# Annual Financial Report 2008 according to Section 82 paragraph 4 of the Austrian Stock Exchange Act

UNIQA Versicherungen AG

UNIQA The insurance of a new generation.

# Contents

# Group Management Report

## Economic environment

The downturn that started in the USA has been intensified by the crisis on the international financial markets and now encompasses the entire global economy. In the USA and Japan as well as in the euro region, economic development slowed massively in 2008, and a recession is predicted for many countries in 2009. The economies of Central and Eastern Europe held up relatively well but are now also showing signs of a slowdown.

### Dramatic collapse in economic activity

While the economy in the euro region still appeared quite dynamic at the start of 2008, the picture quickly clouded over. A decline in GDP began in the 2nd quarter and accelerated up to the end of the year. After the bankruptcy of the US investment bank Lehman Brothers in October, GDP only grew by just 0.6% in the 3rd quarter. In the 4th quarter, it even decreased by 1.3%.

One of the main factors for this decline was the diminished consumption behaviour of private consumers due to the financial market crisis, which in turn led to a decline in industrial production. Investