132,134
	-904,118	-807,783	-483,890	-416,122	64,461	63,160
	-275,827	-243,917	-72,833	-57,388	13,691	15,061
	-221,314	-190,663	-115,844	-118,406	8,960	11,780
	-177,073	-186,558	-102,099	-92,276	3,339	3,947
	-98,310	-82,506	-56,083	-50,888	8,376	6,679
	-34,889	-45,938	-48,479	-37,714	19,375	9,797
	-35,531	-27,378	-37,548	-29,754	9,145	12,681
	-22,482	0	-15,072	0	-602	0
	-17,429	-14,221	-19,322	-17,907	3,873	1,958
	-5,845	-3,290	-7,360	-6,176	-140	530
	-5,657	-2,972	-4,613	-3,078	-1,002	212
	-9,760	-10,339	-4,636	-2,536	-553	515
	-3,717,119	-3,775,745	-1,149,385	-1,082,871	245,992	195,294
	1,484	-1,158	101,580	88,410	-7,505	-4,961
	-3,715,635	-3,776,903	-1,047,805	-994,461	238,487	190,332

# Notes to the Group Financial Statements

## Accounting regulations

As a publicly listed company, UNIQA is obligated to prepare its consolidated financial statements according to internationally accepted accounting principles. These consolidated financial statements and Group management report, therefore, do not follow the accounting principles according to the Insurance Supervisory Act, rather the "International Financial Reporting Standards" (IFRS) and the "International Accounting Standards" (IAS) in the versions applicable to this reporting period. No early application of modified standards was performed.

Since 2005, UNIQA Versicherungen AG has applied IFRS 4, published in 2004, for insurance contracts. This standard demands that the methods of accounting and valuation be largely unaltered with regard to the technical items.

The present Group financial statements were therefore prepared, as in previous years, in compliance with IFRS 4 and in accordance with the regulations of the US Generally Accepted Accounting Principles (US-GAAP). For balancing the accounts and evaluation of the insurance-specific entries of life insurance with profit sharing, FAS 120 was observed; FAS 60 was applied for specific items in health, property and casualty insurance, and FAS 113 for reinsurance. Unit-linked life insurance, for which the policyholder bears the investment risk, was accounted for in accordance with FAS 97.

## Consolidation

### Scope of consolidation

In addition to the annual financial statement of UNIQA Versicherungen AG, the Group financial statements include the financial statements of all subsidiaries at home and abroad. Forty-three affiliated companies did not form part of the consolidated Group. They were of only minor significance, even if taken together, for the presentation of a true and fair view of the Group's assets, financial position and income.

The scope of consolidation therefore contains – in addition to the UNIQA Versicherungen AG – 30 domestic and 52 foreign subsidiaries in which UNIQA Versicherungen AG held the majority voting rights.

The scope of consolidation was extended in the reporting period by the following companies:

	Date of initial inclusion	Net profit for the year in € million <sup>1)</sup>	Acquired shares %	Acquisition costs in € million	Goodwill in € million
Vitoshia AD, Sofia	1 Jan. 2006	-1.1	20	6.3	10.0
Vitoshia Life AD, Sofia	1 Jan. 2006	0.3	99.7	0.0	0.0
Vitoshia Auto OOD, Sofia	1 Jan. 2006	0.0	100	0.0	0.0
Aspernbrückengasse Errichtungs- und Betriebs GmbH, Vienna	1 April 2006	-0.1	100	6.1	0.1
Floreasca Tower SRL, Bucharest	1 Jan. 2006	1.1	100	8.8	0.1
Pretium Ingtatlan Kft., Budapest	1 Oct. 2006	0.0	100	20.0	0.0
UNIQA poslovni centar korzo d.o.o., Rijeka	1 Oct. 2006	-0.2	100	5.0	0.0
RK Invest Kft., Budapest	1 April 2006	0.0	100	5.2	0.0
Knesebeckstrasse 8-9 Grundstücksgesellschaft mbH, Berlin	1 April 2006	-0.3	100	0.4	1.0
Credo-Classic, Kiev	1 July 2006	0.0	35	14.1	8.8
UNIQA LIFE, Kiev (new)	1 July 2006	0.0	100	0.8	0.1
Zepter osiguranje A.D., Belgrade	1 Oct. 2006	-0.9	80	14.1	17.0

<sup>1)</sup> Net profit for the year included in the consolidated statements.

With effect from 25 January 2006, 20% of the shares were acquired in the Vitosha Group (Bulgaria) as were options to buy the majority of all shares at any time. Due to the assumption of control, these companies have already been fully consolidated.

The effects of the change to the scope of consolidation on the main asset and debt positions can be seen under no. 5 of the notes to the consolidated financial statements.

The associated companies refer to fourteen domestic and two foreign companies consolidated at equity; of these, eight companies were of minor significance and were listed at current market value.

During the course of the restructuring within the Austria Hotel Group, four companies inside the Group were merged together (Hotel Burgenland in Eisenstadt Betriebsgesellschaft m.b.H., Seminarhotel Baden Betriebsgesellschaft m.b.H., Grand Hotel Bohemia s.r.o. and Hotel International Praha a.s.).

In applying IAS 39 and in terms of the present interpretation of this statement of the IASB (SIC 12), fully controlled investment funds were included in the consolidation, insofar as their fund volumes were not of minor importance when viewed singularly and in total.

### Consolidation principles

Capital consolidation follows the acquisition method. The costs of acquiring shares in the subsidiaries are written as the proportional equity of the subsidiary. The conditions at the time of acquiring the shares in the consolidated subsidiary are taken into consideration for the initial consolidation. To the extent other (non-Group) shareholders hold shares in the subsidiary's equity at the reporting date, these are dealt with under minority interests.

If the shareholding was acquired before 1 January 1995, the differences are set off against profits carried forward in line with the applicable transitional provisions.

In compliance with IFRS 3, the goodwill is not subject to any scheduled depreciation. The value of existing goodwill resultant from the acquisition of holdings is appraised in an annual impairment test.

A fall in value is written off where necessary. In doing so, the cash value of all future contributions to earnings generated by the economic units is contrasted with the deferred goodwill (including a share of the equity) from a discounted perspective by applying a risk-adequate interest rate.

The group of related companies within a country are treated as an economic unit rather than the individual company. An impairment, therefore, only applies if depreciation is deemed necessary at this level.

Negative differences from mergers consummated after 31 March 2004, must be credited with an effect on income immediately after reappraisal.

Shares in associated companies are, as a general rule, valued according to the equity method using the equity held by the Group. Differences are determined according to the principles of capital consolidation and the amounts are recorded under shares in associated companies. The updating of the development of the associated companies is based on the most recent financial statements available.

In establishing the value of shares in associated companies, an IFRS report is generally required. Where no IFRS reports are presented, the adjustment of the entries for these companies to the uniform Group valuation benchmarks must be dispensed with due to a lack of available documentation; however, this does not have any significant impact on the present Group consolidated financial statements.

For debt consolidation, the receivables from Group companies are set off against the payables to Group companies. As a rule, any differences have an effect on income. Group-internal results from deliveries and services are eliminated if they are of minor significance for giving a true and fair view of the Group's assets, financial position and income. Proceeds and other income from deliveries and services within the Group are set off against the corresponding expenditure.

### Presentation of balance sheet and income statement

The International Financial Reporting Standards (IFRS) allow a shortened version of the balance sheet and income statement. Summarising many individual items into units enhances the informative quality of the financial statements. Explanatory notes to these items are contained in the Group notes. Because of formatting to thousand €, there may be rounding differences.

### Segment reports

The primary segment reports depict the main business segments of property and casualty insurance, life insurance and health insurance. The consolidation principles are applied here to transactions within a segment. In addition, the main items of the income statement are also broken down by regional perspectives.

### Foreign currency translation

The reporting currency of UNIQA Versicherungen AG is the euro. All annual financial statements of foreign subsidiaries which are not reported in euros are converted at the rate on the balance sheet closing date according to the following guidelines:

- Assets, liabilities and transition of the annual profit/deficit at the middle rate on the balance sheet closing date
- Income statement at the annual average exchange rate
- Equity capital (except for annual net profit/deficit) at the historic exchange rate

Resulting exchange rate differences are set off against the shareholders' equity without affecting income.

The most important exchange rates are summarised in the following table:

€ rates on balance sheet closing date	2006	2005
Swiss franc CHF	1.6069	1.5551
Slovakian koruna SKK	34.4350	37.8800
Czech koruna CZK	27.4850	29.0000
Hungarian forint HUF	251.7700	252.8700
Croatian kuna HRK	7.3504	7.3715
Polish zloty PLN	3.8310	3.8600
Bosnia and Herzegovina convertible mark BAM	1.9581	1.9558
Romanian leu (new) RON	3.3840	3.6800
Bulgarian lev (new) BGN	1.9558	1.9563
Ukrainian hrywnja UAH	6.6631	
Serbian dinar RSD	79.8438	

### Estimates

For creation of the Group consolidated financial statements according to IFRS, it is necessary to make assumptions for the future within various items. These estimates can have a considerable influence on the valuation of assets and debts on the balance sheet closing date, as well as the amount of expenses and income in the financial year. The items below carry a not insignificant level of risk that considerable adjustments to asset or debt values may be necessary in the following year:

- Deferred acquisition costs
- Goodwill
- Shares in associated companies/investments – insofar as the valuation does not take place based on stock exchange prices or other market prices
- Technical provisions
- Pension and similar provisions

## Methods of accounting and valuation

The annual financial statements of the companies in Austria and abroad included in the consolidated financial statements were predominantly prepared up to the reporting date of UNIQA Versicherungen AG, i.e. 31 December. For recording in the consolidated financial statements, the annual financial statements of UNIQA Versicherungen AG and its included subsidiaries are unified to conform to the accounting and valuation principles of IFRS/IAS and, as far as actuarial provisions, acquisition costs and actuarial expenses and income are concerned, according to the provisions of US-GAAP. Securities transactions are recorded using the settlement date. As a rule, the fair values are derived from an active market.

### Intangible assets

Intangible assets include goodwill, deferred acquisition costs, the current value of life, property and casualty insurance contracts and other items.

Goodwill is the difference between the purchase price for the stake in the subsidiary and the Group's share in the equity after the disclosure of hidden reserves at the time of acquisition.

Deferred acquisition costs for insurance activities that are directly related to new business and/or to extensions of existing policies, and that vary in line with that business, are capitalised and written off over the term of the insurance contracts they refer to. If they are attributable to property and casualty insurance, they are written off over the probable policy term, with a maximum of five years. For life insurance, the acquisition costs are amortised over the duration of the policy in the same proportion as the expected profit margin of each individual year is realised, in comparison to the total margin to be expected from the policies. For long-term health insurance policies, the depreciation of acquisition costs is measured in line with the proportionate share of earned premiums in the present value of expected future premium income. The changes in deferred acquisition costs are shown as operating expenses.

With regard to life insurance business acquired, the updating of the current value follows the progression of the estimated gross margins.

The other intangible assets include both purchased and self-developed software which is depreciated on a straight-line basis over its useful economic life of 2 to 5 years.

### Land and buildings, including buildings on third-party land

Land and buildings that are held as long-term investments are recognised according to IAS 40 at acquisition or construction costs, reduced by the amounts of scheduled amortisations and depreciation. Owner-used land and buildings are shown at book values (IAS 16 – benchmarking method). The scheduled depreciation term generally corresponds to the useful life, up to a maximum of 80 years. Real estate is depreciated on a straight-line basis over time. The list of market values can be found in the Group notes under no. 1 and 3.

### Shares in affiliated and associated companies

To the extent that the annual financial statements of affiliated and associated companies are not consolidated for being of minor significance and/or included at equity, these companies are valued as available for sale in accordance with IAS 39.

### Investments

With the exception of the mortgage loans and other loans, the investments are listed at the current fair value, which is established by determining a market value or stock market price. In the case of investments for which no market value can be determined, the fair value is determined through internal valuation models or on the basis of estimates of what amounts could be achieved under current market conditions in event of proper liquidation.

### Mortgage loans and other loans

These are recognised at amortised costs in the balance sheet. This means that the difference between acquisition costs and the redemption amount changes the book value with an effect on income in proportion to time and/or equity. The items included under other loans are recognised at their nominal amount less any redemptions made in the interim.

### Securities available for sale

These are recognised in the financial statements at their fair value on the reporting date. Differences between the fair value and historical acquisition costs are dealt with under equity with a neutral effect on income, after deduction of the provisions for latent profit sharing and deferred taxes. Depreciation that affects income (impairment) is undertaken only where we anticipate a lasting fall in value. During the previous year, the method of calculating impairment was changed from one of individual assessment to a standardised procedure. This uses the fluctuations in fair value over the last nine months as well as the absolute difference between acquisition costs and the fair value on the reporting date as the basis for assessing a necessary impairment. In addition, foreign exchange differentials resulting from fixed-income securities are recognised with an effect on income. Foreign exchange differentials resulting from variable yield securities are recognised as equity with no effect on income, to the extent that these are not securities which are written off as the result of impairment.

### Investments at fair value through profit or loss: derivatives

Derivatives are used within the limits permitted by the Austrian Insurance Supervisory Act for hedging investments and for increasing earnings. All fluctuations in value are recognised in the income statement.

### Investments at fair value through profit or loss: structured products

Structured products are not split between the underlying transaction and derivative, but are accounted for as a unit. All the structured products can, therefore, be found in the "Financial instruments at fair value through profit or loss" item of the balance sheet. Unrealised profits and losses are dealt with in the income statement. ABS structures and hedge funds with leveraged risk are also dealt with under the term "Structured products".

**Deposits with credit institutions** and **other investments** are recognised at their fair value.

### Investments held for unit-linked and index-linked life insurance policyholders

These investments concern life insurance policies whose value or profit is determined by investments for which the policyholder carries the risk, i.e. the unit-linked or index-linked life insurance policies. The investments in question are collected in asset pools, balanced at their current market value and managed separately from the remaining investments of the companies. The policyholders are entitled to all income from these investments. The

amount of the balanced investments strictly corresponds to the actuarial provisions (before reinsurance business ceded) for life insurance, to the extent that the investment risk is borne by the policyholders. The unrealised profits and losses from fluctuations in the current market values of the investment pools are thus counterbalanced by the corresponding changes in these provisions.

### Shares of reinsurers in the technical provisions

From 2005, these are recognised on the assets page, taking the reinsurance contracts into consideration.

### Receivables

These are recognised at their nominal value, taking into account redemptions made and reasonable value adjustments.

### Liquid funds

Liquid funds are valued at their nominal amounts.

### Other tangible assets

The tangible assets and inventories included on the balance sheet under other assets are recognised at acquisition and production costs, net of depreciation. Tangible assets are depreciated on a straight-line basis over their useful lifetime (up to a maximum of 10 years).

### Technical provisions

#### Unearned premiums

Unearned premiums are, in principle, calculated for each individual policy and exactly to the day. If they are attributable to life insurance, they are included in the actuarial provision.

#### Actuarial provision

Actuarial provisions are established in the property, life and health insurance lines. Their recognition value on the balance sheet is determined according to actuarial principles on the basis of the present value of future benefits to be paid by the insurer, less the present value of future net premiums the insurer expects to receive. The actuarial provision of the life insurer is calculated by taking into account prudent and contractually agreed bases of calculation.

For policies of a mainly investment character (e.g. unit-linked life insurance), the regulations in the Statement of Financial Accounting Standards no. 97 (FAS 97) are used to value the actuarial provision. The actuarial provision is arrived at by combining the invested amounts, the change in value of the underlying investments and the withdrawals under the policy.

For unit-linked insurance policies, where the policyholder carries the sole risk of the value of the investment rising or falling, the actuarial provision is listed as a separate liability entry under “Technical provisions for life insurance policies held on account and at risk of policyholders”.

The actuarial provisions for health insurance are determined on a calculation basis of “best estimate”, taking into account safety margins. Once the calculation basis has been determined, these have to be applied to the corresponding partial portfolio for the whole term (locked-in principle).

#### Provision for outstanding claims

The provision for outstanding claims in the property insurance line consists of the future payment obligations determined by realistic estimation, using recognised statistical methods taking into account current or expected volumes, including the related expense of loss adjustment. This applies to claims already reported as well as for claims incurred, but not yet reported. In insurance lines where past experience does not allow the application of statistical procedures, individual loss provisions are made.

Life insurance is calculated on an individual loss basis with the exception of the provision for unreported claims.

For health insurance, the provisions for outstanding claims are estimated on the basis of past experience, taking into consideration the known arrears in claim payments.

The provision for the assumed reinsurance business generally complies with the figures of the cedents.

#### Provision for premium refunds and profit sharing

The provision for premium refunds includes, on the one hand, the amounts for profit-related and profit-unrelated profit sharing to which the policyholders are entitled on the basis of statutory or contractual regulations, and on the other hand, the amount resulting from the valuation of assets and obligations of life insurers deviating from valuation under commercial law. The amount of the provision for latent profit sharing amounts to generally 85% of the valuation differentials before tax.

#### Other technical provisions

This item basically contains the provision for contingent losses for acquired reinsurance portfolios as well as a provision for expected cancellations and premium losses.

#### Technical provisions for life insurance policies held on account and at risk of policyholders

This item concerns the actuarial provisions and the remaining technical provisions for obligations from life insurance policies whose value or income is determined by investments for which the policyholder bears the risk, or for which the benefit is index-linked. As a general rule, the valuation corresponds with the investments of the unit-linked and index-linked life insurance written at current market values.

#### Other provisions for pensions and similar obligations

For the performance-orientated old-age provision systems of the UNIQA Group, pension provisions are calculated according to IAS 19, using the projected unit credit method. Future obligations are spread over the whole employment duration of the employees. All actuarial profits and losses due to changed parameters are recognised as having an effect on income. The calculation is based on current mortality, disability and fluctuation probabilities, expected increases in salaries, pension entitlements and pension payments, as well as a realistic technical interest rate. The technical interest rate, which is determined in conformity with the market and on the basis of the reporting date, is in line with the market yield of long-term, high-quality industrial or government bonds.

The amount of **other provisions** is determined by the extent to which the provisions will probably be made use of.

**Payables and other liabilities** and are shown at the amount to be repaid.

#### Deferred taxes

Deferred tax assets and liabilities are to be created according to IAS 12 for temporary differences arising from the comparison of a stated asset or an obligation using the respective taxable value. This results in probable tax burdens affecting future cash-flow. These are to be accounted for independent of the date of their release. Moreover, according to IAS, deferred taxes for accumulated losses brought forward and not yet used are to be capitalised to the extent that they can be used in the future with adequate probability.

### Value adjustments (impairments)

In principle, the carrying amounts of assets on the balance sheet are checked at least once a year with regard to possible impairment. Securities with an expected lasting decrease in value are depreciated with an effect on income. The entire real estate inventory is subject to recurrent valuation through external reports prepared by legally sworn experts. If there is a foreseeable lasting reduction in the value of assets, their carrying amount is reduced.

### Premiums

Of the premiums written in the area of unit- and index-linked life insurance, only those parts calculated to cover the risk and costs are allocated as premiums.

### Classes of insurance

(direct business and partly accepted reinsurance business)

- Life insurance
- Unit-linked and index-linked life insurance
- Health insurance
- Casualty insurance
- General liability insurance
- Motor TPL insurance, vehicle and passenger insurance
- Marine, aviation and transport insurance
- Legal expense insurance
- Fire and business interruption insurance
- Housebreaking, burglary and robbery insurance
- Water damage insurance
- Glass insurance
- Storm insurance
- Household insurance
- Hail insurance
- Livestock insurance
- Machinery and business interruption insurance
- Construction insurance
- Credit insurance
- Other forms of insurance

## Major differences between IFRS/IAS and Austrian accounting regulations

### Goodwill

In the case of sustained impairment, the entire goodwill is written off at its fair value. The valuation is performed at least once a year by applying a valuation model (impairment test). No ordinary amortisation of goodwill is performed.

### Intangible assets

According to IFRS self-developed intangible assets have to be capitalised, whereas they cannot be capitalised under the Austrian Business Code.

### Land and buildings

Land and buildings, including buildings on third-party land, are valued according to IAS 16 and also, if so chosen, according to IAS 40 at book value minus scheduled amortisation. These are based on the actual duration of use; in accordance with Austrian Business Code they are mostly also influenced by tax regulations.

### Shares in affiliated and associated companies

Affiliated and associated companies that are not consolidated fully or at equity due to their minor significance are recognised at market value.

As a general rule, participating interests are valued at equity insofar as the company has the opportunity to exercise a considerable influence. This is assumed, as a matter of principle, for shares between 20% and 50%. The actual exercising of considerable influence has no bearing on these figures.

### Financial assets

According to IAS 39, a different classification system is applicable to financial assets. It classifies other securities into the following categories: held to maturity, available for sale, fair value through profit or loss (FVTPL). The main valuation difference that applies to the other securities available for sale, which account for the majority of financial assets, as well as the other securities recorded with effect on income is that these are stated at fair value on the balance sheet date.

According to the Austrian Business Code, the acquisition costs constitute the maximum valuation limit.

With regard to the other securities available for sale, the difference between book value and fair value is treated within the shareholders' funds without affecting income, whereas in the case of the other securities at fair value through profit or loss, the difference fully affects income. In contrast, when applying the strict lower-of-cost-or-market principle in the Austrian Business Code, depreciation always affects income, even in the case of a temporary reduction in value and appreciations in line with the requirement to reinstate original values. In the case of the mitigated lower-of-cost-or-market principle, the impairment is not obligatory if the depreciation is only temporary. Expected permanent impairments, posted as depreciation, affect income according to both the IFRS and the Austrian Business Code.

#### Reinsurance

From 2005, the shares of reinsurers in actuarial provisions are shown on the assets page of the balance sheet in accordance with IFRS 4.

#### Acquisition costs

Commissions, as well as other variable costs that are directly related to the acquisition or extension of existing policies, are capitalised and distributed over the insurance contract terms and/or the premium payment period. The deferred acquisition costs also replace the administrative expense deductions allowed under the Insurance Supervisory Act for premiums brought forward in property and casualty insurance.

#### Actuarial provision

For the calculation of the actuarial provisions in life and health insurance, regulations deviating from Austrian law apply, which affect valuation variances as well as the allocation between actuarial provisions and provisions for premium refunds. In particular, this refers to the non-application of the zillmerisation of acquisition costs as well as the integration of the revalued unearned premiums and real final bonus in the life insurance line.

Health insurance is mainly affected by the deviating interest rate as well as the application of the most recent parameters, including safety margins.

#### Provision for premium refunds and profit sharing

Due to the difference in valuation of the assets and liabilities in the area of life insurance, a provision has to be made for deferred profit sharing which complies with the national legal or contractually regulated profit sharing and is assessed in favour of the policyholder. The change of the provision for deferred premium refunds compensates, to a large extent, for the effects of revaluation on the income statement and thus in the results for the year.

#### Provisions for outstanding claims

In accordance with US-GAAP, provisions for outstanding claims in the property insurance line are basically no longer established using the principle of caution and on a single-loss basis, but rather using mathematical procedures based on probable future compliance amounts.

#### Provisions for claims equalisation and catastrophes

The establishment of a provision for claims equalisation and catastrophes is not permitted under IFRS or US-GAAP regulations, as it does not represent any current obligations to third parties on the balance sheet date. Accordingly, transfers or releases do not influence the results for the year.

#### Pension commitments

The accounting principles used to calculate the pension provision under IFRS are different from those of the Austrian Business Code. These are listed in detail in IAS 19. Overall, the individual differences result in greater detail than under the Austrian Business Code. This is most notably the result of the use of the projected unit credit method and of the anticipation of future demographic and economic developments.

#### Deferred taxes

Deferred tax assets and liabilities are to be created according to IAS 12 for temporary differences arising from the comparison of a stated asset or an obligation using the respective taxable value. This results in anticipated future tax burdens or relief on taxes on income (temporary differences), which are to be reported regardless of the date of their liquidation. According to Austrian commercial law, deferred taxation is only permissible as a result of a temporary difference between the commercial balance sheet profit and the income calculated according to the tax regulations.

Moreover, according to IAS, deferred taxes for accumulated losses brought forward and not yet used are to be capitalised to the extent that they can be used in the future with adequate probability.

## Management and Supervisory Board members

### Management Board

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#### Chairman

**Konstantin Klien**, Vienna

#### Members

**Hannes Bogner**, Vienna

**Andreas Brandstetter**, Vienna

**Karl Unger**, Teesdorf

**Gottfried Wanitschek**, St. Margarethen

All members of the Management Board are appointed until 30 September 2010.

### Supervisory Board

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#### Chairman

**Christian Konrad**, Vienna, appointed from 29 June 1990 until the 8th AGM in 2007

- Chairman of the Supervisory Board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna
- Member of the Supervisory Board of DO & CO Restaurants & Catering Aktiengesellschaft, Vienna
- Member of the Supervisory Board of BAYWA AG, Munich
- Vice Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim

#### First Vice Chairman

**Klaus Braunegg**, Vienna, appointed from 18 December 1996 until 15 May 2006

- First Vice Chairman of the Supervisory Board of Sparkassen Immobilien Aktiengesellschaft, Vienna

**Herbert Schimetschek**, Vienna, appointed from 15 May 2006 until the 8th AGM in 2007

- Member of the Board of Directors of SCOR, Paris

#### Second Vice Chairman

**Walter Rothensteiner**, Vienna, appointed from 3 July 1995 until the 8th AGM in 2007

- Chairman of the Supervisory Board of Raiffeisen International Bank-Holding AG, Vienna

#### Third Vice Chairman

**Heinz Kessler**, Vienna, appointed from 17 September 1999 until the 8th AGM in 2007

- Chairman of the Supervisory Board of Erste Bank der oesterreichischen Sparkassen AG, Vienna
- Vice Chairman of the Supervisory Board of Rath Aktiengesellschaft, Vienna

#### Fourth Vice Chairman

**Georg Doppelhofer**, Graz, appointed from 25 June 2001 until 15 May 2006

**Karl Waltle**, Bregenz, appointed from 25 June 1996 until 18 December 1996 and since 17 September 1999 until the 8th AGM in 2007

#### Fifth Vice Chairman

**Ewald Wetscherek**, Vienna, appointed from 17 September 1999 until the 8th AGM in 2007

#### Members

**Dietrich Blahut**, Vienna, appointed from 17 September 1999 until 15 May 2006

**Konrad Fuchs**, Maria Enzersdorf, appointed from 17 September 1999 until the 8th AGM in 2007

**Christian Kuhn**, Vienna, appointed from 15 May 2006 until the 8th AGM in 2007

**Markus Mair**, Graz, appointed from 15 May 2006 until the 8th AGM in 2007

**Peter Püspök**, Perchtoldsdorf, appointed from 17 September 1999 until the 8th AGM in 2007

- Member of the Supervisory Board of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft, Vienna

**Günther Reibersdorfer**, Salzburg, appointed from 23 May 2005 until the 8th AGM in 2007

**Georg Winckler**, Vienna, appointed from 17 September 1999 until the 8th AGM in 2007

- First Vice Chairman of the Supervisory Board of Erste Bank der oesterreichischen Sparkassen AG, Vienna

#### Assigned by the Central Employee Council

**Doris Böhm**, Strasshof

**Hans Hahnen**, Absam

**Franz Michael Koller**, Graz

**Friedrich Lehner**, Gunskirchen

**Walter Vock**, Gumpoldskirchen

**Walter Zwiauer**, Vienna

All selected members of the Supervisory Board have declared their independence under rule 53 of the Austrian Corporate Governance Code. The Supervisory Board appointments in domestic and foreign listed companies are given.

## Committees of the Supervisory Board

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### Committee for Board Affairs

Christian Konrad (Chairman)

Klaus Braunegg (until 15 May 2006)

Herbert Schimetschek (from 15 May 2006)

Walter Rothensteiner

Heinz Kessler

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### Working Committee

Christian Konrad (Chairman)

Klaus Braunegg (until 15 May 2006)

Herbert Schimetschek (from 15 May 2006)

Walter Rothensteiner

Heinz Kessler

Georg Doppelhofer (until 15 May 2006)

Karl Wattle (from 15 May 2006)

Ewald Wetscherek

Assigned by the Central Employee Council

Doris Böhm

Franz Michael Koller

Walter Zwiauer

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### Audit Committee

Christian Konrad (Chairman)

Klaus Braunegg (until 15 May 2006)

Herbert Schimetschek (from 15 May 2006)

Walter Rothensteiner

Heinz Kessler

Georg Doppelhofer (until 15 May 2006)

Karl Wattle (from 15 May 2006)

Ewald Wetscherek

Assigned by the Central Employee Council

Doris Böhm

Franz Michael Koller

Walter Zwiauer

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### Investment Committee

Peter Püspök (Chairman)

Konrad Fuchs (Vice Chairman)

Karl Wattle

Georg Winckler

Assigned by the Central Employee Council

Doris Böhm

Walter Zwiauer

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## Risk report

The nature of an insurance company is to take on risks in return for premium payments. However, these risks arising from the insurance business are only part of the risks which can arise within an insurance company. In addition, to general technical risks, there are also financial, operational and management risks. The term external risks refers to those risks that cannot be influenced by the insurance business.

In order to identify, measure, aggregate and control all risks, a UNIQA risk management system was created which is in use in all operating companies in Austria. This system is also used in Germany, Slovakia, the Czech Republic, Italy and Hungary. The remaining countries of the UNIQA Group will introduce this system during the course of 2007.

The risk management process is centrally controlled and operated by the respective actuary departments. These are responsible for the documentation of all risks that could significantly jeopardise the continued existence of the company or the insurance business. They also report quarterly to the Management Board regarding the risk situation of the company. Ad-hoc information is also provided where necessary. Asset liability management is performed annually in the life insurance segment, and the analyses of stress tests are included in the report on a quarterly basis.

Promoters, who can be described as responsible for an area, are tasked with documenting all risks that concern their segment. The actual assessment of the risks is performed by assessors. The assessment is followed by a check by both the promoter and risk management.

Amongst other aspects, the level of risk and probability of occurrence are documented for each risk. Multiplying these two values together gives the risk potential. Each scenario that corresponds to the highest risk potential is used when assessing the risk.

The risk potential is also a figure that allows for comparing risks. This guarantees that risks with a high probability of occurrence and risks with a high level of risk are considered to be major risks.

## Management of actuarial and financial risks

### 1. Actuarial risks

The risk of an insurance contract is the occurrence of the insured event. By definition the occurrence of this risk takes place by chance and is, therefore, unpredictable. Using the law of large numbers, the risk can be calculated for a sufficiently large insurance portfolio. The larger the portfolio consisting of similar insurance policies, the more accurately the result (loss) can be estimated. For this reason, insurance companies strive for growth.

Premiums earned (gross)	€ 000
2006	4,500,985
2005	4,354,341
2004	3,613,794
2003	3,016,185
2002	2,636,938
2001	2,636,777

The principle of insurance is built on the law of large numbers: only a few of those at risk will actually suffer a loss. For the individual, the occurrence of loss is uncertain; for the collective, however, it is largely determined. The loss-bearing and loss-free risks theoretically cancel each other out. The actuarial risk now exists in the danger that the actual claims for a certain period deviate from those expected. This risk can be divided into the chance risk, the change risk and the error risk.

The chance risk means that higher than expected losses can occur by pure chance. Amongst other things, the change risk means that unforeseen changes to the risk factors have an impact on the actual loss payments. The error risk comes about from deviations arising through incorrect assessment of the risk factors.

#### 1.1. Property insurance

The total customer perspective already introduced should be further strengthened within the UNIQA Group in the future. When implementing sales campaigns, actuarial calculations that include the associated risks are utilised.

For reasons of turnover, the discounting capacity of Sales is generally entirely exhausted. A risk could also arise through further relocation of discounting competence to Sales. Constant analyses of the use of discounts and the exhausting of the discount capacity are performed to counteract this risk. The total discounting capacity is determined centrally by using various key figures and is then divided amongst the individual regional

offices. Because revenue components are also built into the various compensation systems, any use of discounts that reduces revenue would have a direct impact on income. There are also discount limits that are based on the risk and customer criteria.

Reinsurance policies reduce the retained earnings of the initial insurer and lead to a smoothing of results. On the one hand, they can lead to a reduction of the claim ratio in retained earnings in the event of extraordinary events; on the other, a good level of claims can worsen the claim ratio in retained earnings. The aim of an optimal reinsurance strategy is to find a structure that takes both of these points into consideration.

Claims ratio (gross)	%
2006	64.3
2005	66.7
2004	64.1
2003	68.9
2002	77.3
2001	73.7

With regard to unexpected claims, risk management makes assessments on elemental, major and cumulative losses in the areas of storms, floods and earthquakes that are based on accepted scenarios. Reinsurance policies considerably reduce the levels of possible losses. Due to the possibility of the failure of reinsurers, the reinsurance structure of the UNIQA Group is described below.

For the exact determination of the reserve risk and premium risk, an internal model is implemented that indicates the risk based on the fundamental portfolio structure, the current reinsurance programme and future developments. Detailed information regarding the future development of mass, major and catastrophic damages, calculated on the basis of historic data, are used as the basis for this. This makes it possible to identify developments at an early point and take direct measures (structuring of premiums and scopes of coverage, adaptation of reinsurance structures) to minimise the risk and control financial results.

#### Excursus: reinsurance

The total obligatory reinsurance requirement of operating UNIQA companies is covered with reinsurance policies at UNIQA Versicherungen AG or UNIQA Re. UNIQA Versicherungen AG in Vienna is the sole reinsurer of Austrian UNIQA companies, while UNIQA Re in Zurich acts as sole risk bearer for international UNIQA companies.

Between 50% and 60% of the entire portfolio are covered by these reinsurance policies. Ratio figures, which, depending upon the volatility of the respective insurance branch, reach between 25% and 90%, are supplemented with excess loss policies. Two cumulative excess loss policies also exist which should cover major losses across the insurance branch ("umbrella") incurred through natural disasters (earthquakes, flooding, high water, storm, etc.)

In 2004, we also created our own reinsurance line on a non-proportional basis for the large industrial business of all Group companies. This includes major risks in various branches of industrial insurance according to precise earnings limits and includes general liability insurance.

UNIQA Insurer AG and UNIQA Re pool the business acquired by the Group companies according to insurance branches and pass gross excess loss policies, which are supplemented by net ratios, on to international reinsurers as a "bouquet". The reinsurance structure, the conditions, the shares and all reinsurance partners in this bouquet are identical for both companies. The reinsurance policy is fully placed.

The effect of the reinsurance programme on the claims ratio in retained earnings can be seen in the following table:

Claims ratio (retained earnings)	%
2006	66.0
2005	68.0
2004	65.6
2003	69.8
2002	76.0
2001	73.0

The table below shows the reinsurance requirements for outstanding claims and incurred but not reported claims arranged according to ratings. This concerns the reinsurance business ceded by domestic subsidiaries and UNIQA Re from the property insurance lines to companies outside the Group. The cessions of international subsidiaries and the IWD portion of co-insurance are not included.

Rating	31 Dec. 2006 € 000
AAA	4,813
AA	110,857
A	98,323
BBB*	13,609
Not rated	3,705

\* "Long Tail" reserves are secured with security deposits.

The creditworthiness of reinsurers is also very important, not least because of the long duration of claim settlement in the area of general liability insurance and motor vehicle liability insurance.

The problem of duration in reinsurance (initial insurance policies are often multi-year, while reinsurance policies are taken out for only one year) is primarily held in check by the reinsurance team, which controls this risk. Systematic analyses, supported by actuarial methods, are used to assess the appropriateness of the actuarial provisions.

In addition to the elemental lines, the commercial property business also includes liability and technical insurance. The UNIQA Group divides this into three areas:

- Standardised bundled policies for small commercial businesses.
- Customised policies for medium-sized companies; however, the scope of coverage and exposure of these policies are such that they can be accepted decentrally in the Austrian regions and international subsidiaries.
- Large policies, or policies with a complicated scope of coverage, are decided on and arranged centrally both in Austria and for the international subsidiaries. These policies are selected according to quantitative criteria (e.g. €2 million insured sum in property insurance) as well as by content-based, qualitative criteria, such as asset damage coverage in the liability insurance.

Since 2004, the top risks (e.g. over €10.9 million probable maximum loss in property insurance) have been covered by our own, non-proportional reinsurance policy outside of the obligatory reinsurance. A team of experts at the International Desk in Vienna decides on the contribution to this policy for the entire Group.

In the property segment, major risks are evaluated for risk prior to acceptance and subsequently at regular intervals, and documented in survey reports. In the liability insurance line, the portfolio for high-level risks is subject to permanent monitoring (e.g. planning risks and liability insurance in the medical segment).

The industry holdings of the international companies are regularly analysed for their exposure and composition (risk mix), and survey reports on the exposed risks are prepared.

### 1.2. Life insurance

The risk of an individual insurance contract lies in the occurrence of the insured event. The occurrence is considered random and, therefore, unpredictable. The insurance company takes on this risk for a corresponding premium. When calculating the premium, the actuary refers to the following carefully selected bases of calculation:

- Interest: The actuarial interest is set so low that it can be produced with certainty in each year.
- Mortality: The probabilities of dying are deliberately and carefully calculated for each type of insurance.
- Costs: These are calculated in such a way that the costs incurred by the policy can be permanently covered by the premium.

Careful selection of the bases of calculation gives rise to scheduled profits, an appropriate amount of which is credited to the policyholders as part of profit sharing in accordance with the profit plan.

The calculation of the premium is also based on the acceptance of a large, homogenous inventory of independent risks, so that the randomness inherent in an individual insurance policy is balanced out by the law of large numbers.

The following risks exist for a life insurance company:

- The bases of calculation prove to be insufficient despite careful selection.
- Random fluctuations prove disadvantageous for the insurer.
- The policyholder exercises certain implicit options to his advantage.

The risks of the insurer can be divided into actuarial and financial risks.

### Capital and risk insurance

UNIQA's portfolio consists primarily of long-term insurance policies. Short-term assurances payable at death play a minor role.

In the following table, the number of insurance policies is divided by rate groups and insured sums, and takes into consideration the companies of UNIQA Personenversicherung AG, Raiffeisen Versicherung AG, Salzburger Landes-Versicherung and CALL DIRECT Versicherung AG.

Number of insurance policies as at 31 Dec. 2006				
Category <sup>*</sup>	Capital insurance	Deferred retirement annuity	Liquid retirement annuity	Risk insurance
€0 to €20,000	1,272,818	86,818	14,260	174,619
€20,000 to €40,000	282,672	40,181	229	37,284
€40,000 to €100,000	111,480	22,549	50	123,879
€100,000 to €200,000	12,486	3,740	1	61,922
> €200,000	2,836	1,169	0	8,545

\* Capital and risk insurance policies are based on the insured sum, for deferred pension annuities the redemption capital is included at maturity, for liquid pension annuities the category refers to the annuity.

### Mortality

Insurance policies with an assurance character implicitly include a safety surcharge on the risk premium, in that the premium calculation is based on an accounting table (the Austrian Mortality Table for 1990/92 or for 2000/02).

Using risk selection (health examinations) means that the mortality probabilities of the portfolio are consistently smaller than those of the overall population; in addition, the advancement of mortality means that the real mortality probabilities are consistently smaller than the values shown in the accounting table.

### Homogeneity and independence of insurance risks

An insurance company takes great pains to compose a portfolio of the most homogenous, independent risks possible, in accordance with the classic, deterministic approach to calculating premiums. Because this is virtually impossible in practice, a considerable risk arises for the insurer due to random fluctuations, in particular, from the outbreak of epidemic illnesses (AIDS, SARS, bird flu, etc.), as not only could the calculated mortality probabilities prove to be too low, but the independence of the risks can also no longer be assumed.

Cumulative risks contained in the portfolio can be reduced by using reinsurance contracts. As the first reinsurer, UNIQA Versicherungen AG operates with a retained risk of €200,000 per insured life; the excesses are mostly reinsured with Swiss Re, Münchener Rück and Gen Re. A catastrophic excess (CAT-XL) contract is also held with Swiss Re, although it excludes losses resulting from epidemics.

### Antiselection

The portfolios of Raiffeisen Versicherung AG and UNIQA Personenversicherung AG contain large inventories of risk insurance policies with a premium adjustment clause. This allows the insurer to raise premiums in the event of a (less probable) worsening of the mortality profile. However, this presents the danger of possible antiselection behaviour: policies for good risks tend to be terminated while worse ones remain in the portfolio.

## Retirement annuities

### Mortality

The reduction of mortality probabilities represents a large uncertainty for retirement annuities. The advancement of mortality as a result of medical progress and changed lifestyles is virtually impossible to extrapolate.

Attempts to predict this effect were made when producing the generation tables; however, such tables exist only for the Austrian population. This data cannot be applied to other countries. Moreover, the past shows that the effect of these changes was seriously underestimated, so that subsequent reservations had to be made for retirement annuity contracts. For retirement annuity contracts in the qualifying period, a lump sum provision was formed; for liquid pensions, a subsequent reservation was made corresponding to the altered conditions of the long lifetime risk.

### Antiselection

The right to choose annuity pensions for deferred retirement annuities also results in antiselection. Only those policyholders that feel very healthy opt for annuity payment, while all others choose partial or full capital payment; in this way, the retirement portfolio tends to consist mostly of healthier people, i.e. worse risks, overall, than the population average.

This phenomenon is countered by corresponding modifications to the retirement mortality tables. A further possibility exists in the requirement that the intention to exercise the right to choose annuity payments must be announced no later than one year in advance of the expiration.

### Financial risks

The actuarial interest that may be used in the calculation for writing new business is based on the maximum interest rate ordinance, and currently amounts to 1.75% per annum ("Lebensaktie", "Zukunftsplan") or 2.25% per annum (other life insurance policies). However, the portfolio also contains older contracts with actuarial interest of up to 4.0% per annum, while the average rate for the portfolio is 2.92 %.

As these interest rates are guaranteed by the insurance company, the financial risk lies in not being able to generate these returns. As classic life insurance predominantly invests in interest bearing titles (loans, credits, etc.), the unpredictability of long-term interest rate trends is the most significant financial risk for a life insurance company. The interest risk weighs especially heavily on retirement annuities, as these concern extremely long-term policies.

The interest risk functions in the following ways:

### Investment and reinvestment risk

Premiums that are paid in the future must be invested at an interest rate guaranteed at the time the policy is taken out; however, it is entirely possible that no corresponding securities are available at the time the premium is paid. In the same way, future income must be reinvested at the actuarial interest rate.

### Ratio of assets to liabilities

For practical reasons, the goal of duration matching cannot be fully achieved on the assets and liability side. The duration of assets is between five and six years, while that of liabilities is considerably larger. This creates a duration gap that reduces the ratio of assets to liabilities in the event of falling interest rates.

### Value of implicit options

Life insurance policies contain implicit options that can be exercised by the policyholder. While the possibilities of partial or full buy-back, or the partial or full release of premiums, in fact, represent financing options; these options are not necessarily exercised as a consequence of correct, financially rational decisions. However, in the case of a mass buy-back (e.g. due to an economic crisis), this represents a considerable risk to the insurance company.

The question of whether a capital or annuity option should be exercised is, in addition to subjective motives of the policyholder, also characterised by financially rational considerations; depending on the final interest level, a policyholder will opt for the capital or the annuity, so that these options represent a considerable (cash) value for the policyholder, and therefore, a corresponding risk for the insurer.

The guarantee of an annuitising factor represents another financial risk. Here, the insurance company guarantees to annuitise a sum unknown in advance (namely the value of the fund shares at maturity) in accordance with an interest rate and a mortality table set at the time the policy is taken out (the latter risk is not only financial).

Besides these technical and financial risks, the cost risk must also be mentioned. For the term of the policy, the insurer guarantees only to withdraw the calculated costs. The business risk here is that the cost premiums are insufficient (e.g. due cost increases resulting from inflation).

### 1.3. Health insurance

Health insurance is a type of insurance that takes biometric risks into account within its calculations and which must be operated according to the "type of life insurance" in Austria. Terminations by the insurer are not possible except in the case of obligation violations by the insured. Premiums must therefore be calculated in such a way that they are sufficient to cover the insurance benefits that generally increase with age, assuming probabilities that remain constant. The probabilities and cost structures can change frequently over time. For this reason, it is possible to adjust the premiums for health insurance as necessary to the changed bases of calculation.

When taking on the risks, the existing risk of the persons is also evaluated. If it is established that an illness already exists for which the cost risk is expected to be higher than for the calculated portfolio, then either this illness is excluded from the policy, an adequate risk surcharge is demanded or the risk is not underwritten.

In health insurance, assurance coverage ("ageing provision") is built up through calculation according to the "type of life insurance" and reduced again in later years because this is used to finance an ever larger part of the benefits that increase with age.

The actuarial interest rate for this actuarial provision is a prudent 3%, so that the investment risk of health insurance in Austria is relatively low. If it were expected that 3% could no longer be obtained in future, this fact would have to be taken into account for future benefits and included in the premium adjustment.

The operational risks are extensively determined by the IT architecture and by errors that can arise from the business processes (policy formulation, risk assessment and benefit calculation). These risks should be kept to a minimum by using risk management.

The legal risks arise primarily from the effects that changes to legislation have on the existing private health insurance business model. This includes, in particular, changes to the legal framework that make it harder or impossible to adapt to changed circumstances or sharply reduce the income opportunities. Developments in this area will be observed by the insurance association, and, where necessary, an attempt will be made to react to negative developments from the perspective of the private health insurer.

## 2. Financial risks

For numerous insurance products, a calculatory interest rate is taken into consideration for the investment period between expected deposit and expected payout. The risk, therefore, lies in a deviation between the expected or calculated interest and the return on capital actually achieved on the capital market. The main components of these capital market risks are:

- Interest rate change risk: possible losses caused by a change in the level and term-based structure of interest rates.
- The share risk: possible losses due to price performance on the stock markets caused by macroeconomic and company-related changes.
- The credit risk: possible losses caused by the inability to pay or the worsening creditworthiness of debtors or contractual partners.
- The currency risk: possible losses caused by changes in exchange rates.
- The liquidity risk: the danger of not having sufficient liquid funds on the date of scheduled payout.

The financial risks have different weightings and various degrees of seriousness, depending on the investment structure. However, the effects of the financial risks on the value of the investments also influence the level of technical liabilities to some extent.

There is, therefore, a partial dependence between the growth of assets and debts from insurance policies. UNIQA monitors the income expectations and risks of assets and liabilities arising from insurance policies as part of an Asset-Liability Management (ALM) process. The aim is to achieve a return on capital that is sustainably higher than the updating of the technical liabilities while retaining the greatest possible security. Here, assets and debts are allocated to different accounting groups. The following table shows the most important accounting groups that arise from the different product categories.

Investments	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Long-term life insurance policies with guaranteed interest and profit sharing	13,943,506	12,988,283
Long-term unit-linked and index-linked life insurance policies	1,952,897	1,492,241
Long-term health insurance policies	2,083,161	2,042,431
Short-term property and casualty insurance policies	3,438,782	3,036,411
<b>Total</b>	<b>21,418,346</b>	<b>19,559,365</b>

Technical provisions and liabilities (retained)	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Long-term life insurance policies with guaranteed interest and profit sharing	13,713,127	12,958,338
Long-term unit-linked and index-linked life insurance policies	1,911,516	1,457,692
Long-term health insurance policies	2,224,055	2,085,526
Short-term property and casualty insurance policies	1,918,533	1,798,359
<b>Total</b>	<b>19,767,231</b>	<b>18,299,915</b>

### 2.1. Interest rate change risk

Due to the investment structure and the high proportion of interest bearing titles, the interest rate risk forms a very important component of the financial risks. The following table shows the interest-bearing securities and the average interest coupons arranged by the most important investment categories and their average coupon interest rate on the reporting date.

Average interest coupon in %	€		USD		Other	
	2006	2005	2006	2005	2006	2005
<b>Fixed interest securities</b>						
High-grade loans	4.05	4.31	4.95	4.39	5.06	4.90
Bank/company loans	4.75	4.55	7.50	5.76	3.97	4.04
Emerging markets loans	7.61	6.86	7.82	7.98	8.17	7.02
High-yield loans	6.30	6.50	8.07	8.10	6.51	8.59
Other investments	4.08	3.80			3.19	3.19
<b>Fixed interest liabilities</b>						
Subordinated liabilities	5.34	5.49				
Guaranteed interest life insurance	2.92	3.00				
Debenture bonds	4.00	4.00				

### Long-term policies and life insurance policies with guaranteed interest and profit sharing

Insurance policies with guaranteed interest and additional profit sharing contain the risk that the guaranteed interest rate will not be achieved over a sustained period of time. Capital income produced over and above the guaranteed interest rate will be shared between the policyholder and the insurance company, with the policyholder receiving an appropriate share of the profit. The following table shows the comparison of assets and debts for such insurance policies.

Investments for long-term life insurance policies with guaranteed interest and profit sharing	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Annuities	10,213,018	9,226,366
Shares	1,164,251	1,289,589
Alternatives	810,089	747,333
Holdings	82,711	80,807
Loans	302,187	459,568
Real estate	642,796	418,435
Liquidity	635,751	682,481
Deposits receivable	92,702	83,704
<b>Total</b>	<b>13,943,506</b>	<b>12,988,283</b>
Difference between book value and market value of land and buildings	163,867	144,589

Provisions and liabilities from long-term life insurance policies with guaranteed interest and profit sharing	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Actuarial provision	12,541,017	11,710,531
Provision for profit-unrelated premium refunds	13	0
Provision for profit-related premium refunds and profit sharing	687,165	798,463
Other technical provisions	15,239	17,383
Provision for outstanding claims	90,982	80,914
Deposits payable	378,712	351,046
<b>Total</b>	<b>13,713,127</b>	<b>12,958,338</b>

The following table shows the structure of the remaining terms of interest-bearing securities and loans.

Remaining term	31 Dec. 2006 € 000	31 Dec. 2005 € 000
≤ 1 year	688,828	295,986
> 1 year to ≤ 3 years	1,546,677	1,137,819
> 3 years to ≤ 5 years	1,400,020	1,415,906
> 5 years to ≤ 7 years	1,923,959	2,596,612
> 7 years to ≤ 10 years	1,786,409	1,768,978
> 10 years to ≤ 15 years	1,392,811	1,179,110
> 15 years	1,774,369	1,291,522
<b>Total</b>	<b>10,513,073</b>	<b>9,685,934</b>

The capital-weighted average remaining term of technical liabilities is around 8.5 years (2005: 8.4 years).

### Long-term unit-linked and index-linked life insurance policies

In the segment of unit- and index-linked life insurance, the interest income and all fluctuations in value of the dedicated investments are reflected in the technical provisions. There is, therefore, no financial risk from the point of view of the insurer. The following table shows the investment structure of financial investments that are used to cover the technical provisions arising from unit-linked and index-linked life insurance policies.

Investments in unit-linked and index-linked life insurance policies	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Share-based funds	672,620	493,872
Bond funds	1,236,337	959,076
Liquidity	43,939	38,916
Other investments	1	377
<b>Total</b>	<b>1,952,897</b>	<b>1,492,241</b>

### Long-term health insurance policies

The actuarial interest rate for the actuarial provision in health insurance lines, which is selected depending on the type of life insurance, is 3%. However, this interest rate is not guaranteed and can, upon presentation of proof to the Insurance Supervisory Authority, be reduced to a lower capital income that may be expected. The following table shows the investment structure available to cover insurance liabilities.

Investments for long-term health insurance policies	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Annuities	1,154,135	1,017,857
Shares	133,201	186,545
Alternatives	96,335	66,203
Holdings	27,476	36,450
Loans	303,746	354,320
Real estate	195,770	203,327
Liquidity	172,499	177,728
<b>Total</b>	<b>2,083,161</b>	<b>2,042,431</b>
Difference between book value and market value of land and buildings	231,861	228,118

Provisions and liabilities from long-term health insurance policies	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Actuarial provision	1,972,628	1,839,393
Provision for profit-unrelated premium refunds	20,793	18,546
Provision for profit-related premium refunds or profit sharing	57,191	56,612
Other technical provisions	5,916	1,070
Provision for unearned premiums	14,959	13,918
Provision for outstanding claims	150,725	154,010
Deposits payable	1,842	1,976
<b>Total</b>	<b>2,224,055</b>	<b>2,085,526</b>

### Property and casualty insurance policies

Most property and casualty insurance policies are short-term. Due to the short investment term, there is naturally a lower risk arising from financial risks. The technical provisions are not discounted, so that no interest is calculated for the short-term investment. The average terms of interest-bearing securities and loans invested to cover technical provisions is shown in the following table.

Remaining term	31 Dec. 2006 € 000	31 Dec. 2005 € 000
≤ 1 year	203,409	248,346
> 1 year to ≤ 3 years	261,545	233,004
> 3 years to ≤ 5 years	304,229	263,930
> 5 years to ≤ 7 years	509,274	262,948
> 7 years to ≤ 10 years	471,467	394,218
> 10 years to ≤ 15 years	163,883	335,564
> 15 years	163,397	132,542
<b>Total</b>	<b>2,077,205</b>	<b>1,870,551</b>

The investment structure in the property and casualty insurance is as follows.

Investments for short-term property and casualty insurance policies	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Annuities	1,426,894	1,511,366
Shares	166,185	156,721
Alternatives	80,184	36,955
Holdings	624,072	364,501
Loans	428,111	359,187
Real estate	441,872	457,345
Liquidity	258,489	136,414
Deposits receivable	12,975	13,922
<b>Total</b>	<b>3,438,782</b>	<b>3,036,411</b>
Difference between book value and market value of land and buildings	150,996	143,320

Provisions and liabilities from short-term property and casualty insurance policies	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Provision for unearned premiums	343,997	308,686
Actuarial provision	44,550	50,231
Provision for outstanding claims	1,458,607	1,370,935
Provision for profit-unrelated premium refunds	26,907	23,220
Provision for profit-related premium refunds or profit sharing	8,191	8,443
Other technical provisions	19,651	19,350
Deposits payable	16,630	17,493
<b>Total</b>	<b>1,918,533</b>	<b>1,798,359</b>

The average policy term in property and casualty insurance is between three and five years.

### 2.2. Share risk

When investing in stock markets, the risk is diversified by using various management styles (total-return approach, benchmark-oriented approach, value growth approach and industry- and region-specific and fundamental title selection). For the purpose of securing the investment, the effective investment ratio is controlled through the use of derivative financial instruments. The following table shows the investment structure of the share portfolios by asset classes:

Share portfolio composition	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Shares in Europe	649,588	781,476
Shares in America	85,456	113,936
Shares in Asia	128,591	193,380
Shares international <sup>1)</sup>	1,401	69,582
Shares in emerging markets	142,316	195,232
Shares total return <sup>2)</sup>	401,580	263,194
Other shares	56,200	16,057
<b>Total</b>	<b>1,465,133</b>	<b>1,632,855</b>

<sup>1)</sup> Share-based funds with globally diversified investments.

<sup>2)</sup> Share-based funds with the management goal of achieving an absolute return by including less risky investments (liquidity, bonds) in difficult market phases.

### 2.3. Credit risk

When investing in securities, we invest in debt securities of varying quality, taking into consideration the yield prospects and risks. The following table shows the quality structure of fixed-interest investments.

Rating	31 Dec. 2006 € 000	31 Dec. 2005 € 000
AAA	3,603,331	3,441,215
AA	3,603,847	2,896,111
A	3,110,333	2,438,287
BBB	1,029,342	906,437
BB	1,082,315	1,095,305
B	381,519	94,578
CCC	51,308	76,352
Not rated	150,871	807,304
<b>Total</b>	<b>13,012,867</b>	<b>11,755,589</b>

## 2.4. Currency risk

The UNIQA Group invests in securities in a wide range of currencies. Although the insurance business is operated in different countries, the foreign currency risks of the investments do not always correspond to the currency risks of the technical provisions and liabilities. The most significant currency risk is in USD. The following table shows a breakdown of assets and debts by currency.

The fair value of securities investments in USD amounted to €2.532 million as at 31 December 2006. The exchange rate risk was reduced using derivative financial instruments to €101 million, while the safeguard ratio was 96.0%. The safeguard was maintained in a range of between 66% and 98% during the financial year.

31 Dec. 2006 in € 000	€	USD	Others	Total
<b>Assets</b>				
Investments	19,622,362	101,067	1,694,917	21,418,346
Other tangible assets	100,264		10,849	111,113
Intangible assets	1,097,655		66,006	1,163,661
Share of reinsurance in the technical provisions	953,174		93,353	1,046,527
Other assets	733,552		113,931	847,483
<b>Total assets</b>	<b>22,507,007</b>	<b>101,067</b>	<b>1,979,056</b>	<b>24,587,131</b>
<b>Provisions and liabilities</b>				
Subordinated liabilities	475,000			475,000
Technical provisions	19,176,359		934,634	20,110,993
Other provisions	708,052		14,267	722,319
Liabilities	1,831,926		117,108	1,949,035
<b>Total liabilities</b>	<b>22,191,337</b>		<b>1,066,009</b>	<b>23,257,347</b>
<b>31 Dec. 2005</b>				
in € 000	€	USD	Others	Total
<b>Assets</b>				
Investments	17,637,935	431,797	1,489,633	19,559,365
Other tangible assets	126,285		9,014	135,299
Intangible assets	1,028,736		51,008	1,079,744
Share of reinsurance in the technical provisions	893,737		99,637	993,374
Other assets	718,912		81,698	800,610
<b>Total assets</b>	<b>20,405,605</b>	<b>431,797</b>	<b>1,730,990</b>	<b>22,568,392</b>
<b>Provisions and liabilities</b>				
Subordinated liabilities	325,000			325,000
Technical provisions	17,939,377		727,644	18,667,021
Other provisions	691,091		7,866	698,957
Liabilities	1,641,124		102,615	1,743,739
<b>Total liabilities</b>	<b>20,596,592</b>		<b>838,125</b>	<b>21,434,718</b>

## 2.5. Liquidity risk

The UNIQA Group must satisfy its payment obligations on a daily basis. For this reason, a precise liquidity schedule for the immediately following months is used, and a minimum liquidity holding is defined by the Management Board and is available as a cash reserve on a daily basis. Additional underwriting obligations exist for private equity investments in the amount of €202.0 million. Obligations of €90.0 million result from multi-tranche loans.

## 2.6. Sensitivities

The risk management for investments is done in a structured investment process, in which the various market risks are controlled at the levels of the selection of a strategic asset allocation, the tactical weighting of the individual asset classes depending on market opinion and in the form of timing and selection decisions. In particular, stress tests and sensitivity analyses are used as key figures for measuring, observing and actively controlling the risk.

The table below shows the most important market risks in the form of key sensitivity figures; these are details available on the reporting date and, therefore, represent rough figures for future losses of fair value. The key figures are calculated theoretically on the basis of actuarial principles and do not take into consideration any diversification effects between the individual market risks or counter-controlled measures taken in the various market scenarios.

Interest rate change risk in € 000	31 Dec. 2006		31 Dec. 2005	
	+100 base points	-100 base points	+100 base points	-100 base points
High grade loans	-244,381	244,381	-232,091	232,091
Bank/company loans	-159,067	159,067	-150,101	150,101
Emerging markets loans	-41,857	41,857	-13,116	13,116
High-yield loans	-2,027	2,027	-1,728	1,728
<b>Total</b>	<b>-447,332</b>	<b>447,332</b>	<b>-397,037</b>	<b>397,037</b>

Share risk in € 000	31 Dec. 2006		31 Dec. 2005	
	+10%	-10%	+10%	-10%
Shares in Europe	60,895	-60,895	78,265	-78,265
Shares in America	8,509	-8,509	11,391	-11,391
Shares in Asia	12,468	-12,468	19,450	-19,450
International shares	27	-27	5,855	-5,855
Shares in emerging markets	13,875	-13,875	19,536	-19,536
Shares total return	39,967	-39,967	26,319	-26,319
Derivative financial instruments and other shares	-18,851	34,151	-4,849	4,849
<b>Total</b>	<b>116,890</b>	<b>-101,590</b>	<b>155,968</b>	<b>-155,968</b>

Currency risk in € 000	31 Dec. 2006		31 Dec. 2005	
	+10 %	-10 %	+10 %	-10 %
€	0	0	0	0
USD	9,569	-9,569	43,180	-43,180
Other	141,597	-141,597	144,333	-144,333
<b>Total</b>	<b>151,166</b>	<b>-151,166</b>	<b>187,512</b>	<b>-187,512</b>

Quality risk in € 000	Change to spread	31 Dec. 2006		31 Dec. 2005	
		+	-	+	-
AAA	0 base points	0	0	0	0
AA	25 base points	-41,493	41,493	-42,490	42,490
A	50 base points	-64,780	64,780	-63,536	63,536
BBB	75 base points	-65,987	65,987	-69,130	69,130
BB	100 base points	-67,275	67,275	-53,275	53,275
B	125 base points	-21,536	21,536	-7,017	7,017
CCC	150 base points	-5,156	5,156	-2,613	2,613
Not rated	100 base points	-7,222	7,222	-2,183	2,183
<b>Total</b>		<b>-273,448</b>	<b>273,448</b>	<b>-240,244</b>	<b>240,244</b>

### Value at risk

The overall market risk of the investment portfolio is determined on the basis of the value-at-risk approach. The key figure is calculated for a confidence interval of 95% and a holding term of one year. The basic data is in the form of historical figures from the last calendar year and a balancing of the individual values (decay factor of 1).

The following table shows the key value at risk figures for the last financial year as reporting date values, annual average and maxima/minima for the year.

Value at risk	Total value at risk € 000	Share risk € 000	Currency risk € 000	Interest risk € 000	Diversification € 000
31 Dec. 2006	514,686	194,216	61,579	432,430	-173,539
31 Dec. 2005	746,000	131,000	102,000	741,000	-229,000
Lowest	480,245	194,216	59,086	392,192	-173,539
Average	523,467	221,224	64,737	439,755	-202,249
Highest	594,831	248,796	72,350	528,187	-248,406

## Supplementary information on the consolidated balance sheet 2006

## Development of asset items

	Balance sheet values 2005 € 000	Currency differences € 000	Additions € 000	Unrealised capital gains and losses € 000
<b>A. Tangible assets</b>				
I. Self-used land and buildings	236,388	1,090	18,380	0
II. Other tangible assets				
1. Tangible assets	47,842	171	14,052	0
2. Inventories	7,296		0	
3. Other assets	80,160		0	
<b>Total A.II.</b>	<b>135,299</b>	<b>171</b>	<b>14,052</b>	<b>0</b>
<b>Total A.</b>	<b>371,686</b>	<b>1,261</b>	<b>32,431</b>	<b>0</b>
<b>B. Land and buildings held as financial investments</b>	<b>856,351</b>	<b>1,408</b>	<b>106,905</b>	<b>0</b>
<b>C. Intangible assets</b>				
I. Deferred acquisition costs	807,297	620	209,414	0
II. Goodwill				
1. Positive goodwill	152,386	0	38,158	0
2. Value of insurance policies	71,032	-10	0	0
<b>Total C.II.</b>	<b>223,418</b>	<b>-10</b>	<b>38,158</b>	<b>0</b>
III. Other intangible assets				
1. Self-produced software	12,955	0	624	0
2. Acquired intangible assets	36,074	84	13,671	0
<b>Total C.III.</b>	<b>49,029</b>	<b>84</b>	<b>14,295</b>	<b>0</b>
<b>Total C.</b>	<b>1,079,744</b>	<b>694</b>	<b>261,868</b>	<b>0</b>
<b>D. Shares in associated companies</b>	<b>219,469</b>	<b>0</b>	<b>94,398</b>	<b>0</b>
<b>E. Investments</b>				
I. Variable-yield interest securities				
1. Shares, investment shares and other variable-yield securities, including holdings and shares in associated companies	3,080,919	464	3,381,076	229,931
2. At fair value through profit or loss	881,383	0	675,864	0
<b>Total E.I.</b>	<b>3,962,302</b>	<b>464</b>	<b>4,056,940</b>	<b>229,931</b>
II. Fixed interest securities				
1. Debt securities and other fixed interest securities	9,926,273	4,401	6,620,677	-122,881
2. At fair value through profit or loss	515,629	0	112,905	0
<b>Total E.II.</b>	<b>10,441,902</b>	<b>4,401</b>	<b>6,733,582</b>	<b>-122,881</b>
III. Loans and other investments				
1. Loans				
a) Debt securities issued by and loans to associated companies	119	4	0	0
b) Debt securities issued by and loans to participating interests	792	0	0	0
c) Mortgage loans	172,604	0	28,257	0
d) Loans and advance payments on policies	15,472	2	4,856	0
e) Other loan receivables and registered bonds	968,436	-549	181,864	-11,075
<b>Total E.III. 1.</b>	<b>1,157,424</b>	<b>-544</b>	<b>214,977</b>	<b>-11,075</b>
2. Cash at credit institutions	855,233	2,845	5,840	0
3. Deposits with ceding companies	97,627	-148	16,631	0
<b>Total E.III.</b>	<b>2,110,285</b>	<b>2,153</b>	<b>237,448</b>	<b>-11,075</b>
IV. Derivatives	48,405	0	126,531	0
<b>Total E.</b>	<b>16,562,894</b>	<b>7,017</b>	<b>11,154,502</b>	<b>95,976</b>
<b>F. Investments held on account and at risk of life insurance policyholders</b>	<b>1,492,241</b>	<b>1,356</b>	<b>1,550,575</b>	<b>7,883</b>
<b>Aggregate total</b>	<b>20,582,384</b>	<b>11,736</b>	<b>13,200,678</b>	<b>103,859</b>

Amortisation	Transfers	Disposals	Appreciation	Depreciation	Book values for financial year
€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
0	-9,654	4,973	0	7,233	233,997
0	-52	2,766	56	14,694	44,608
		2,452			4,844
		18,500			61,661
0	-52	23,718	56	14,694	111,113
0	-9,706	28,691	56	21,927	345,110
0	9,706	10,285	0	36,629	927,456
0	0	0	0	153,901	863,430
0	0	0	0	0	190,545
0	0	0	0	8,503	62,519
0	0	0	0	8,503	253,064
0	0	0	0	5,671	7,909
0	0	745	1	9,826	39,258
0	0	745	1	15,497	47,167
0	0	745	1	177,901	1,163,661
0	74,045	59,796	48,782	4,899	371,998
0	-53,797	3,123,916	669	53,011	3,462,337
0	0	539,858	43,739	35,797	1,025,332
0	-53,797	3,663,774	44,409	88,808	4,487,668
-16,575	-11,407	5,608,135	1,505	159,089	10,634,769
-396	-8,392	104,098	589	7,638	508,599
-16,971	-19,799	5,712,233	2,094	166,727	11,143,369
0	0	43	0	0	80
0	0	0	0	0	792
0	-361	18,833	2,399	5,111	178,956
0	0	4,929	0	0	15,400
0	361	297,051	0	3,172	838,814
0	0	320,855	2,399	8,283	1,034,044
0	0	58,707	0	3,105	802,106
0	0	8,432	0	0	105,678
0	0	387,994	2,399	11,389	1,941,827
0	0	111,349	58,803	26,419	95,970
-16,971	-73,595	9,875,350	107,704	293,342	17,668,834
0	-450	1,104,877	9,816	3,646	1,952,897
-16,971	0	11,079,745	166,359	538,344	22,429,957

## 1 | Self-used land and buildings

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Book values for</b>		
Property and casualty insurance	104,338	163,506
Life insurance	116,025	58,621
Health insurance	13,635	14,260
	<b>233,997</b>	<b>236,388</b>
<b>Market values for</b>		
Property and casualty insurance	132,918	188,385
Life insurance	124,789	63,430
Health insurance	18,338	20,043
	<b>276,045</b>	<b>271,859</b>
Acquisition values	323,175	323,696
Cumulative depreciation	-89,177	-87,309
<b>Book value</b>	<b>233,997</b>	<b>236,388</b>
Useful life for land and buildings	10–80 years	10–80 years
<b>Additions from company acquisition</b>	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Self-used land and buildings	2,087	2,448

The market values are derived from expert reports.

## 2 | Other tangible assets

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Tangible assets	44,608	47,842
Inventories	4,844	7,296
Other assets	61,661	80,160
<b>Total</b>	<b>111,113</b>	<b>135,299</b>

<b>Tangible assets</b>	Group total
<b>Development in financial year</b>	€ 000
Acquisition values as at 31 Dec. 2005	156,710
Cumulative depreciation up to 31 Dec. 2005	-108,867
<b>Book value as at 31 Dec. 2005</b>	<b>47,842</b>
Currency translation changes	171
Additions	14,052
Disposals	-2,766
Transfers	-52
Appreciation and depreciation	-14,638
<b>Book value as at 31 Dec. 2006</b>	<b>44,608</b>
<b>Acquisition values as at 31 Dec. 2006</b>	<b>159,825</b>
<b>Cumulative depreciation up to 31 Dec. 2006</b>	<b>-115,216</b>
<b>Book value as at 31 Dec. 2006</b>	<b>44,608</b>

Tangible assets refer mainly to office equipment. They are depreciated over a useful life of four to ten years. The amounts of depreciation are recognised in the income statement on the basis of allocated operating expenses under the items insurance benefits, operating expenses and net investment income.

	31 Dec. 2006	31 Dec. 2005
	€ 000	€ 000
<b>Additions from company acquisition</b>		
Tangible assets	1,081	449

### 3 | Land and buildings held as financial investments

	31 Dec. 2006	31 Dec. 2005
	Group total	Group total
	€ 000	€ 000
<b>Book values for</b>		
Property and casualty insurance	334,423	384,362
Life insurance	411,829	285,862
Health insurance	181,204	186,127
	<b>927,456</b>	<b>856,351</b>
<b>Market values for</b>		
Property and casualty insurance	456,839	502,804
Life insurance	566,932	425,911
Health insurance	408,361	408,462
	<b>1,432,132</b>	<b>1,337,177</b>
Acquisition values	1,257,256	1,150,615
Cumulative depreciation	-329,800	-294,264
<b>Book value</b>	<b>927,456</b>	<b>856,351</b>
Useful life for land and buildings	10–80 years	10–80 years
<b>Additions from company acquisition</b>		
Land and buildings used by third parties	52,667	303

The market values are derived from expert reports.

	31 Dec. 2006
	€ 000
Change on impairment for current year	11,451
of which reallocation	11,451

## 4 | Deferred acquisition costs

	2006 Group total € 000	2005 Group total € 000
<b>Property and casualty insurance</b>		
Situation as at 1 Jan.	97,131	89,209
Currency translation changes	352	630
Changes to scope of consolidation	168	0
Capitalisation	57,065	47,851
Depreciation	-44,665	-40,560
<b>Situation as at 31 Dec.</b>	<b>110,050</b>	<b>97,131</b>
<b>Life insurance</b>		
Situation as at 1 Jan.	496,159	456,035
Currency translation changes	268	59
Capitalisation	105,867	106,800
Interest surcharge	22,778	25,497
Depreciation	-85,643	-92,232
<b>Situation as at 31 Dec.</b>	<b>539,428</b>	<b>496,159</b>
<b>Health insurance</b>		
Situation as at 1 Jan.	214,008	192,754
Currency translation changes	1	1
Changes to scope of consolidation	0	20,273
Capitalisation	14,371	15,119
Interest surcharge	9,166	8,468
Depreciation	-23,593	-22,608
<b>Situation as at 31 Dec.</b>	<b>213,952</b>	<b>214,008</b>
<b>Consolidated Financial Statements</b>		
Situation as at 1 Jan.	807,297	737,998
Currency translation changes	620	690
Changes to scope of consolidation	168	20,273
Capitalisation	177,302	169,770
Interest surcharge	31,944	33,965
Depreciation	-153,901	-155,400
<b>Situation as at 31 Dec.</b>	<b>863,430</b>	<b>807,297</b>

## 5 | Goodwill

	Group total € 000
Acquisition values as at 31 Dec. 2005	315,826
Cumulative depreciation up to 31 Dec. 2005	-92,408
<b>Book value as at 31 Dec. 2005</b>	<b>223,418</b>
Acquisition values as at 31 Dec. 2006	353,975
Cumulative depreciation up to 31 Dec. 2006	-100,911
<b>Book value as at 31 Dec. 2006</b>	<b>253,064</b>

	Group total € 000
Cumulative depreciation up to 31 Dec. 2006	100,911
of which relating to impairment	16,648
of which current depreciation	84,263

	31 Dec. 2006 € 000
Change in impairment for current year	0
of which reallocation	0

The values mentioned above include the goodwill and the purchase price paid for the total acquired insurance policies.

Company acquisitions 2006	Amounts placed at the time of acquisition € 000	Book value of the acquired companies € 000
<b>Assets</b>	<b>106,191</b>	<b>106,191</b>
Tangible assets	3,168	3,168
Land and buildings held as financial investments	52,667	52,667
Intangible assets	1,663	1,663
Shares in associated companies	0	0
Investments	20,389	20,389
Investments held for unit-linked and index-linked life insurance policyholders	0	0
Share of reinsurance in the technical provisions	963	963
Receivables including receivables under insurance business	12,209	12,209
Receivables from income tax	329	329
Deferred tax assets	1,842	1,842
Liquid funds	12,961	12,961
<b>Equity and liabilities</b>	<b>106,191</b>	<b>106,191</b>
Total equity	53,056	53,056
Subordinated liabilities	0	0
Technical provisions	19,050	19,050
Technical provisions for life insurance policies held on account and at risk of policyholders	0	0
Financial liabilities	3,717	3,717
Other provisions	211	211
Payables and other liabilities	22,577	22,577
Liabilities from income tax	26	26
Deferred tax liabilities	7,554	7,554

## 6 | Other intangible assets

	Self-produced software	Acquired intangible assets
	Group total € 000	Group total € 000
Acquisition values as at 31 Dec. 2005	39,378	137,295
Cumulative depreciation up to 31 Dec. 2005	-26,423	-101,222
<b>Book value as at 31 Dec. 2005</b>	<b>12,955</b>	<b>36,074</b>
Acquisition values as at 31 Dec. 2006	40,003	149,972
Cumulative depreciation up to 31 Dec. 2006	-32,094	-110,714
<b>Book value as at 31 Dec. 2006</b>	<b>7,909</b>	<b>39,258</b>

Other intangible assets as at 31 Dec. 2006 comprised:

	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Computer software	40,034	43,096
Licences	2,438	3,063
Other intangible assets	4,695	2,870
	<b>47,167</b>	<b>49,029</b>
<b>Useful life</b>	<b>Years</b>	<b>Years</b>
Self-produced software	2-5	2-5
Acquired intangible assets	2-5	2-5

The intangible assets include paid-for and self-produced computer software and licences.

The amortisation of the other intangible assets were recognised in the income statement on the basis of allocated operating expenses under the items insurance benefits, operating expenses and net investment income.

Intangible assets are depreciated using the straight-line method.

Additions from company acquisition	31 Dec. 2006 € 000
Self-produced software	0
Acquired intangible assets	1,496

	31 Dec. 2006 € 000
Research and development expenditures recorded as an expense during the period under review	2,105

## 7 | Shares in affiliated companies and companies valued at equity

	31 Dec. 2006 € 000	31 Dec. 2005 € 000
<b>Current market value for</b>		
Shares in affiliated companies of minor importance <sup>1)</sup>	18,804	18,407
Shares in associated companies of minor importance	26,722	1,522
<b>Book value for</b>		
Shares in associated companies valued at equity	345,276	217,947
<b>Equity for</b>		
Shares in affiliated companies of minor importance	13,919	17,999
<b>Annual net profit/deficit for the year</b>		
Shares in affiliated companies of minor importance	-4,019	-447

<sup>1)</sup> The shares in affiliated companies of minor importance are shown on the balance sheet as available for disposal at any time under variable yield securities (Assets E. I. 1.).

Shares in associated companies	31 Dec. 2006 € 000
Current market value of associated companies listed on a public stock exchange	0
Profits/losses for the period	45,017
Unrecorded, proportional loss, ongoing, if shares of loss are no longer recorded	0
Unrecorded, proportional loss, cumulative, if shares of loss are no longer recorded	0

Due to restructuring measures at STRABAG SE, the share of equity relevant to the adjustment at equity was increased. The resulting adjustment effect is €18.830 million.

## 8 | Securities, available for sale

Type of investment	Acquisition costs		Fluctuation in value not affecting income	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Shares in affiliated companies	18,804	18,407	0	0
Shares	901,955	948,712	38,249	68,456
Equity funds	467,114	549,053	32,194	47,395
Debenture bonds not capital-guaranteed	700,879	518,206	40,131	25,673
Other variable-yield securities	864,862	563,593	3,639	14,432
Participating interests and other investments	241,096	316,304	209,174	13,235
Fixed interest securities	10,793,413	9,774,805	33,575	207,805
<b>Total</b>	<b>13,988,124</b>	<b>12,689,079</b>	<b>356,963</b>	<b>376,996</b>

The market values listed for participating interests contain participating interest valuations for the first time, resulting in an appreciation in the amount of €153.145 million. In 2005, application of this valuation method would have resulted in an appreciation of €96.443 million.

Type of investment	Accumulated value adjustments		Of which accumulated from previous years		Of which from current year	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Shares in affiliated companies	0	0	0	0	0	0
Shares	-26,771	-17,109	-10,550	-10,388	-16,221	-6,721
Equity funds	0	-981	0	0	0	-981
Debenture bonds not capital-guaranteed	0	270	0	270	0	0
Other variable-yield securities	-2,229	-84	0	0	-2,229	-84
Participating interests and other investments	-14,080	-287	0	0	-14,080	-287
Fixed interest securities	-129,260	-53,052	-38,106	-31,616	-91,154	-21,436
<b>Total</b>	<b>-172,341</b>	<b>-71,244</b>	<b>-48,656</b>	<b>-41,735</b>	<b>-123,684</b>	<b>-29,509</b>

Type of investment	Change in value adjustment current year	Of which write-down/write-up affecting income	Of which write-up of equity
	31 Dec. 2006 € 000	31 Dec. 2006 € 000	31 Dec. 2006 € 000
Shares in affiliated companies	0	0	0
Shares	-14,385	-16,221	1,836
Equity funds	0	0	0
Debenture bonds not capital-guaranteed	200	200	0
Other variable-yield securities	-2,145	-2,145	0
Participating interests and other investments	-14,080	-14,080	0
Fixed interest securities	-86,983	-86,983	0
<b>Total</b>	<b>-117,393</b>	<b>-119,229</b>	<b>1,836</b>

Change in equity as at 31 Dec. 2006	Allocation not affecting income		Withdrawal* due to disposals affecting income		Change in unrealised gains/losses	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Other securities						
Available for sale	115,846	62,956	-50,297	-23,734	65,549	39,222

\* Withdrawal affecting the income statement due to disposals and impairments.

	Accumulated value adjustments		Foreign currency differences affecting income		Market values	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000
	0	0	0	0	18,804	18,407
	-26,771	-17,109	0	0	913,433	1,000,059
	0	-981	0	0	499,309	595,467
	0	270	-12,681	15,645	728,329	559,793
	-2,229	-84	0	0	866,272	577,941
	-14,080	-287	0	0	436,190	329,251
	-129,260	-53,052	-62,959	-3,285	10,634,769	9,926,273
	<b>-172,341</b>	<b>-71,244</b>	<b>-75,640</b>	<b>12,360</b>	<b>14,097,106</b>	<b>13,007,192</b>

Remaining contractual term	Acquisition costs		Market values	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Infinite	46,558	0	47,347	0
Up to 1 year	657,301	335,663	656,151	339,713
Of more than 1 year up to 5 years	3,942,155	3,092,007	3,922,674	3,157,522
Of more than 5 years up to 10 years	4,212,410	4,692,078	4,156,568	4,748,540
More than 10 years	3,500,730	2,736,856	3,446,630	2,818,232
<b>Total</b>	<b>12,359,154</b>	<b>10,856,603</b>	<b>12,229,370</b>	<b>11,064,007</b>

The remaining maturities stipulated by contract refer to fixed income securities, other variable-rate securities and bonds without capital guarantee.

Risk of default rating	31 Dec. 2006 € 000
<b>Fixed interest securities</b>	
Rating AAA	3,343,467
Rating AA	2,657,943
Rating A	3,637,927
Rating BBB	1,024,734
Rating < BBB	1,152,657
Not assigned	412,642
<b>Rating total of fixed interest securities</b>	<b>12,229,370</b>
<b>Issuer countries</b>	
<b>Share securities</b>	
IE, NL, UK, US	298,865
AT, BE, CH, DE, DK, FR, IT	691,356
ES, FI, NO, SE	113,819
Remaining EU	231,323
Other countries	190,450
<b>Issuer countries total of share securities</b>	<b>1,525,812</b>
Other shareholdings	323,120
<b>Total variable-yield securities</b>	<b>1,848,932</b>

## 9 | Derivative financial instruments

	31 Dec. 2006 € 000	31 Dec. 2005 € 000
<b>Market values</b>		
Share risk	42,278	5,217
Interest rate change risk	6,045	311
Currency risk	27,790	-25,112
Structured risk	18,648	30,961
<b>Total</b>	<b>94,761</b>	<b>11,376</b>
Structured risk – of which:		
Share risk	18,925	18,438
Interest rate change risk	-12,108	3,391
Currency risk	10,428	7,566
Credit risk	1,404	1,567
<b>Balance sheet value</b>		
Investments	95,970	48,405
Financial liabilities	-1,209	-37,029

## 10 | Loans

	Book values	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000
1. Loans to affiliated companies	80	119
2. Loans to participating interests	792	792
3. Mortgage loans	178,956	172,604
4. Loans and advance payments on policies	15,400	15,472
5. Other loans	613,566	789,545
6. Registered bonds	225,248	178,891
<b>Total</b>	<b>1,034,044</b>	<b>1,157,424</b>

Remaining contractual term	Book values	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Infinite	2,184	1,855
Up to 1 year	204,544	284,636
Of more than 1 year up to 5 years	188,968	287,506
Of more than 5 years up to 10 years	431,477	389,711
More than 10 years	206,870	193,716
<b>Total</b>	<b>1,034,044</b>	<b>1,157,424</b>

	Market values	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000
1. Loans to affiliated companies	80	119
2. Loans to participating interests	792	792
3. Mortgage loans	178,956	172,604
4. Loans and advance payments on policies	15,400	15,472
5. Other loans	617,068	808,175
6. Registered bonds	225,248	178,891
<b>Total</b>	<b>1,037,546</b>	<b>1,176,054</b>

Remaining contractual term	Market values	
	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Infinite	2,184	1,855
Up to 1 year	204,585	286,666
Of more than 1 year up to 5 years	189,401	295,334
Of more than 5 years up to 10 years	434,505	398,439
More than 10 years	206,870	193,759
<b>Total</b>	<b>1,037,546</b>	<b>1,176,054</b>

## 11 | Other investments

	31 Dec. 2006 € 000	31 Dec. 2005 € 000
Other investments included:		
Deposits with credit institutions	802,106	855,233
Deposits with ceding companies	105,678	97,627
<b>Total</b>	<b>907,783</b>	<b>952,861</b>

## 12 | Receivables incl. receivables under insurance business

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>I. Reinsurance receivables</b>		
1. Accounts receivable under reinsurance operations	36,298	56,849
	<b>36,298</b>	<b>56,849</b>
<b>II. Other receivables</b>		
Receivables under the insurance business		
1. from policyholders	202,790	180,587
2. from intermediaries	62,817	66,854
3. from insurance companies	8,310	11,533
	<b>273,917</b>	<b>258,974</b>
<b>Other receivables</b>		
Accrued interest and rent	221,679	208,082
Other tax refund claims	28,648	44,698
Receivables due from employees	3,709	4,236
Other receivables	106,832	88,822
	<b>360,867</b>	<b>345,839</b>
<b>Total other receivables</b>	<b>634,784</b>	<b>604,813</b>
<b>Subtotal</b>	<b>671,083</b>	<b>661,662</b>
Of which receivables with a remaining term of		
up to 1 year	657,315	635,946
more than 1 year	13,767	25,717
	<b>671,083</b>	<b>661,662</b>
<b>III. Other assets</b>		
Accruals	37,150	36,959
	<b>37,150</b>	<b>36,959</b>
<b>Total receivables incl. receivables under insurance business</b>	<b>708,233</b>	<b>698,621</b>

### 13 | Receivables from income tax

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Receivables from income tax	54,249	28,792
of which receivables with a remaining term of		
up to 1 year	40,954	28,642
more than 1 year	13,295	150

### 14 | Deferred tax assets

Cause of origin	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Actuarial items	8,762	6,991
Social capital	54,585	53,026
Investments	2,583	0
Loss carried forward	5,052	5,520
Other	14,019	7,659
<b>Total</b>	<b>85,000</b>	<b>73,197</b>

### 15 | Subscribed capital

	31 Dec. 2006	31 Dec. 2005
Number of authorised and issued		
no-par shares	119,777,808	119,777,808
of which fully paid up	119,777,808	119,777,808

The subscribed capital and capital reserves correspond to values from the individual financial statements of UNIQA Versicherungen AG.

The following shareholders hold shares greater than 10%:

Austria Versicherungsverein	
Beteiligungs-Verwaltungs GmbH	35.24%
BL Syndikat Beteiligungs Gesellschaft m.b.H.	31.95%

Unrealised capital gains and losses from the revaluation of investments available for sale affected the revaluation reserve, with deferred participation in profits (for life insurance) and deferred taxes taken into consideration.

In addition to the subscribed capital, UNIQA Versicherungen AG has at its disposal an authorised capital in the amount of € 50 million. The Annual General Meeting of 23 May 2005, extended the authorisation of the Management Board of UNIQA Versicherungen AG to increase the share capital, with the approval of the Supervisory Board, up to and including 30 June 2010.

In addition, the Management Board was authorised in the first, second and fourth Annual General Meetings to buy own shares in accordance with Section 65 paragraph 1 number 8 and paragraph 1a of the Austrian Stock Corporation Act, upon approval by the Supervisory Board. On 28 April 2004, the UNIQA Versicherungen AG Management Board decided to resell shares which had previously been bought back. This decision was approved by the Supervisory Board on 29 April 2004, and the share buy-back programme was suspended as the resale programme came into effect on 6 May 2004.

At the reporting date, own shares are accounted for as follows:

	31 Dec. 2006	31 Dec. 2005
Shares held by:		
UNIQA Versicherungen AG		
Acquisition costs in € 000	2,561	2,561
Number of shares	350,000	350,000
Share of subscribed capital in %	0.29	0.29

In the performance figure "earnings per share", the Group net profit is set against the average number of ordinary shares in circulation.

Earnings per share	2006	2005
Group net profit (in € 000)	151,900	107,760
Of which accounts for ordinary shares (in € 000)	151,900	107,760
Own shares as at 31 Dec. 2006	350,000	350,000
Average number of shares in circulation	119,427,808	114,612,683
Profit per share (in €)*	1.27	0.94
Profit before taxes per share (in €)*	1.80	1.44
Profit per share*, adjusted for goodwill amortisation	1.34	1.04
Earnings from ordinary activities per share, adjusted for goodwill amortisation	2.07	1.76
Dividend per share	0.35**	0.26

\* Calculated on the basis of the consolidated net profit for the year.

\*\* Subject to the decision to be taken in the AGM.

The diluted result per share is equal to the undiluted result per share in the reporting year and in the previous year.

Change in the tax amounts included in the equity without affecting income	31 Dec. 2006 Group total € 000
Effective tax	0
Deferred tax	-14,837
<b>Total</b>	<b>-14,837</b>

## 16 | Minority interests

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
In revaluation reserve	3,134	17,352
In net income for the year	23,165	25,581
In other equity	181,000	160,292
<b>Total</b>	<b>207,299</b>	<b>203,226</b>

## 17 | Subordinated liabilities

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Supplementary capital</b>	<b>475,000</b>	<b>325,000</b>

In December 2002, Raiffeisen Versicherung AG, and in July 2003, UNIQA Versicherungen AG, UNIQA Personenversicherung AG and UNIQA Sachversicherung AG, issued partial debentures with a nominal value of €325 million for paid-up supplementary capital, according to Section 73 c paragraph 2 of the Austrian Insurance Supervisory Act. The partial debentures are valid for an unlimited time period. An ordinary or extraordinary notice of redemption to the issuer is not possible for at least five years. Subject to coverage in the annual net profit before the issuer's movements in reserves, the interest to July 2013 will be 5.36%, except in the case of Raiffeisen Versicherung AG, where the interest to December 2012 will be 5.7%, plus a bonus interest payment of between 0.2% and 0.4% depending on sales

profitability, and the increase in premiums in comparison to the whole market.

In December 2006, UNIQA Versicherungen AG issued bearer debentures with a face value of €150 million for deposited supplementary capital, according to article 73 c paragraph 2 of the Austrian Insurance Supervisory Act. According to the conditions of the bearer debentures, the deposited capital of UNIQA Versicherungen AG is agreed to remain at the company's disposal for at least five years, with no ordinary or extraordinary cancellation possible. Interest is applied only insofar as this is covered in the net profit for the year of the issuer. The interest rate up to December 2016 is 5.079%.

## 18 | Unearned premiums

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Property and casualty insurance</b>		
Gross	374,948	337,908
Reinsurers' share	-30,951	-29,222
	<b>343,997</b>	<b>308,686</b>
<b>Health insurance</b>		
Gross	15,039	13,987
Reinsurers' share	-80	-69
	<b>14,959</b>	<b>13,918</b>
<b>Consolidated financial statements</b>		
Gross	389,987	351,896
Reinsurers' share	-31,031	-29,291
<b>Total (fully consolidated values)</b>	<b>358,956</b>	<b>322,605</b>

## 19 | Actuarial provision

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Property and casualty insurance</b>		
Gross	44,800	53,093
Reinsurers' share	-251	-2,861
	<b>44,550</b>	<b>50,231</b>
<b>Life insurance</b>		
Gross	12,923,203	12,075,698
Reinsurers' share	-382,186	-365,167
	<b>12,541,017</b>	<b>11,710,531</b>
<b>Health insurance</b>		
Gross	1,974,470	1,841,369
Reinsurers' share	-1,842	-1,976
	<b>1,972,628</b>	<b>1,839,393</b>
<b>Consolidated financial statements</b>		
Gross	14,942,474	13,970,159
Reinsurers' share	-384,279	-370,004
<b>Total (fully consolidated values)</b>	<b>14,558,195</b>	<b>13,600,156</b>

The interest rates used as an accounting basis were as follows:

For	Life insurance acc. to SFAS 120 %	Health insurance acc. to SFAS 60 %
<b>2006</b>		
For actuarial provision	1.75–4.00	4.50 or 5.50
For deferred acquisition costs	4.80	4.50 or 5.50
<b>2005</b>		
For actuarial provision	2.25–4.00	4.50 or 5.50
For deferred acquisition costs	4.50–4.80	4.50 or 5.50

## 20 | Provision for outstanding claims

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Property and casualty insurance</b>		
Gross	1,770,641	1,694,155
Reinsurers' share	-312,033	-323,220
	<b>1,458,607</b>	<b>1,370,935</b>
<b>Life insurance</b>		
Gross	100,756	91,607
Reinsurers' share	-9,775	-10,693
	<b>90,982</b>	<b>80,914</b>
<b>Health insurance</b>		
Gross	151,484	154,043
Reinsurers' share	-759	-33
	<b>150,725</b>	<b>154,010</b>
<b>Consolidated financial statements</b>		
Gross	2,022,881	1,939,806
Reinsurers' share	-322,567	-333,946
<b>Total (fully consolidated values)</b>	<b>1,700,314</b>	<b>1,605,860</b>

The provision for outstanding claims (provisions for outstanding claims) developed in the property and casualty insurance as follows:

	2006 Group total € 000	2005 Group total € 000
<b>1. Provisions for outstanding claims as at 1 Jan.</b>		
a. Gross	1,694,155	1,583,949
b. Reinsurers' share	-323,220	-320,031
<b>c. Retention</b>	<b>1,370,935</b>	<b>1,263,918</b>
<b>2. Plus (retained) claims expenditures</b>		
a. Losses of the current year	1,199,829	1,104,873
b. Losses of the previous year	-147,719	-129,005
<b>c. Total</b>	<b>1,052,110</b>	<b>975,867</b>
<b>3. Less (retained) losses paid</b>		
a. Losses of the current year	-598,972	-542,058
b. Losses of the previous year	-385,554	-331,431
<b>c. Total</b>	<b>-984,527</b>	<b>-873,489</b>
<b>4. Foreign currency translation</b>	<b>5,280</b>	<b>3,733</b>
<b>5. Change in consolidation scope</b>	<b>14,808</b>	<b>1,401</b>
<b>6. Other changes</b>	<b>0</b>	<b>-495</b>
<b>7. Provisions for outstanding claims as at 31 Dec.</b>		
a. Gross	1,770,641	1,694,155
b. Reinsurers' share	-312,033	-323,220
<b>c. Retention</b>	<b>1,458,607</b>	<b>1,370,935</b>

Claims payments	2001 € 000	2002 € 000	2003 € 000	2004 € 000	2005 € 000	2006 € 000	Total € 000
Financial year	484,734	573,623	541,069	534,560	580,829	618,734	
One year later	758,469	905,224	829,750	834,530	895,217		
Two years later	826,713	973,469	892,547	908,373			
Three years later	854,016	1,003,317	921,149				
Four years later	874,247	1,018,105					
Five years later	884,304						
Accumulated payments	884,304	1,018,105	921,149	908,373	895,217	618,734	
Estimated final claims payments	933,181	1,065,557	1,007,919	1,040,556	1,126,831	1,201,690	
Current balance sheet reserve	48,877	47,452	86,770	132,183	231,614	582,957	1,129,852
Balance sheet reserve for the claims years "2000 and before":							349,448
							<b>1,479,300</b>
Plus other reserve components (internal claims regulation costs, etc.)							291,341
<b>Provisions for outstanding claims (gross) as at 31 Dec. 2006</b>							<b>1,770,641</b>

## 21 | Provision for premium refunds

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Property and casualty insurance</b>		
Gross	35,413	33,415
Reinsurers' share	-315	-1,752
	<b>35,098</b>	<b>31,663</b>
<b>Life insurance</b>		
Gross	687,278	798,563
Reinsurers' share	-100	-100
	<b>687,178</b>	<b>798,463</b>
<b>Health insurance</b>		
Gross	77,984	75,159
Reinsurers' share	0	0
	<b>77,984</b>	<b>75,159</b>
<b>Consolidated financial statements</b>		
Gross	800,674	907,136
Reinsurers' share	-415	-1,852
<b>Total (fully consolidated values)</b>	<b>800,260</b>	<b>905,284</b>
Of which profit-unrelated (retention)	47,712	41,766
Of which profit-related (retention)	752,547	863,518

<b>Group total</b>	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
a) Provision for profit-unrelated premium refunds	48,027	43,518
of which property and casualty insurance	27,222	24,972
of which health insurance	20,793	18,546
of which life insurance	13	0
b) Provision for profit-related premium refunds and/or policyholder profit participation	339,138	285,815
of which property and casualty insurance	8,191	8,443
of which health insurance	57,191	56,612
of which life insurance	273,755	220,759
Deferred profit participation	413,510	577,803
<b>Total (fully consolidated values)</b>	<b>800,674</b>	<b>907,136</b>

<b>Group total</b>	2006 Group total € 000	2005 Group total € 000
a) Provision for profit-unrelated premium refunds, profit-related premium refunds and policyholder profit participation		
As at 1 Jan.	329,333	278,528
Changes for:		
Other changes	57,832	50,805
<b>As at 31 Dec.</b>	<b>387,165</b>	<b>329,333</b>
b) Deferred profit participation		
As at 1 Jan.	577,803	420,601
Changes for:		
Fluctuation in value, securities available for sale	-153,744	134,359
Revaluations affecting income	-10,550	22,843
<b>As at 31 Dec.</b>	<b>413,510</b>	<b>577,803</b>

## 22 | Actuarial provisions

Gross	Unearned premiums	Actuarial provision	Provision for outstanding claims
	€ 000	€ 000	€ 000
<b>Property and casualty insurance</b>			
31 Dec. 2005	337,908	53,093	1,694,155
Exchange rate differences	2,281	-95	5,591
Changes in consolidation scope	6,289		15,933
Portfolio changes	9,456		
Additions		-563	
Disposals		7,635	
Premiums written	1,572,537		
Premiums earned	1,553,523		
Claims in reporting year			1,369,490
Claims payments in reporting year			679,464
Change in claims from previous years			-178,824
Claims payments in previous years			456,240
<b>As at 31 Dec. 2006</b>	<b>374,948</b>	<b>44,800</b>	<b>1,770,641</b>
<b>Health insurance</b>			
As at 31 Dec. 2005	13,987	1,841,369	154,043
Exchange rate differences	-40	10	12
Changes in consolidation scope	449		1
Portfolio changes	-1,308		
Additions		138,822	
Disposals		5,730	
Premiums written	744,051		
Premiums earned	742,099		
Claims in reporting year			627,536
Claims payments in reporting year			495,389
Change in claims from previous years			-4,216
Claims payments in previous years			130,503
<b>As at 31 Dec. 2006</b>	<b>15,039</b>	<b>1,974,470</b>	<b>151,484</b>
<b>Life insurance</b>			
As at 31 Dec. 2005		12,075,698	91,607
Exchange rate differences		3,237	97
Changes in consolidation scope		20,166	888
Portfolio changes		136,411	-580
Additions		725,326	
Disposals		37,635	
Premiums written			
Premiums earned			
Claims in reporting year			1,064,454
Claims payments in reporting year			1,010,894
Change in claims from previous years			26,139
Claims payments in previous years			70,954
<b>As at 31 Dec. 2006</b>	<b>0</b>	<b>12,923,203</b>	<b>100,756</b>
<b>Group total</b>			
As at 31 Dec. 2005	351,896	13,970,159	1,939,806
Exchange rate differences	2,241	3,152	5,699
Changes in consolidation scope	6,738	20,166	16,822
Portfolio changes	8,147	136,411	-580
Additions		863,585	
Disposals		51,000	
Premiums written	2,316,587		
Premiums earned	2,295,622		
Claims in reporting year			3,061,480
Claims payments in reporting year			2,185,747
Change in claims from previous years			-156,902
Claims payments in previous years			657,697
<b>As at 31 Dec. 2006</b>	<b>389,987</b>	<b>14,942,474</b>	<b>2,022,881</b>



Reinsurers' share	Unearned premiums	Actuarial provision	Provision for outstanding claims
	€ 000	€ 000	€ 000
<b>Property and casualty insurance</b>			
As at 31 Dec. 2005	29,222	2,861	323,220
Exchange rate differences	589	1	310
Changes in consolidation scope	347		1,125
Portfolio changes	2,147		11,825
Additions		89	
Disposals		2,700	
Premiums written	281,447		
Premiums earned	282,801		
Claims in reporting year			157,836
Claims payments in reporting year			80,491
Change in claims from previous years			-31,105
Claims payments in previous years			70,686
<b>As at 31 Dec. 2006</b>	<b>30,951</b>	<b>251</b>	<b>312,033</b>
<b>Health insurance</b>			
As at 31 Dec. 2005	69	1,976	33
Exchange rate differences			
Changes in consolidation scope			
Portfolio changes			
Additions			
Disposals		133	
Premiums written	546		
Premiums earned	535		
Claims in reporting year			95
Claims payments in reporting year			48
Change in claims from previous years			694
Claims payments in previous years			15
<b>As at 31 Dec. 2006</b>	<b>80</b>	<b>1,842</b>	<b>759</b>
<b>Life insurance</b>			
As at 31 Dec. 2005		365,167	10,693
Exchange rate differences		41	20
Changes in consolidation scope		39	
Portfolio changes		-4,199	
Additions		22,402	
Disposals		1,264	
Premiums written			
Premiums earned			
Claims in reporting year			16,496
Claims payments in reporting year			11,879
Change in claims from previous years			-3,289
Claims payments in previous years			2,266
<b>As at 31 Dec. 2006</b>	<b>0</b>	<b>382,186</b>	<b>9,775</b>
<b>Group total</b>			
As at 31 Dec. 2005	29,291	370,004	333,946
Exchange rate differences	589	42	330
Changes in consolidation scope	347	39	1,125
Portfolio changes	2,147	-4,199	11,825
Additions		22,491	
Disposals		4,097	
Premiums written	281,993		
Premiums earned	283,336		
Claims in reporting year			174,428
Claims payments in reporting year			92,418
Change in claims from previous years			-33,701
Claims payments in previous years			72,967
<b>As at 31 Dec. 2006</b>	<b>31,031</b>	<b>384,279</b>	<b>322,567</b>



Retained	Unearned premiums	Actuarial provision	Provision for outstanding claims
	€ 000	€ 000	€ 000
<b>Property and casualty insurance</b>			
As at 31 Dec. 2005	308,686	50,231	1,370,935
Exchange rate differences	1,693	-95	5,280
Changes in consolidation scope	5,942		14,808
Portfolio changes	7,309		-11,825
Additions		-652	
Disposals		4,935	
Premiums written	1,291,090		
Premiums earned	1,270,722		
Claims in reporting year			1,211,654
Claims payments in reporting year			598,972
Change in claims from previous years			-147,719
Claims payments in previous years			385,554
<b>As at 31 Dec. 2006</b>	<b>343,997</b>	<b>44,550</b>	<b>1,458,607</b>
<b>Health insurance</b>			
As at 31 Dec. 2005	13,918	1,839,393	154,010
Exchange rate differences	-40	10	12
Changes in consolidation scope	449		1
Portfolio changes	-1,308		
Additions		138,822	
Disposals		5,597	
Premiums written	743,505		
Premiums earned	741,564		
Claims in reporting year			627,441
Claims payments in reporting year			495,341
Change in claims from previous years			-4,910
Claims payments in previous years			130,488
<b>As at 31 Dec. 2006</b>	<b>14,959</b>	<b>1,972,628</b>	<b>150,725</b>
<b>Life insurance</b>			
As at 31 Dec. 2005		11,710,531	80,914
Exchange rate differences		3,196	77
Changes in consolidation scope		20,127	888
Portfolio changes		140,611	-580
Additions		702,924	
Disposals		36,371	
Premiums written			
Premiums earned			
Claims in reporting year			1,047,958
Claims payments in reporting year			999,015
Change in claims from previous years			29,428
Claims payments in previous years			68,688
<b>As at 31 Dec. 2006</b>	<b>0</b>	<b>12,541,017</b>	<b>90,982</b>
<b>Group total</b>			
As at 31 Dec. 2005	322,604	13,600,156	1,605,860
Exchange rate differences	1,653	3,110	5,370
Changes in consolidation scope	6,390	20,127	15,697
Portfolio changes	6,001	140,611	-12,405
Additions		841,094	
Disposals		46,903	
Premiums written	2,034,594		
Premiums earned	2,012,286		
Claims in reporting year			2,887,052
Claims payments in reporting year			2,093,328
Change in claims from previous years			-123,200
Claims payments in previous years			584,730
<b>As at 31 Dec. 2006</b>	<b>358,956</b>	<b>14,558,195</b>	<b>1,700,314</b>

Provision for profit-unrelated premium refunds € 000	Provision for profit-related premium refunds and/or policyholder profit participation € 000	Other actuarial provisions € 000	Total € 000
23,220	8,443	19,569	1,781,085
-16	4	527	7,393
			20,750
			-4,516
2,195	-185	2,546	3,904
-1,508	71	2,991	6,489
			1,291,090
			1,270,722
			1,211,654
			598,972
			-147,719
			385,554
<b>26,907</b>	<b>8,191</b>	<b>19,651</b>	<b>1,901,903</b>
18,546	56,612	1,055	2,083,535
			-18
			449
		9	-1,299
2,900	2,470	5,168	149,360
653	1,891	316	8,458
			743,505
			741,564
			627,441
			495,341
			-4,910
			130,488
<b>20,793</b>	<b>57,191</b>	<b>5,916</b>	<b>2,222,212</b>
	798,463	17,179	12,607,088
	-16	75	3,331
	14		21,028
		647	140,678
13	75,581	879	779,396
	186,876	3,541	226,788
			0
			0
			1,047,958
			999,015
			29,428
			68,688
<b>13</b>	<b>687,165</b>	<b>15,239</b>	<b>13,334,415</b>
41,766	863,518	37,804	16,471,708
-16	-13	602	10,706
	14		42,228
		656	134,862
5,108	77,866	8,593	932,660
-854	188,838	6,849	241,735
			2,034,594
			2,012,286
			2,887,052
			2,093,328
			-123,200
			584,730
<b>47,712</b>	<b>752,547</b>	<b>40,805</b>	<b>17,458,531</b>

### 23 | Actuarial provisions for unit-linked and index-linked life insurance policies

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Gross	1,911,516	1,457,644
Reinsurers' share	-305,580	-255,704
<b>Total</b>	<b>1,605,935</b>	<b>1,201,939</b>

As a general rule, the valuation of the actuarial provisions for unit-linked and index-linked life insurance policies corresponds to the investments in unit-linked and index-linked life insurance policies reported at current market values. The reinsurers' share is offset by deposits payable in the same amount.

### 24 | Liabilities from loans

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Liabilities under issued debenture bonds		
UNIQA Versicherungen AG, Vienna		
4.00%, €150 million, bond 2004/2009	149,700	149,700
Loan liabilities	43,825	62,031
up to 1 year	5,876	13,711
more than 5 years	37,950	48,320
<b>Total</b>	<b>193,526</b>	<b>211,731</b>

### 25 | Provisions for pensions and similar commitments

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Provisions for pensions	414,589	401,005
Provision for severance payments	127,830	122,122
	<b>542,418</b>	<b>523,127</b>

	2006 Group total € 000	2005 Group total € 000
<b>As at 1 Jan.</b>	<b>523,127</b>	<b>462,522</b>
Change in consolidation scope	0	4,171
Changes from foreign currency translation	2	12
Withdrawal for pension payments	-27,160	-22,336
Expenditure in the financial year	46,450	78,758
<b>As at 31 Dec.</b>	<b>542,418</b>	<b>523,127</b>

**Calculation factors applied**

<b>2006</b>	
Technical rate of interest	4.50%
Valorisation of wages and salaries	3.00%
Valorisation of pensions	2.00%
Employee turnover rate	dependent on years of service
Accounting principles	AVÖ 1999 P – Pagler & Pagler /employee
<b>2005</b>	
Technical rate of interest	4.50%
Valorisation of wages and salaries	3.00%
Valorisation of pensions	2.00%
Employee turnover rate	dependent on years of service
Accounting principles	AVÖ 1999 P – Pagler & Pagler /employee

<b>Specification of pension expenditures for pensions and similar commitments included in the income statement</b>	<b>31 Dec. 2006 Group total € 000</b>	<b>31 Dec. 2005 Group total € 000</b>
Current service cost	15,443	8,096
Interest cost	23,220	22,765
Actuarial profit and loss	7,525	47,896
Income and expenditures from budget changes	262	0
<b>Total</b>	<b>46,450</b>	<b>78,758</b>

Under the contribution-oriented company pension scheme, the employer pays fixed amounts into company pension funds. The employer has satisfied its obligation by making these contributions.

	<b>31 Dec. 2006 Group total € 000</b>	<b>31 Dec. 2005 Group total € 000</b>
Contributions to company pension funds	942	390

## 26 | Other provisions

	Balance sheet figures prev. year € 000	Currency translation changes € 000	Change in consolidation scope € 000
Provisions for unconsumed vacations	31,948	26	22
Provisions for anniversary payments	16,329	0	0
	<b>48,277</b>	<b>26</b>	<b>22</b>
Other personnel provisions	11,876	28	26
Provisions for customer relations and marketing	28,853	4	0
Provision for Holocaust compensation	100	0	0
Provision for variable components of remuneration	15,834	4	0
Provision for legal and consulting expenses	5,088	-1	0
Provision for premium adjustment from reinsurance contracts	3,307	23	0
Provision for portfolio maintenance commission	1,762	0	0
Other provisions	60,733	82	163
	<b>127,553</b>	<b>140</b>	<b>189</b>
<b>Total</b>	<b>175,830</b>	<b>167</b>	<b>211</b>

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Other provisions <sup>1)</sup> with a high probability of utilisation (more than 90%)		
Up to 1 year	73,286	82,244
In 1 to 5 years	2,907	3,338
Up to 1 year	4,915	6,097
	<b>81,107</b>	<b>91,679</b>
Other provisions <sup>1)</sup> with a lower probability of consumption (less than 90%)		
Up to 1 year	47,143	34,773
In 1 to 5 years	1,672	959
Up to 1 year	371	142
	<b>49,186</b>	<b>35,874</b>
<b>Total</b>	<b>130,294</b>	<b>127,553</b>

<sup>1)</sup> Without unconsumed vacations and anniversary payments.

Utilisation	Reversals	Reclassifications	Additions	Balance sheet figures 2006
€ 000	€ 000	€ 000	€ 000	€ 000
-1,226	-290	0	3,131	33,610
-151	-234	-6	59	15,996
<b>-1,377</b>	<b>-525</b>	<b>-6</b>	<b>3,189</b>	<b>49,606</b>
-7,006	-3,659	-2	11,653	12,916
-27,204	-1,227	0	32,426	32,851
0	-100	0	0	0
-11,926	-4,012	100	14,614	14,614
-2,723	-278	35	3,015	5,136
-2,783	-173	0	5,886	6,261
-1,721	-41	0	1,955	1,955
-60,851	0	-126	56,561	56,561
<b>-114,214</b>	<b>-9,490</b>	<b>6</b>	<b>126,109</b>	<b>130,294</b>
<b>-115,591</b>	<b>-10,015</b>	<b>0</b>	<b>129,298</b>	<b>179,900</b>

## 27 | Payables and other liabilities

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>I. Reinsurance liabilities</b>		
1. Deposits held under reinsurance business ceded	702,765	626,269
2. Accounts payable under reinsurance operations	21,563	62,982
	<b>724,329</b>	<b>689,251</b>
<b>II. Other liabilities</b>		
<b>Liabilities under insurance business</b>		
Liabilities under direct insurance business		
to policyholders	122,319	108,802
to intermediaries	99,036	93,063
to insurance companies	5,341	3,637
	<b>226,696</b>	<b>205,502</b>
<b>Liabilities to credit institutions</b>	<b>3,922</b>	<b>0</b>
<b>Other liabilities</b>	<b>424,478</b>	<b>224,495</b>
of which for taxes	45,652	45,667
of which for social security	10,055	10,149
of which from fund consolidation	251,376	84,001
<b>Total other liabilities</b>	<b>655,096</b>	<b>429,998</b>
<b>Subtotal</b>	<b>1,379,425</b>	<b>1,119,248</b>
Of which liabilities with a remaining term of		
up to 1 year	766,296	575,559
between 1 and 5 years	41,472	26,608
more than 5 years	571,657	517,081
	<b>1,379,425</b>	<b>1,119,248</b>
<b>III. Other liabilities</b>		
<b>Deferred income</b>	<b>8,232</b>	<b>11,539</b>
<b>Total payables and other liabilities</b>	<b>1,387,657</b>	<b>1,130,787</b>

The item "Deferred income" basically comprises the balance of the deferred income regarding the indirect business settlement.

## 28 | Liabilities from income tax

	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
<b>Liabilities from income tax</b>	<b>66,754</b>	<b>95,361</b>
Liabilities from income tax		
up to 1 year	6,150	205
between 1 and 5 years	60,074	94,938
more than 5 years	530	218

## 29 | Deferred tax liabilities

Cause of origin	31 Dec. 2006 Group total € 000	31 Dec. 2005 Group total € 000
Actuarial items	152,276	135,119
Untaxed reserves	27,761	28,953
Shares in affiliated companies	28,425	28,425
Investments	79,261	71,434
Other	12,166	4,900
<b>Total</b>	<b>299,889</b>	<b>268,831</b>
Of which not affecting income	57,845	43,007

## Notes to the consolidated income statement 2006

## 30 | Premiums written

Direct business	2006 Group total € 000	2005 Group total € 000
1. Property and casualty insurance	1,996,674	1,876,302
2. Life insurance	1,577,346	1,568,783
3. Health insurance	888,902	843,023
<b>Total (fully consolidated values)</b>	<b>4,462,923</b>	<b>4,288,108</b>
Of which written in:		
1. Austria	3,071,160	3,057,892
2. Other member states of the EU and other signatory states of the Treaty on the European Economic Area	1,280,195	1,170,770
3. Other countries	111,568	59,446
<b>Total (fully consolidated values)</b>	<b>4,462,923</b>	<b>4,288,108</b>

Indirect business	2006 Group total € 000	2005 Group total € 000
1. Property and casualty insurance	40,473	57,276
2. Life insurance	27,844	22,410
3. Health insurance	898	2,371
<b>Total (fully consolidated values)</b>	<b>69,214</b>	<b>82,057</b>

	2006 Group total € 000	2005 Group total € 000
<b>Total (fully consolidated values)</b>	<b>4,532,137</b>	<b>4,370,165</b>

Premiums written in property and casualty insurance	2006 Group total € 000	2005 Group total € 000
<b>Direct business</b>		
Fire and business interruption insurance	166,131	160,802
Household insurance	157,768	151,163
Other property insurance	188,244	175,925
Motor TPL insurance	511,755	471,553
Other motor insurance	335,076	311,577
Casualty insurance	224,076	210,439
Liability insurance	210,712	198,175
Legal expenses insurance	44,663	40,353
Marine, aviation and transport insurance	100,525	103,790
Other insurance	57,725	52,526
<b>Total</b>	<b>1,996,674</b>	<b>1,876,302</b>
<b>Indirect business</b>		
Marine, aviation and transport insurance	2,529	3,272
Other insurance	37,943	54,004
<b>Total</b>	<b>40,473</b>	<b>57,276</b>
<b>Total direct and indirect business (fully consolidated values)</b>	<b>2,037,147</b>	<b>1,933,578</b>
<b>Reinsurance premiums ceded</b>		
	2006 Group total € 000	2005 Group total € 000
1. Property and casualty insurance	293,678	285,929
2. Life insurance	77,603	67,642
3. Health insurance	1,085	839
<b>Total (fully consolidated values)</b>	<b>372,366</b>	<b>354,410</b>

### 31 | Premiums earned (retained)

	2006 Group total € 000	2005 Group total € 000
<b>1. Property and casualty insurance</b>	<b>1,715,604</b>	<b>1,627,706</b>
Gross	2,008,241	1,912,925
Reinsurers' share	-292,637	-285,220
<b>2. Life insurance</b>	<b>1,527,391</b>	<b>1,523,309</b>
Gross	1,604,998	1,591,095
Reinsurers' share	-77,607	-67,786
<b>3. Health insurance</b>	<b>886,672</b>	<b>849,415</b>
Gross	887,746	850,321
Reinsurers' share	-1,074	-906
<b>Total (fully consolidated values)</b>	<b>4,129,666</b>	<b>4,000,429</b>

Premiums earned in indirect business	2006	2005
	Group total € 000	Group total € 000
Posted immediately	10,836	17,197
Posted after up to one year	30,318	40,129
<b>Property and casualty insurance</b>	<b>41,155</b>	<b>57,326</b>
Posted immediately	5,452	599
Posted after up to one year	22,339	22,115
Posted after more than one year	53	-304
<b>Life insurance</b>	<b>27,844</b>	<b>22,410</b>
Posted immediately	495	717
Posted after up to one year	403	1,653
<b>Health insurance</b>	<b>898</b>	<b>2,371</b>
<b>Total (fully consolidated values)</b>	<b>69,896</b>	<b>82,107</b>

Earnings from indirect business	2006	2005
	Group total € 000	Group total € 000
Property and casualty insurance	11,985	18,295
Life insurance	866	2,185
Health insurance	-137	-448
<b>Total (fully consolidated values)</b>	<b>12,714</b>	<b>20,032</b>

## 32 | Income from fees and provisions

Reinsurance commission and profit shares from reinsurance business ceded	2006	2005
	Group total € 000	Group total € 000
Property and casualty insurance	59,539	55,851
Life insurance	21,203	10,818
Health insurance	122	74
<b>Total (fully consolidated values)</b>	<b>80,865</b>	<b>66,744</b>

33 | Net investment income<sup>1)</sup>

	Property and casualty insurance		Life insurance	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000
<b>I. Properties held as financial investments</b>	<b>2,757</b>	<b>6,201</b>	<b>3,370</b>	<b>3,994</b>
<b>II. Variable-yield securities</b>	<b>69,131</b>	<b>65,698</b>	<b>302,237</b>	<b>403,428</b>
1. Available for sale	63,100	57,054	257,310	312,335
2. Reported in the income statement	6,031	8,644	44,927	91,093
<b>III. Fixed interest securities</b>	<b>33,156</b>	<b>69,069</b>	<b>209,024</b>	<b>490,996</b>
1. Held to maturity	0	0	0	0
2. Available for sale	32,284	68,220	188,906	448,792
3. Reported in the income statement	872	849	20,118	42,204
<b>IV. Loans and other investments</b>	<b>13,877</b>	<b>22,111</b>	<b>27,735</b>	<b>41,080</b>
1. Loans	13,107	17,869	14,835	24,242
2. Other investments	770	4,242	12,900	16,838
<b>V. Derivative financial instruments</b>	<b>8,753</b>	<b>-22,314</b>	<b>80,599</b>	<b>-189,873</b>
<b>VI. Expenditures for asset management, interest expenditures and other</b>	<b>-12,448</b>	<b>-8,490</b>	<b>-7,160</b>	<b>-7,281</b>
<b>Total (fully consolidated values)</b>	<b>115,226</b>	<b>132,274</b>	<b>615,804</b>	<b>742,343</b>

<sup>1)</sup> The total income (net) from investments is shown here without the earnings from associated companies.

	Ordinary income		Write-ups and unrealised capital gains	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000
<b>I. Properties held as financial investments</b>	<b>43,985</b>	<b>40,457</b>	<b>0</b>	<b>0</b>
<b>II. Variable-yield securities</b>				
1. Available for sale	122,585	79,418	661	28,365
2. Reported in the income statement	30,522	42,629	43,739	55,833
<b>III. Fixed interest securities</b>				
1. Held to maturity	0	0	0	0
2. Available for sale	410,441	368,117	1,553	59,225
3. Reported in the income statement	29,627	40,159	589	3,567
<b>IV. Loans and other investments</b>				
1. Loans	49,901	59,716	2,399	2,582
2. Other investments	17,839	22,467	0	0
<b>V. Derivative financial instruments</b>	<b>-26,327</b>	<b>-9,255</b>	<b>65,361</b>	<b>37,880</b>
<b>VI. Expenditures for asset management, interest expenditures and other</b>	<b>-23,326</b>	<b>-18,247</b>	<b>0</b>	<b>0</b>
<b>Total (fully consolidated values)</b>	<b>655,247</b>	<b>625,462</b>	<b>114,302</b>	<b>187,452</b>

Health insurance		Consolidated financial statements	
2006 € 000	2005 € 000	2006 € 000	2005 € 000
8,726	6,215	14,852	16,410
53,930	35,518	425,298	504,643
47,015	29,452	367,425	398,841
6,915	6,065	57,873	105,802
28,231	61,196	270,411	621,260
0	0	0	0
25,663	57,751	246,853	574,762
2,568	3,445	23,559	46,498
20,244	18,479	61,856	81,670
16,074	17,092	44,017	59,203
4,169	1,387	17,839	22,467
6,882	-16,950	96,233	-229,137
-3,717	-2,475	-23,326	-18,247
114,294	101,982	845,325	976,600

Realised capital gains		Write-offs and unrealised capital losses		Realised capital losses		Consolidated financial statements	
2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000
8,820	797	-36,630	-24,754	-1,323	-91	14,852	16,410
303,447	299,491	-53,011	-4,466	-6,257	-3,967	367,425	398,841
29,644	19,865	-35,797	-1,406	-10,235	-11,119	57,873	105,802
0	0	0	0	0	0	0	0
42,017	175,238	-159,091	-21,501	-48,068	-6,317	246,853	574,762
1,840	9,637	-7,638	-4,939	-860	-1,927	23,559	46,498
0	3,329	-8,283	-6,420	0	-5	44,017	59,203
0	0	0	0	0	0	17,839	22,467
139,993	55,377	-22,420	-82,912	-60,373	-230,226	96,233	-229,137
0	0	0	0	0	0	-23,326	-18,247
525,761	563,734	-322,869	-146,397	-127,116	-253,651	845,325	976,600

Impairment	Write-offs and value adjustment		Of which current depreciation/amortisation		Of which value adjustment	
	2006 € 000	2005 € 000	2006 € 000	2005 € 000	2006 € 000	2005 € 000
<b>I. Properties held as financial investments</b>	<b>-36,630</b>	<b>-24,754</b>	<b>-25,179</b>	<b>-24,754</b>	<b>-11,451</b>	<b>0</b>
<b>II. Variable-yield securities</b>						
1. Available for sale	-53,011	-4,466	-20,480	3,607	-32,530	-8,073
2. Reported in the income statement	-35,797	-1,406	-35,797	-1,406	0	0
<b>III. Fixed interest securities</b>						
1. Held to maturity	0	0	0	0	0	0
2. Available for sale	-159,091	-21,501	-67,937	-65	-91,154	-21,436
3. Reported in the income statement	-7,638	-4,939	-7,638	-4,939	0	0
<b>IV. Loans and other investments</b>						
1. Loans	-8,283	-6,420	-8,283	-6,420	0	0
2. Other investments	0	0	0	0	0	0
<b>V. Derivative financial instruments</b>	<b>-22,420</b>	<b>-82,912</b>	<b>-22,420</b>	<b>-82,912</b>	<b>0</b>	<b>0</b>
<b>VI. Expenditures for asset management, interest expenditures and other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (fully consolidated values)</b>	<b>-322,869</b>	<b>-146,397</b>	<b>-187,733</b>	<b>-116,888</b>	<b>-135,136</b>	<b>-29,509</b>

### 34 | Other income

	2006 Group total € 000	2005 Group total € 000
<b>a) Other actuarial income</b>	<b>18,771</b>	<b>12,616</b>
Property and casualty insurance	15,538	9,816
Life insurance	2,558	2,521
Health insurance	675	280
<b>b) Other non-actuarial income</b>	<b>19,534</b>	<b>18,054</b>
Property and casualty insurance	14,443	13,781
Life insurance	4,435	3,344
Health insurance	655	929
Of which		
Services rendered	7,312	5,028
Changes in exchange rates	3,629	2,148
Other	8,593	10,878
<b>c) Other income</b>	<b>3,579</b>	<b>5,896</b>
From foreign currency conversion	2,967	1,377
From other	612	4,519
<b>Total (fully consolidated values)</b>	<b>41,884</b>	<b>36,566</b>

## 35 | Insurance benefits

	2006			2005		
	Gross € 000	Reinsurers' share € 000	Retention € 000	Gross € 000	Reinsurers' share € 000	Retention € 000
<b>Property and casualty insurance</b>						
Expenditure for claims						
Claims paid	1,204,312	-150,890	1,053,422	1,141,388	-170,547	970,841
Change in provision for outstanding claims	60,800	-4,053	56,746	101,980	7,341	109,321
<b>Total</b>	<b>1,265,112</b>	<b>-154,943</b>	<b>1,110,169</b>	<b>1,243,368</b>	<b>-163,206</b>	<b>1,080,162</b>
Change in actuarial provision	-1,723	-4,157	-5,880	-1,429	-1,052	-2,481
Change in other actuarial provisions	-491	-1	-492	1,568	501	2,069
Expenditure for profit-unrelated and profit-related premium refunds	24,933	1,328	26,262	27,192	-818	26,373
<b>Total amount of benefits</b>	<b>1,287,832</b>	<b>-157,773</b>	<b>1,130,059</b>	<b>1,270,699</b>	<b>-164,576</b>	<b>1,106,123</b>
<b>Life insurance</b>						
Expenditure for claims						
Claims paid	975,275	-48,192	927,083	821,923	-46,189	775,733
Change in provision for outstanding claims	5,807	3,997	9,804	-5,785	1,100	-4,685
<b>Total</b>	<b>981,082</b>	<b>-44,195</b>	<b>936,887</b>	<b>816,138</b>	<b>-45,089</b>	<b>771,049</b>
Change in actuarial provision	638,341	-20,207	618,134	901,734	-18,313	883,421
Change in other actuarial provisions	-2,418	0	-2,418	706	0	706
Expenditure for profit-unrelated and profit-related premium refunds and/or (deferred) profit participation	227,085	95	227,180	242,544	0	242,544
<b>Total amount of benefits</b>	<b>1,844,089</b>	<b>-64,307</b>	<b>1,779,782</b>	<b>1,961,122</b>	<b>-63,402</b>	<b>1,897,720</b>
<b>Health insurance</b>						
Expenditure for claims						
Claims paid	649,390	-616	648,774	622,163	-262	621,901
Change in provision for outstanding claims	-2,474	-726	-3,199	11,518	-32	11,486
<b>Total</b>	<b>646,917</b>	<b>-1,342</b>	<b>645,575</b>	<b>633,681</b>	<b>-295</b>	<b>633,387</b>
Change in actuarial provision	132,727	133	132,861	104,267	-409	103,858
Change in other actuarial provisions	9	0	9	40	0	40
Expenditure for profit-unrelated and profit-related premium refunds	27,352	-2	27,350	35,779	-4	35,775
<b>Total amount of benefits</b>	<b>807,004</b>	<b>-1,210</b>	<b>805,794</b>	<b>773,767</b>	<b>-707</b>	<b>773,060</b>
<b>Total (fully consolidated values)</b>	<b>3,938,925</b>	<b>-223,290</b>	<b>3,715,635</b>	<b>4,005,588</b>	<b>-228,685</b>	<b>3,776,903</b>

## 36 | Operating expenses

	2006 Group total € 000	2005 Group total € 000
<b>Property and casualty insurance</b>		
a) Acquisition costs		
Payments	424,170	406,901
Change in deferred acquisition costs	-12,342	-7,235
b) Other operating expenses	216,582	208,949
	<b>628,410</b>	<b>608,615</b>
<b>Life insurance</b>		
a) Acquisition costs		
Payments	252,282	207,848
Change in deferred acquisition costs	-42,576	-40,041
b) Other operating expenses	72,902	87,105
	<b>282,608</b>	<b>254,912</b>
<b>Health insurance</b>		
a) Acquisition costs		
Payments	86,845	79,316
Change in deferred acquisition costs	64	-979
b) Other operating expenses	49,878	52,597
	<b>136,787</b>	<b>130,934</b>
<b>Total (fully consolidated values)</b>	<b>1,047,805</b>	<b>994,461</b>

## 37 | Other expenses

	2006 Group total € 000	2005 Group total € 000
<b>a) Other actuarial expenses</b>	<b>74,391</b>	<b>67,060</b>
Property and casualty insurance	33,129	21,825
Life insurance	36,161	38,731
Health insurance	5,101	6,503
<b>b) Other non-actuarial expenses</b>	<b>27,009</b>	<b>25,813</b>
Property and casualty insurance	23,513	24,086
Life insurance	2,931	1,282
Health insurance	565	445
Of which		
Services rendered	2,155	1,759
Exchange rate losses	8,821	7,852
Motor vehicle registration	6,404	3,711
Other	9,629	12,491
<b>c) Other expenses</b>	<b>5,623</b>	<b>357</b>
For foreign currency translation	304	357
For other	5,320	0
<b>Total (fully consolidated values)</b>	<b>107,024</b>	<b>93,230</b>

## 38 | Profit from associated companies

	Consolidated financial statements	
	2006 € 000	2005 € 000
<b>Income from associated companies</b>	<b>45,017</b>	<b>12,871</b>
<b>Shares in associated companies</b>	<b>2006 € 000</b>	<b>2005 € 000</b>
Ordinary income	45,017	18,358
Write-ups and unrealised capital gains	0	0
Realised capital gains	0	0
Depreciation/amortisation and unrealised capital losses	0	-5,488
Realised capital losses	0	0
<b>Consolidated financial statements</b>	<b>45,017</b>	<b>12,871</b>

## 39 | Tax expenditure

Income tax	2006	2005
	Group total € 000	Group total € 000
Actual tax in reporting year	52,218	41,255
Actual tax in previous year	9,086	15,713
Deferred tax	2,117	22
<b>Total (fully consolidated values)</b>	<b>63,422</b>	<b>56,991</b>
<b>Reconciliation statement</b>	<b>2006 Group total € 000</b>	<b>2005 Group total € 000</b>
<b>A. Profit from ordinary activities</b>	<b>238,487</b>	<b>190,332</b>
<b>B. Anticipated tax expenditure (A * Group tax rate),</b>	<b>59,607</b>	<b>46,913</b>
Adjusted by tax effects from		
1) Tax-free investment income	-10,943	-4,665
2) Other	14,757	14,742
Amortisation of goodwill	91	2,794
Non-deductible expenses/other tax-exempt income	1,406	2,215
Changes/deviations in tax rates	9,412	4,981
Lapse of loss carried forward and other	3,849	4,752
<b>C. Income tax expenditure</b>	<b>63,422</b>	<b>56,991</b>
<b>Average effective tax burden in %</b>	<b>26.6</b>	<b>29.9</b>

The basic applicable corporate income tax rate for all segments was 25%. For life insurance, to the extent that the minimum taxation is applied, in the case of an assumed profit participation of 85%, this leads to a different corporate tax rate.

## Other disclosures

### Employees

Personnel expenses <sup>1)</sup>	2006 Group total € 000	2005 Group total € 000
Salaries and wages	291,929	258,055
Expenses for severance payments	18,660	25,348
Expenses for employee pensions	12,501	53,175
Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions	87,909	84,033
Other social expenditures	5,926	4,244
<b>Total</b>	<b>416,925</b>	<b>424,856</b>
Of which business development	129,472	132,160
Of which administration	269,086	269,376

<sup>1)</sup> The data are based on IFRS valuation.

Average number of employees	2006	2005
<b>Total</b>	<b>10,748</b>	<b>9,943</b>
Of which business development	3,957	3,469
Of which administration	6,791	6,474

	2006 € 000	2005 € 000
Expenses for severance payments and employee pensions amounted to		
Members of the Management Board and executive employees, in accordance with Section 80 paragraph 1 of the Stock Corporation Law	5,929	17,350
Other employees	34,016	80,440

Both figures include the expenditure for pensioners and surviving dependants (basis: Business Code valuation). The indicated expenses were charged to the Group companies based on defined company processes. The higher expenses in the previous year were attributed to the reduction of the discount rate from 6% to 4%.

### Earnings of the Management Board and Supervisory Board

Members of the Management Board receive remunerations exclusively from UNIQA Versicherungen AG.

	2006 € 000	2005 € 000
The expenses for remuneration of Management Board members attributable to the reporting year amounted to:		
Regular payments	1,902	1,903
Performance-related remunerations <sup>2)</sup>	1,540	1,541
<b>Total</b>	<b>3,442</b>	<b>3,444</b>
Of which charged to operational subsidiaries:	3,270	3,272
Former members of the Management Board and their surviving dependants were paid:	2,574	2,411
Because of pension commitments to these persons, the following provision was set up on 31 December	24,796	26,552

<sup>2)</sup> Included in the variable portion are effects from the previous year amounting to €0 (2005: €2,000).

The remuneration to members of the Supervisory Board amounted to:

	2006 € 000	2005 € 000
For the current financial year (provision)	410	416
For the previous financial year (settlement)	0	129
Meeting attendance fees	39	37
<b>Total</b>	<b>449</b>	<b>582</b>

Former members of the Supervisory Board did not receive any remuneration.

The information according to Section 239 paragraph 1 of the Business Code, in connection with 80b of the Insurance Supervisory Act, which must be included in the appendix as mandatory information for financial statements according to IFRS, releasing the company from the requirement to prepare financial statements in accordance with the Austrian Business Code, are defined for the individual financial statements according to the provisions of the Austrian Business Code, with expanded scope. In addition to the executive functions (Management Board) of UNIQA Versicherungen AG, the individual financial statements also include the earnings of the Management Boards of the subsidiaries, insofar as there exists a legally binding basis with UNIQA Versicherungen AG.

#### Principles for profit participation by the Management Board

A variable income component was made available to the members of the Management Board for the 2006 financial year in the form of bonus agreements and provided as a one-time payment based on the earnings situation in 2006. The basis for determining the size of the bonus is the return on equity based on the IFRS consolidated financial statements 2006 of UNIQA Versicherungen AG.

#### Principles for the pension scheme provided in the company for the Management Board and its requirements

Retirement pensions, a pension for occupational invalidity as well as a widow's and orphans' pension have been established. The retirement pension is due upon meeting the requirements for the old-age pension according to the General Social Security Act. The pension amount is calculated from a percentage of a

contractually established assessment basis. In the event of early pension eligibility, according to the transitional provisions included in the General Social Security Act, the pension claim is reduced. For the occupational invalidity pension and the pension for surviving dependants, flat rates are provided as minimum pension.

#### Principles for vested rights and claims of the Management Board of the company in the event of termination of their position

Severance payments have been agreed upon based partially on the provisions of the Salaried Employee Act. The benefits are fundamentally retained in the event of termination of membership of the Management Board; however, a reduction rule based on the remaining time until meeting the claim requirements for the old-age pension according to the General Social Security Act applies.

#### Supervisory Board remuneration scheme

Remunerations to the Supervisory Board are passed at the annual general meeting as a total amount for the work in the past financial year. The remuneration amount applicable to the individual Supervisory Board members is based on the position within the Supervisory Board and the number of committee positions.

#### Group holding company

The parent company of the UNIQA Group is UNIQA Versicherungen AG. This company is registered in the company registry of the Commercial Court of Vienna under FN 92933 t. In addition to its duties as Group holding company, this company also performs the duties of a Group reinsurer.

Related companies and persons	2006 Group total € 000	2005 Group total € 000
<b>Receivables and liabilities with affiliated and associated companies as well as related persons</b>		
<b>Mortgage loans and other loans</b>	<b>80</b>	<b>119</b>
Affiliated companies	80	119
<b>Receivables</b>	<b>2,383</b>	<b>3,998</b>
Other receivables	2,383	3,998
Affiliated companies	2,376	3,977
Associated companies	6	21
<b>Liabilities</b>	<b>1,270</b>	<b>2,377</b>
Other liabilities	1,270	2,377
Affiliated companies	1,270	2,376
Associated companies	0	1
<b>Income and expenses of affiliated companies as well as related persons</b>		
<b>Income</b>	<b>-1,271</b>	<b>814</b>
Investment income	-1,274	811
Affiliated companies	-1,274	811
Other income	3	3
Affiliated companies	3	3

<b>Other financial commitments and contingent liabilities</b>	2006	2005
	€ 000	€ 000
<b>Contingent liabilities from risks of litigation</b>	<b>8,563</b>	<b>8,751</b>
Foreign	8,563	8,751
<b>Other contingent liabilities (affiliated, not consolidated)</b>	<b>0</b>	<b>78</b>
Foreign	0	78
<b>Other contingent liabilities</b>	<b>130</b>	<b>52</b>
Foreign	130	52
<b>Total</b>	<b>8,693</b>	<b>8,881</b>

The companies of the UNIQA Group are involved in court proceedings in Austria and other countries in connection with their ordinary business operations as insurance companies. The result of the pending or threatened proceedings is often impossible to determine or predict.

In consideration of the provisions set aside for these proceedings, the management is of the opinion that these proceedings have no significant effects on the financial situation and the operating earnings of the UNIQA Group.

	2006	2005
	€ 000	€ 000
Future leasing payments due to the financing of the new UNIQA headquarters in Vienna		
Up to 1 year	5,693	5,254
More than 1 year up to 5 years	22,878	21,015
More than 5 years	56,932	52,538
<b>Total</b>	<b>85,503</b>	<b>78,808</b>
<b>Income from subleasing in 2006</b>	<b>297</b>	<b>306</b>

We moved into the new UNIQA headquarters – the UNIQA Tower – in 2004. The aforementioned leasing obligations are based on the investment expenditures in connection with a specific calculatory rate of interest yield.

## Affiliated and associated companies in 2006

Company	Type	Location	Equity in € million <sup>1)</sup>	Share in equity in % <sup>2)</sup>
<b>Domestic insurance companies</b>				
UNIQA Versicherungen AG (Group Holding Company)		1029 Vienna		
UNIQA Sachversicherung AG	Full	1029 Vienna	94.0	100.0
UNIQA Personenversicherung AG	Full	1029 Vienna	371.6	63.4
Salzburger Landes-Versicherung AG	Full	5020 Salzburg	17.6	100.0
Raiffeisen Versicherung AG	Full	1029 Vienna	133.2	100.0
CALL DIRECT Versicherung AG	Full	1029 Vienna	10.5	100.0
FINANCE LIFE Lebensversicherung AG	Full	1029 Vienna	17.7	100.0
SK Versicherung Aktiengesellschaft	Equity	1020 Vienna	6.6	25.0
<b>Foreign insurance companies</b>				
UNIQA Assurances S.A.	Full	Switzerland, Geneva	9.9	100.0
UNIQA Re AG	Full	Switzerland, Zurich	85.9	100.0
UNIQA Assicurazioni S.p.A.	Full	Italy, Milan	102.6	100.0
UNIQA poisťovňa a.s.	Full	Slovakia, Bratislava	19.1	99.9
UNIQA pojišťovna, a.s.	Full	Czech Republic, Prague	26.6	83.3
UNIQA osiguranje d.d.	Full	Croatia, Zagreb	8.0	80.0
Friuli-Venezia Giulia Assicurazioni „La Carnica“ S.p.A.	Full	Italy, Udine	19.5	89.1
UNIQA Towarzystwo Ubezpieczen S.A.	Full	Poland, Lodz	66.2	69.9
UNIQA Towarzystwo Ubezpieczen na Życie S.A.	Full	Poland, Lodz	3.5	69.7
UNIQA Biztosító Zrt.	Full	Hungary, Budapest	43.5	85.0
UNIQA Lebensversicherung AG	Full	Liechtenstein, Vaduz	5.1	100.0
UNIQA Versicherung AG	Full	Liechtenstein, Vaduz	3.1	100.0
Towarzystwo Ubezpieczen FILAR S.A.	Full	Poland, Stettin	23.6	93.1
Mannheimer AG Holding	Full	Germany, Mannheim	69.8	88.7
Mannheimer Versicherung AG	Full	Germany, Mannheim	49.1	100.0
mamax Lebensversicherung AG	Full	Germany, Mannheim	8.6	100.0
Mannheimer Versicherung AG	Full	Switzerland, Zurich	24.2	100.0
Mannheimer Krankenversicherung AG	Full	Germany, Mannheim	9.1	100.0
Claris Vita S.p.A.	Full	Italy, Milan	53.1	80.0
UNIQA Osiguranje d.d.	Full	Bosnia and Herzegovina, Sarajevo	5.0	99.8
ASTRA S.A.	Equity	Romania, Bucharest	34.0	27.0
Vitosha AD	Full	Bulgaria, Sofia	10.6	20.0
Vitosha Life AD	Full	Bulgaria, Sofia	3.7	99.7
Zepter osiguranje A.D.	Full	Serbia, Belgrade	-0.7	80.0
Credo-Classic	Equity	Ukraine, Kiev	24.8	35.3
UNIQA LIFE	Full	Ukraine, Kiev	1.5	100.0
Zepter Osiguranje A.D.	<sup>*)</sup>	Montenegro, Podgorica		99.4

Company	Type	Location	Equity in € million <sup>1)</sup>	Share in equity in % <sup>2)</sup>
<b>Group domestic service companies</b>				
UNIQA Immobilien-Service GmbH	Full	1029 Vienna	0.2	100.0
Versicherungsmarkt-Servicegesellschaft m.b.H.	Full	1010 Vienna	0.2	100.0
Agenta Risiko- und Finanzierungsberatung Gesellschaft m.b.H.	Full	1010 Vienna	0.5	100.0
Raiffeisen Versicherungsmakler GmbH	Equity	6900 Bregenz	0.1	50.0
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	<sup>2)</sup>	1010 Vienna		33.3
RSG – Risiko Service und Sachverständigen GmbH	<sup>1)</sup>	1029 Vienna		100.0
Dr. E. Hackhofer EDV-Softwareberatung Gesellschaft m.b.H.	Full	1070 Vienna	1.1	51.0
UNIQA Software-Service GmbH	Full	1029 Vienna	0.6	100.0
SYNTEGRA Softwarevertrieb und Beratung GmbH	Full	3820 Raabs	0.4	100.0
UNIQA Finanz-Service GmbH	Full	1020 Vienna	0.3	100.0
UNIQA Alternative Investments GmbH	Full	1020 Vienna	3.5	100.0
UNIQA International Versicherungs-Holding GmbH	Full	1029 Vienna	107.5	100.0
UNIQA International Beteiligungs-Verwaltungs GmbH	Full	1029 Vienna	339.1	100.0
Alopex Organisation von Geschäftskontakten GmbH	<sup>1)</sup>	1020 Vienna		100.0
RC Risk-Concept Versicherungsberatungs- & Versicherungsmaklergesellschaft m.b.H.	<sup>1)</sup>	1010 Vienna		100.0
Allfinanz Versicherungs- und Finanzservice GmbH	Full	1010 Vienna	0.2	100.0
Direct Versicherungsvertriebs-GesmbH	<sup>1)</sup>	1020 Vienna		100.0
Assistance Beteiligungs-GmbH	Full	1010 Vienna	0.3	52.0
Real Versicherungs-Makler GmbH	<sup>1)</sup>	1220 Vienna		100.0
Together Internet Services GmbH	<sup>2)</sup>	1030 Vienna		24.0
FL-Vertriebs- und Service GmbH	<sup>1)</sup>	5020 Salzburg		100.0
UNIQA HealthService – Services im Gesundheitswesen GmbH	<sup>1)</sup>	1029 Vienna		100.0
UNIQA Real Estate Beteiligungsverwaltung GmbH	Full	1029 Vienna	-0.1	100.0
Aviso Beta Veranlagungs GmbH	<sup>2)</sup>	1010 Vienna		20.0
Privatklinik Grinzing GmbH	<sup>1)</sup>	1190 Vienna		100.0
<b>Group foreign service companies</b>				
Syntegra Szolgaltato es Tanacsado KFT	Full	Hungary, Budapest	0.3	60.0
Insdata spol s.r.o.	<sup>1)</sup>	Slovakia, Nitra		100.0
Racio s.r.o.	<sup>1)</sup>	Czech Republic, Prague		100.0
UNIQA partner, s.r.o	Full	Slovakia, Bratislava	0.0	100.0
UNIQA Pro	<sup>1)</sup>	Czech Republic, Prague		100.0
UNIQA InsService s.r.o.	Full	Slovakia, Bratislava	0.2	100.0
UNIQA Penztarszolgalato Kft	Full	Hungary, Budapest	4.0	100.0
Heller Saldo 2000 Penztarszolgalato Kft	Full	Hungary, Budapest	0.5	83.6
Dekra Expert Muszaki Szakertoi Kft	Full	Hungary, Budapest	0.8	74.9
UNIQA Vagyonkezelö Zrt	Full	Hungary, Budapest	4.2	100.0
UNIQA Szolgalato Kft	Full	Hungary, Budapest	7.1	100.0
Profit-Pro Kft.	<sup>1)</sup>	Hungary, Budapest		100.0
RC Risk Concept Vaduz	<sup>1)</sup>	Liechtenstein, Vaduz		100.0
Elsö Közzolgalati Penzügyi Tanacsado Kft	<sup>1)</sup>	Hungary, Budapest		92.4
Millennium Oktatási és Tréning Kft	Full	Hungary, Budapest	0.1	100.0
verscon GmbH Versicherungs- und Finanzmakler	<sup>1)</sup>	Germany, Mannheim		100.0
IMD Gesellschaft für Informatik und Datenverarbeitung GmbH	<sup>1)</sup>	Germany, Mannheim		100.0
UMV Gesellschaft für Unterstützungskassen-Management und Vorsorge GmbH	<sup>1)</sup>	Germany, Mannheim		100.0
Mannheimer Service und Vermögensverwaltungs GmbH	<sup>1)</sup>	Germany, Mannheim		100.0
Carl C. Peiner GmbH	<sup>1)</sup>	Germany, Hamburg		100.0
Wehring & Wolfes GmbH	<sup>1)</sup>	Germany, Hamburg		100.0
Falk GmbH	<sup>1)</sup>	Germany, Hamburg		100.0

Company	Type	Location	Equity in € million <sup>1)</sup>	Share in equity in % <sup>2)</sup>
<b>Group foreign service companies</b>				
Hans L. Grauerholz GmbH	*1)	Germany, Hamburg		100.0
GSM Gesellschaft für Service Management mbH	*1)	Germany, Hamburg		100.0
FL Servicegesellschaft m.b.H.	*1)	Germany, Munich		100.0
Skola Hotelnictivi A Gastronom	*1)	Czech Republic, Prague		100.0
ITM Praha s.r.o.	*2)	Czech Republic, Prague		29.1
ML Sicherheitszentrale GmbH	*2)	Germany, Mannheim		30.0
Mannheimer ALLFINANZ Versicherungsvermittlung AG	*1)	Germany, Mannheim		100.0
dmuk Dt. Mittelstands-Unterstützungskasse GmbH	*1)	Germany, Mannheim		100.0
UFL UNIQA Finance Life Service GmbH	*1)	Germany, Mannheim		100.0
Financni poradci s.r.o.	*1)	Czech Republic, Prague		75.0
Claris Previdenza	*1)	Italy, Milan		100.0
UNIQA Software Service d.o.o.	*1)	Croatia, Zagreb		100.0
Vitosha Auto OOD	Full	Bulgaria, Sofia	-0.1	100.0
Syntegra S.R.L.	*1)	Romania, Klausenburg		100.0
Agenta-Consulting Kft.	*1)	Hungary, Budapest		100.0
UNIQA Software Service-Polska Sp.z o.o	*1)	Poland, Lodz		100.0
AGENTA consulting s.r.o.	*1)	Czech Republic, Prague		100.0
AGENTA Consulting Sp z oo w organizacji	*1)	Poland, Lodz		100.0
<b>Financial and strategic domestic shareholdings</b>				
Medial Beteiligungs-Gesellschaft m.b.H.	Equity	1010 Vienna	11.2	29.6
Medicur-Holding Gesellschaft m.b.H.**)	Equity	1020 Vienna	-18.4	25.0
ÖVK Holding GmbH	Equity	1030 Vienna	5.0	25.0
PKB Privatkliniken Beteiligungs-GmbH**)	Equity	1010 Vienna	20.2	50.0
STRABAG SE**)	Equity	9500 Villach	467.6	25.0
Humanomed Krankenhaus Management Gesellschaft m.b.H.	Equity	1040 Vienna	1.1	44.0
Privatklinik Villach Gesellschaft m.b.H. & Co. KG	*2)	9020 Klagenfurt		34.9
ÖPAG Pensionskassen Aktiengesellschaft	Equity	1203 Vienna	20.3	40.1
call us Assistance International GmbH	Equity	1090 Vienna	0.6	61.0
EBV Leasing Gesellschaft m.b.H.	Equity	1061 Vienna	0.3	50.0
UNIQA Leasing GmbH	Full	1061 Vienna	0.1	100.0
UNIQA Human Resources-Service GmbH	Full	1020 Vienna	0.3	100.0
UNIQA Beteiligungs-Holding GmbH	Full	1029 Vienna	140.2	100.0
UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.	Full	1029 Vienna	12.4	100.0
Austria Hotels Betriebs-GmbH <sup>3)</sup>	Full	1010 Vienna	8.3	100.0
Wiener Kongresszentrum Hofburg Betriebsgesellschaft m.b.H.	*2)	1010 Vienna		24.5
JALPAK International (Austria) Ges.m.b.H.	*2)	1010 Vienna		25.0
Allrisk-SCS-Versicherungsdienst Gesellschaft m.b.H.	Equity	2334 Vösendorf-Süd	0.0	37.5

Company	Type	Location	Equity in € million <sup>1)</sup>	Share in equity in % <sup>2)</sup>
<b>Real-estate companies</b>				
Fundus Praha s.r.o.	Full	Czech Republic, Prague	2.2	100.0
UNIQA Realty s.r.o.	Full	Czech Republic, Prague	0.7	100.0
UNIQA Real s.r.o.	Full	Slovakia, Bratislava	1.0	100.0
UNIQA Real II s.r.o.	Full	Slovakia, Bratislava	1.0	100.0
Steigengraben-Gut Gesellschaft m.b.H.	<sup>*)</sup>	1020 Vienna		100.0
Raiffeisen evolution project development GmbH	Equity	1030 Vienna	23.2	20.0
DIANA-BAD Errichtungs- und Betriebs GmbH	Equity	1020 Vienna	0.9	33.0
UNIQA Real Estate AG	Full	1029 Vienna	8.7	100.0
"Hoher Markt 4" Besitzgesellschaft m.b.H.	Full	1020 Vienna	9.0	100.0
UNIQA Praterstraße Projektentwicklungs GmbH	Full	1029 Vienna	26.4	100.0
Aspernbrückengasse Errichtungs- und Betriebs GmbH	Full	1029 Vienna	6.0	100.0
UNIQA Plaza Irohadaž es Ingatlankezelő Kft	Full	Hungary, Budapest	1.2	100.0
MV Augustaanlage GmbH & Co. KG	Full	Germany, Mannheim	16.3	100.0
MV Augustaanlage Verwaltungs-GmbH	Full	Germany, Mannheim	0.0	100.0
AUSTRIA Hotels Liegenschaftsbesitz AG <sup>3)</sup>	Full	1010 Vienna	32.9	99.5
Passauerhof Betriebs-Ges.m.b.H. <sup>3)</sup>	Full	1010 Vienna	1.3	100.0
Austria Österreichische Hotelbetriebs s.r.o. <sup>3)</sup>	Full	Czech Republic, Prague	21.3	100.0
Grupo Borona Advisors, S.L. Ad	<sup>*)</sup>	Spain, Madrid		74.6
MV Grundstücks GmbH & Co. Erste KG	Full	Germany, Mannheim	3.9	100.0
MV Grundstücks GmbH & Co. Zweite KG	Full	Germany, Mannheim	6.3	100.0
MV Grundstücks GmbH & Co. Dritte KG	Full	Germany, Mannheim	5.0	100.0
HKM Immobilien GmbH	<sup>*)</sup>	Germany, Mannheim		100.0
CROSS POINT, a.s.	Full	Slovakia, Bratislava	4.8	100.0
Aniger s.r.o.	Full	Czech Republic, Prague	4.2	100.0
Floreasca Tower SRL	Full	Romania, Bucharest	-0.3	100.0
Pretium Ingatlan Kft.	Full	Hungary, Budapest	1.1	100.0
UNIQA poslovnic centar Korzo d.o.o.	Full	Croatia, Rijeka	0.8	100.0
RK Invest Kft.	Full	Hungary, Budapest	0.8	100.0
Knesebeckstraße 8–9 Grundstücksgesellschaft mbH	Full	Germany, Berlin	0.2	100.0
UNIQA Real Estate Bulgaria EOOD	<sup>*)</sup>	Bulgaria, Sofia		100.0
UNIQA Real Estate BH nekretnine, d.o.o	<sup>*)</sup>	Bosnia and Herzegovina, Sarajevo		100.0
UNIQA Real Estate d.o.o	<sup>*)</sup>	Serbia, Belgrade		100.0

<sup>1)</sup> Unconsolidated company.

<sup>2)</sup> Associated not "at equity" valued company.

<sup>3)</sup> In the case of fully consolidated companies, the value of the stated equity equals the local annual accounts, while in the case of companies valued at equity, it equals the latest annual accounts published or, with companies marked with \*\*), the latest Group accounts published.

<sup>2)</sup> The share in equity equals the share in voting rights before minorities, if any.

<sup>3)</sup> Consolidated on the basis of a non-calendar financial year (balance sheet date 30 September).

### Approval for publication

These Group consolidated financial statements were compiled by the Management Board as of the date of signing and approved for publication.

Vienna, 2 April 2007



Konstantin Klien



Hannes Bogner



Andreas Brandstetter



Karl Unger



Gottfried Wanitschek

# Auditor's Opinion

(report of the independent auditor)

## Report on the consolidated financial statements

We have audited the German version of the **consolidated financial statements** of **UNIQA Versicherungen AG, Vienna**, for the **financial year from 1 January to 31 December 2006**.

These Group consolidated financial statements include the consolidated balance sheet as at 31 December 2006, the consolidated income statement, the Group cash flow statement and the statement of changes in Group equity for the financial year ending 31 December 2006, as well as a summary of the most important methods of accounting and valuation applied and other notes.

## Legal representatives' responsibility for the consolidated financial statements

The legal representatives of the company are responsible for the preparation of consolidated financial statements that give a true and fair view of the net assets, the financial position and the profit situation of the Group, in agreement with the International Financial Reporting Standards (IFRS) as applied in the EU. This responsibility includes the design, implementation and maintenance of an internal control system, to the extent that this is important for the preparation of the consolidated statements and the negotiation of as true a picture as possible of the Group's net assets, financial position and profit situation, so that these consolidated statements are free from material misrepresentations, whether due to intentional or unintentional mistakes: It also includes the choice and application of suitable accounting and valuation methods and the effecting of estimates that appear appropriate under the existing circumstances.

## The auditor's responsibility

We are responsible for rendering an audit opinion on these consolidated financial statements on the basis of the audit performed by us. Our audit was conducted in accordance with the prevailing statutory provisions and the International Standards on Auditing (ISA) as published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles require that we conform to the ethics of the profession and plan and execute the audit in such a manner that we can judge, with a sufficient degree of certainty, whether the consolidated financial statements are free from material misstatements.

An audit includes the execution of audit procedures to verify the amounts and other statements in the consolidated financial statements. The choice of audit procedures depends on the conscientious discretion of the auditor, taking into consideration his estimate of the chance that a material misstatement has been made, whether due to an intentional or an unintentional mistake. When estimating the level of this risk, the auditor takes the internal control system into consideration, to the extent that it is of significance for preparing the consolidated financial statements and providing as true and fair a view as possible of the

Group's net assets, financial position and profit situation, in order to determine the appropriate audit procedures under the circumstances; the auditor does not, however, give an opinion on the effectiveness of the Group's internal control system. The audit also includes our evaluation of the adequacy of the accounting principles and valuation methods applied and the material estimates made by the legal representatives of the company, as well as an assessment of the overall tenor of the consolidated financial statements.

We believe that we obtained sufficient and suitable verification with our audit, so that our audit provides a reasonably sound basis for our opinion.

## Audit opinion

Our audit did not lead to any objections. In our opinion, based on the findings of our audit, the consolidated financial statements comply with the statutory requirements and give as accurate a view as possible of the net assets and financial position of the Group as of 31 December 2006, as well as the group's profit situation and cash flow for the financial year from 1 January to 31 December 2006, in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU.

## Report on the Group management report

Due to the prevailing statutory provisions in Austria, the Group management report is to be audited as to whether it is in agreement with the consolidated financial statements and whether or not other statements in the Group management report give a false impression of the situation of the Group.

The Group management report agrees with the consolidated financial statements.

Vienna, 3 April 2007

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Georg Weinberger  
Chartered Accountant

ppa Alexander Knott  
Chartered Accountant

# Report of the Supervisory Board

During the past financial year, the Supervisory Board was regularly informed of the business development and the situation of the Group and the company by the Management Board. It also supervised the Management Board's conduct of business. In the Supervisory Board meetings held in 2006, the Management Board presented detailed quarterly reports and provided additional oral and written reports to the Supervisory Board. The Supervisory Board was given timely and comprehensive information about those measures requiring its approval.

## Focus of the meetings

The meetings focussed on the Group's earnings situation and its further strategic development. The Supervisory Board had five meetings in 2006. One decision was made by circulating it in writing. In the meeting on 15 March 2006, the Supervisory Board mainly discussed the companies' preliminary results for 2005 and the progress of expansion measures in Ukraine and Serbia. The Supervisory Board also made a decision concerning the implementation of the changes to the code of corporate governance (as amended in January 2006). The meeting of the Supervisory Board on 24 April 2006, focussed on a discussion of the annual financial statements and the Group's consolidated financial statements as at 31 December 2005, as well as the report of the Management Board about the development of the Group in the first quarter of 2006. The changes in the Supervisory Board that took place at the annual general meeting required a reorganisation of the Supervisory Board which took place on 15 May 2006. In the meeting of the Supervisory Board held on 12 September 2006, the Supervisory Board essentially dealt with company trends in the first half of 2006. Aside from covering the earnings of the company in the first three quarters of 2006, the Supervisory Board discussed at its meeting on 28 November 2006 the business plan for 2007, and measures to further strengthen the capital structure of the company and approved the issuance of supplementary capital amounting to €250 million.

## Committees of the Supervisory Board

To facilitate the work of the Supervisory Board and to improve its efficiency, additional committees were set up in addition to the mandatory financial audit committee. The Working Committee mainly talked about the development of the Group's earnings, the company's long-term strategy and discussed possible acquisition projects. They had four meetings in 2006, and made four decisions by circulating them in writing. The Committee for Board Affairs met twice to deal with the legal employment formalities of the members of the Management Board. The Investment

Committee had three meetings about the capital investment strategy and questions of the capital structure. In its meeting, the Audit Committee concentrated on all audit documents and the Management Board's proposed appropriation of earnings, and reported to the Supervisory Board. The various chairmen of the committees informed the members of the Supervisory Board about the meetings and their committee's work.

## Financial statements and consolidated financial statements

The financial statements prepared by the Management Board and the management report of UNIQA Versicherungen AG, as well as the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS) and the Group management report for the year 2006, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and given an unqualified audit opinion. The Supervisory Board noted the results of the audit with approval.

The Supervisory Board consented to the consolidated financial statements and the financial statements of UNIQA Versicherungen AG and agreed to the Group management report and the management report. The 2006 financial statements were thereby adopted in accordance with Section 125 of the Stock Corporation Law.

The proposed appropriation of earnings submitted by the Management Board to the Supervisory Board was examined and approved by the Supervisory Board. On this basis, a dividend distribution of 35 cents per share will be proposed at the annual general meeting on 21 May 2007.

The Supervisory Board thanks the Management Board and all staff members for their commitment and the work they have done.

Vienna, April 2007

On behalf of the Supervisory Board



Christian Konrad

# Glossary

## Acquisition costs

The amount paid in currency or currency equivalent in acquiring an asset, or the current fair value of another form of payment at the time of acquisition.

## Actuarial provision

Provision in the amount of the existing obligation to pay insurance claims and premium refunds, mainly in life and health insurance. The provision is calculated in line with actuarial methods as the balance of the cash value of future obligations less the cash value of future premiums.

## Affiliated companies

Affiliated companies are the parent and its subsidiaries. Subsidiaries are companies in which the parent may exercise a controlling influence on business policy. This is the case, for instance, if the parent directly or indirectly holds more than half of the voting rights, if control agreements have been concluded or if the parent is in a position to nominate the majority of the members of the Management Board, or of other controlling bodies of the subsidiary.

## Asset allocation

The structure of the investments, i.e. the portion of the total investments invested in the different vehicles of investment (e.g. shares, fixed income securities, holdings, real estate, money market instruments).

## Asset liability management

Management concept in which decisions regarding company assets and liabilities are coordinated. This involves a continuous process in which strategies for assets and liabilities are formulated, implemented, monitored and revised, in order to achieve the financial goals with defined risk tolerances and restrictions.

## Associated companies

These are participating interests consolidated at equity, i.e. by including them in the consolidated financial statements with the corresponding share in the equity. The major prerequisite for doing so is the possibility of the Group exercising a decisive influence on the operating and financial policy of the associated companies, regardless of whether the Group actually exercises that influence.

## At amortised cost

Recognised on the balance sheets at the amortised cost, i.e. the difference between acquisition costs and the redemption amount is spread out over the corresponding pro rata term or capital share.

## Benchmark method

An accounting and valuation method preferred under IFRS.

## Book value (amortised acquisition costs)

The original acquisition costs minus lasting reduction in value and differences between acquisition costs and redemption amount are credited or debited to acquisition costs, with an effect on income until the amount falls due.

## Cash flow statement

Shows the cash surplus from operating, investing and financing activities generated by the company during a specific period (source and use of funds).

## Combined ratio

Sum of the operating expenses and the insurance benefits (both retained) in relation to the premiums earned in property and casualty insurance.

## Corporate governance

Corporate governance refers to the legal and factual framework of the management and monitoring of companies. Corporate governance regulations are geared towards transparency and thus strengthen the trust in management and control focusing on value creation.

## Cost ratio

Operating expenses (retained) in relation to premiums earned.

## Deferred acquisition costs

These comprise the expenses incurred by an insurance company for concluding new insurance policies or renewing existing policies. Amongst other costs, they include acquisition commissions and expenses for handling the proposal form and risk underwriting.

## Deferred taxes (active/passive)

Deferred taxes arise from temporary differences between the commercial balance sheet and the balance sheet for tax purposes, and those resulting from uniform valuation standards throughout the Group. The calculation of deferred taxes is based on the specific tax rates of each country that the Group companies are based in; changes in the tax rate that have been decided on as at the balance sheet date are included.

## Deposits receivable/payable under reinsurance business

Amount receivable by the reinsurance company from the ceding company on the basis of the reinsurance business accepted by the reinsurer and which, for the latter, is similar to an investment. The amount equals the amount the ceding company provides as collateral. Analogously: deposits payable.

## Derivatives

Financial contracts whose value depends on the price development of an underlying asset.

## Direct insurance business

Insurance contract taken out by a direct (primary) insurance company with a private person or company, as opposed to reinsurance business accepted (indirect business) which refers to the business accepted from another direct (primary) insurer or reinsurance company.

## Diversification

Diversification is a business policy instrument that generally involves positioning or distributing the activities of a company over various areas to avoid dependence on single factors.

## Duration

The weighted average maturity of an interest-sensitive financial investment or a portfolio. It is a risk measure of the sensitivity of financial investments to changes in the rate of interest.

## Earnings per share (ordinary/diluted)

The consolidated profit for the year divided by the average number of shares outstanding. Diluted earnings per share include subscription rights exercised or to be exercised in the number of shares, and in the consolidated profit for the year.

## Earned premiums

The premiums earned on an accrual basis, which determine the year's income. For calculating the amount of earned premiums, in addition to gross premiums written, the change in unearned premiums in the business year, the provision for expected cancellations and other receivables from unwritten premiums are considered.

## Equity method

Method used for recognising the interests in associated companies. They are, in principle, valued at the Group's share in the equity of these companies. In the case of interests in companies which also prepare consolidated financial statements, the valuation is based on the share in Group equity. Under current valuation, this measurement is to be adjusted for proportional equity changes, with the interest in the net income for the year being allocated to the consolidated result.

## FAS

US Financial Accounting Standards laying down specifics of US GAAP (Generally Accepted Accounting Principles).

## Goodwill

Excess over the purchase price for a subsidiary and the share in its equity after winding up the hidden reserves attributable to the purchaser on the date of acquisition.

## Gross amounts

Presentation of the balance sheet items prior to the deduction of the amount which is allocated to the business ceded to a reinsurer.

## Hedging

A way of insuring oneself against unwanted price fluctuations by the use of adequate counter positions, particularly in derivatives.

**IAS**

International Accounting Standards.

**IFRS**

International Financial Reporting Standards. As of 2002, the term IFRS refers to the entire concept of standards adopted by the International Accounting Standards Board. Standards that were adopted before that are still called International Accounting Standards (IAS).

**Insurance benefits**

Expenses (net of the reinsurer's share) arising from claim settlement, premium refunds and profit participation, and from changes in the actuarial provisions.

**Loss ratio**

Retained insurance benefits in property and casualty insurance, in relation to premiums earned.

**Minority interests**

Shares in the equity of associated companies that are not held by Group companies.

**Minority interests in net profit**

The share of net profit allocated not to the Group, but to shareholders outside of the Group holding interests in associated companies.

**Multitranches**

Bonds involving a put option under which the seller can sell additional bonds (with an identical or shorter term) to the buyer. The buyer receives a premium which increases the yield on the security as opposed to a "normal" security having the same term and yield.

**Operating expenses**

This item includes acquisition expenses, the handling of the policy portfolio and reinsurance expenses. After deduction of commissions and profit participations received under reinsurance business ceded, the remaining expenses are the net operating expenses.

**Premiums**

Total premiums written. All compulsory premiums in the financial year, from insurance policies in direct business and reinsurance business accepted.

**Profit participation**

In life and health insurance, the policyholders are entitled by law and by contract to an adequate share in the profits generated by the company. The amount is reset every year.

**Provision for outstanding claims**

This provision includes the obligations for payment of insurance claims which have already occurred on the reporting date, but which are not yet completely settled.

**Provision for premium refunds and profit participation**

The part of the profit to be distributed to the policyholders is appropriated to a provision for premium refunds and/or profit participation. The provision also includes deferred amounts.

**Reinsurance**

An insurance company would cede parts of its own risk to another insurance company.

**Reinsurance premiums ceded**

Share of the premiums paid to the reinsurer as a consideration for insuring certain risks.

**Retention**

The part of the risks assumed which the (re)insurer does not cede.

**Retrocession**

Retrocession is the ceding of reinsurance business accepted to a retrocessionaire. Professional reinsurance companies and also other insurance companies, within their internal reinsurance business, use retrocession as an instrument for spreading and controlling risks.

**Return on equity (ROE)**

The return on equity (before tax) is the profit on ordinary activities in relation to the average total equity (without consideration of the contained net profit). It is used as a general indication of the company's efficiency.

**Revaluation reserves**

Unrealised profits and losses resulting from the difference in the present market value and acquisition value and/or the amortised acquisition costs for fixed interest securities are allocated to this reserve, without affecting income, after the deduction of deferred taxes and provisions for deferred profit participation (in life insurance).

**Risk**

The possibility that negative factors could influence the future financial situation of the company. Furthermore, in the insurance business, risk is understood as the possibility that a claim will arise because a danger that has been insured against occurs. The insured object or insured person is also frequently referred to as a risk.

**Risk management**

Ongoing, systematic and continuous identification, analysis, evaluation and management of potential risks that could endanger the assets, financial situation and profits of a company over the medium and long terms. Target: to ensure the continued existence of a company, secure the company goals against disruptive events, with the aid of appropriate measures, and improve the company value.

**Securities available for sale**

Available-for-sale securities are securities that are neither meant to be held until maturity nor have they been acquired for short-term trading purposes; available for sale at any time, they are recognised at par value on the balance sheet date.

**Securities held to maturity**

Securities representing money claims which are held with the intention of keeping them to maturity. They are recognised at amortised cost.

**Solvability**

Level of own funds in an insurance company.

**Stress test**

Stress tests are a special form of scenario analysis with the goal of being able to quantify the potential loss of portfolios during extreme fluctuations in the market.

**Subordinate debt**

Debt which is honoured in the case of winding up or bankruptcy only after all the other debts have been settled.

**Supplementary capital**

Capital paid in which is agreed to remain at the insurance company's disposal for at least five years, with no cancellation possible; it accrues interest only to the extent that this is covered by the net profit for the year. It can only be repaid prior to liquidation after a pro rata deduction of the net losses incurred during the retention period; in the case of liquidation, it can only be redeemed after those payables have been settled or secured that do not constitute equity or participation capital.

**Trading portfolio (held for trading)**

Debt securities, shares and other securities (primarily derivatives and structured products) which are held mainly for short-term trading purposes. They are recognised at current market value.

**Unearned premiums**

That part of the premium income of the year which refers to periods of insurance that lie after the reporting date, i.e. which have not yet been earned on the reporting date. In the balance sheet, with the exception of life insurance, unearned premiums have to be shown as a separate line item under the actuarial provisions.

**US GAAP**

US Generally Accepted Accounting Principles.

**Value at risk**

A method for measuring market risks in order to calculate the expected value of a loss that might occur in an unfavourable market situation, with a determined probability within a defined period of time.

# Contacts

## Austria

### UNIQA Versicherungen AG

Untere Donaustrasse 21  
A-1029 Vienna  
MMag. Stefan Glinz  
Tel.: (+43) 1 211 75 - 3773  
Fax: (+43) 1 211 75 - 793773  
E-mail: investor.relations@uniqa.at  
www.uniqa.com

### UNIQA Personenversicherung AG

Untere Donaustrasse 21  
A-1029 Vienna  
Tel.: (+43) 1 211 75 - 0  
Fax: (+43) 1 214 33 36  
E-mail: kommunikation@uniqa.at  
www.uniqa.at

### UNIQA Sachversicherung AG

Untere Donaustrasse 21  
A-1029 Vienna  
Tel.: (+43) 1 211 75 - 0  
Fax: (+43) 1 214 33 36  
E-mail: kommunikation@uniqa.at  
www.uniqa.at

### Raiffeisen Versicherung AG

Untere Donaustrasse 21  
A-1029 Vienna  
Tel.: (+43) 1 211 19 - 0  
Fax: (+43) 1 211 19 - 1134  
E-mail:  
service@raiffeisen-versicherung.at  
www.raiffeisen-versicherung.at

### FINANCE LIFE

#### Lebensversicherung AG

Untere Donaustrasse 21  
A-1029 Vienna  
Tel.: (+43) 1 214 54 01 - 0  
Fax: (+43) 1 214 54 01 - 3780  
E-mail: service@financelife.com  
www.financelife.com

### CALL DIRECT Versicherung AG

Untere Donaustrasse 21  
A-1029 Vienna  
Tel.: (+43) 1 211 09 - 2858  
Fax: (+43) 1 211 09 - 2859  
E-mail: office@calldirect.at  
www.calldirect.at

### Salzburger

#### Landes-Versicherung AG

Auerspergstrasse 9  
A-5021 Salzburg  
Tel.: (+43) 662 86 89 - 0  
Fax: (+43) 662 86 89 - 669  
E-mail: salzburger@uniqa.at  
www.salzburger.biz

## International

### BOSNIA and HERZEGOWINA

UNIQA Osiguranje d.d.  
Fra Anđela Zvidovića 1  
BiH-71000 Sarajevo  
Tel.: (+387) 33 295 500  
Fax: (+387) 33 295 541  
E-mail: info@uniqa.ba  
www.uniqa.ba

### BULGARIA

UNIQA Insurance plc  
W Gladstone Str. 5  
BG-1000 Sofia  
Tel.: (+359) 2 9156 333  
Fax: (+359) 2 9156 300  
E-mail: info@uniqa.bg  
www.uniqa.bg

### UNIQA Life Insurance plc

Iskar Str. 8  
BG-1000 Sofia  
Tel.: (+359) 2 9359 595  
Fax: (+359) 2 9359 596  
E-mail: life@uniqa.bg  
www.uniqa.bg

### CROATIA

UNIQA osiguranje d.d.  
Savska cesta 106  
HR-10000 Zagreb  
Tel.: (+385) 1 6324 200  
Fax: (+385) 1 6324 250  
E-mail: info@uniqa.hr  
www.uniqa.hr

### CZECH REPUBLIC

UNIQA pojištovna a.s.  
Evropská 136  
CZ-16012 Prague 6  
Tel.: (+420) 225 393 111  
Fax: (+420) 225 393 777  
E-mail: info@uniqa.cz  
www.uniqa.cz

### GERMANY

Mannheimer AG Holding  
Augustaanlage 66  
D-68165 Mannheim  
Tel.: (+49) 180 220 24  
Fax: (+49) 180 299 99 92  
E-mail: service@mannheimer.de  
www.mannheimer.de

### Mannheimer Versicherung AG

Augustaanlage 66  
D-68165 Mannheim  
Tel.: (+49) 180 220 24  
Fax: (+49) 180 299 99 92  
E-mail: service@mannheimer.de  
www.mannheimer.de

Mannheimer  
Krankenversicherung AG  
Augustaanlage 66  
D-68165 Mannheim  
Tel.: (+49) 180 220 24  
Fax: (+49) 180 299 99 92  
E-mail: service@mannheimer.de  
www.mannheimer.de

### mamax Lebensversicherung AG

Augustaanlage 66  
D-68165 Mannheim  
Tel.: (+49) 800 62 62 92 66  
Fax: (+49) 621 457 45 05  
E-mail: service@mamax.com  
www.mamax.com

### HUNGARY

UNIQA Biztosító Zrt.  
Róbert Károly krt. 76–78  
H-1134 Budapest  
Tel.: (+36) 1 238 60 00  
Fax: (+36) 1 238 60 60  
E-mail: info@uniqa.hu  
www.uniqa.hu

### ITALY

UNIQA Assicurazioni S.p.A.  
Via Carnia 26  
I-20132 Milan  
Tel.: (+39) 02 268 583-1  
Fax: (+39) 02 268 583-440  
E-mail: info@uniqa-assicurazioni.it  
www.uniqa.com

### UNIQA Previdenzia S.p.A.

Via Carnia 26  
I-20132 Milan  
Tel.: (+39) 02 281 891  
Fax: (+39) 02 281 89 200  
E-mail: postaprevidenza@uniqa.com  
www.uniqa.com

### CARNICA Assicurazioni S.p.A.

Viale Venezia 99  
I-33100 Udine  
Tel.: (+39) 0432 536 311  
Fax: (+39) 0432 530 548  
E-mail: info@carnicaassicurazioni.it  
www.uniqa.com

### LIECHTENSTEIN

UNIQA Versicherung AG  
Neugasse 15  
LI-9490 Vaduz  
Tel.: (+423) 237 50 10  
Fax: (+423) 237 50 19  
E-mail: office@uniqa.li  
www.uniqa.li

### POLAND

UNIQA TU S.A.  
ul. Gdanska 132  
PL-90520 Lodz  
Tel.: (+48) 42 63 44 700  
Fax: (+48) 42 63 77 430  
E-mail: centrala@uniqa.pl  
www.uniqa.pl

UNIQA TU na Zycie S.A.  
ul. Gdanska 132  
PL-90520 Lodz  
Tel.: (+48) 42 63 44 700  
Fax: (+48) 42 63 65 003  
E-mail: zycie@uniqa.pl  
www.uniqa.pl

### TU FILAR S.A.

ul. Zubrów 3  
PL-71617 Szczecin  
Tel.: (+48) 91 42 54 500  
Fax: (+48) 91 42 21 610  
E-mail: kontakt@centrala.filar.pl  
www.filar.pl

### ROMANIA

ASTRA S.A.  
Strada Nerva Traian 3  
RO-Sector 3 Bucharest  
Tel.: (+40) 8000 800 88  
Fax: (+40) 21 318 80 74  
E-mail: info@astrasig.ro  
www.astra-uniqa.ro

### SERBIA

UNIQA a.d.o.  
Milutina Milankovica 134 G  
SRB-11070 Belgrade  
Tel.: (+381) 11 20 24 100  
Fax: (+381) 11 20 24 160  
E-mail: info@uniqa.co.yu  
www.uniqa.co.yu

### SLOVAKIA

UNIQA poisťovňa a.s.  
Lazaretská 15  
SK-82007 Bratislava 27  
Tel.: (+421) 2 57 88 32 11  
Fax: (+421) 2 57 88 32 10  
E-mail: poisťovna@uniqa.sk  
www.uniqa.sk

### SWITZERLAND

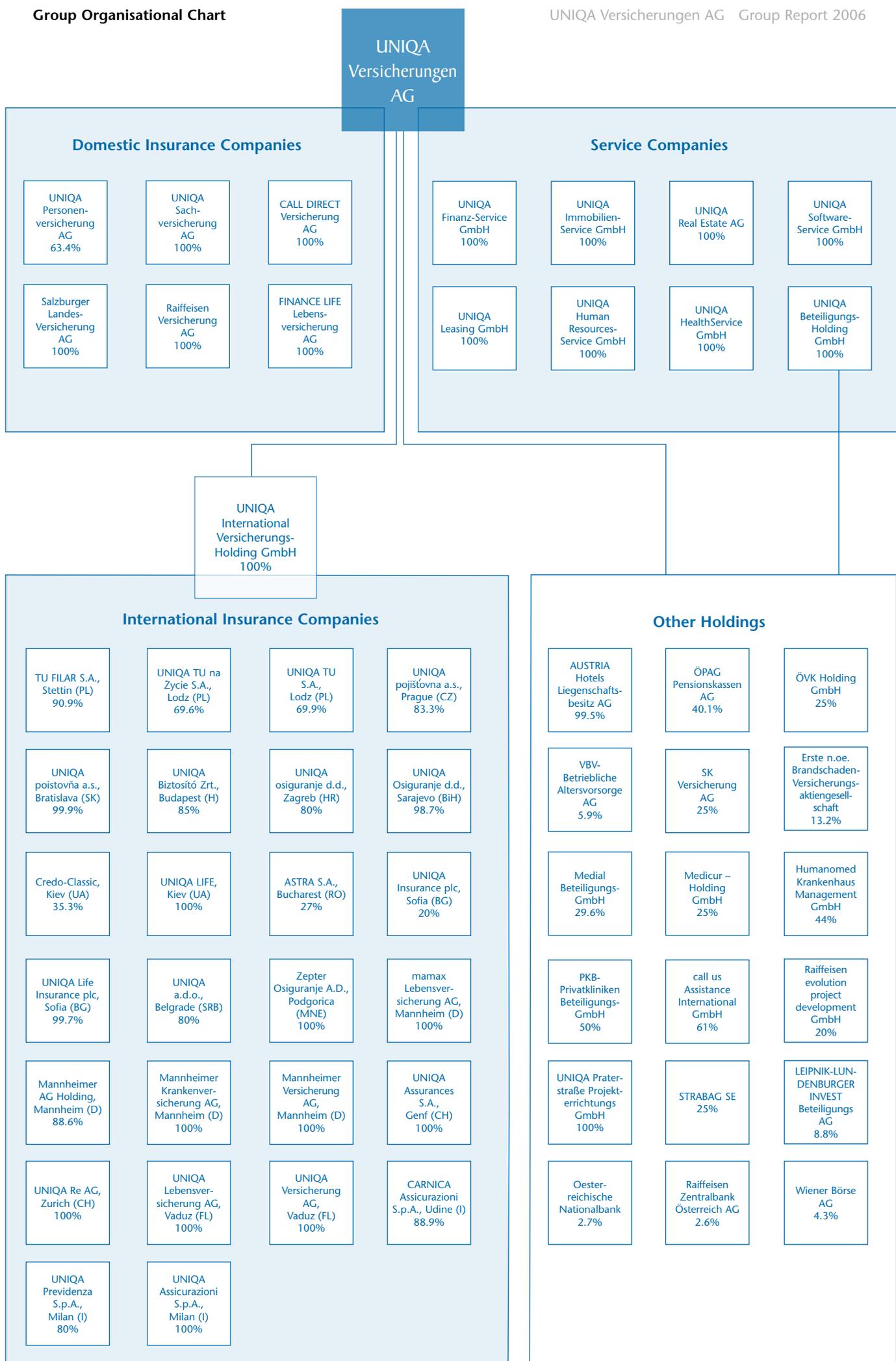
UNIQA Re AG  
Lavaterstrasse 85  
CH-8002 Zürich  
Tel.: (+41) 43 344 41 30  
Fax: (+41) 43 344 41 35

### UNIQA Assurances S.A.

Rue des Eaux-Vives 94  
Case postale 6402  
CH-1211 Geneva 6  
Tel.: (+41) 22 718 63 00  
Fax: (+41) 22 718 63 63  
E-mail: contact@uniqa.ch  
www.uniqa.ch

### UKRAINE

Credo-Classic  
Reytarskaya Str. 37  
UA-01034 Kiev  
Tel.: (+380) 44 230 99 30  
Fax: (+380) 44 238 63 12  
E-mail: office@credo.kiev.ua  
www.credo-classic.com



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A-1029 Vienna

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### Investor relations

UNIQA Versicherungen AG  
Stefan Glinz  
Untere Donaustrasse 21  
A-1029 Vienna  
Tel.: (+43) 1 211 75 - 3773  
Fax: (+43) 1 211 75 - 793773  
E-mail: [investor.relations@uniqa.at](mailto:investor.relations@uniqa.at)

[www.uniqagroup.com](http://www.uniqagroup.com)

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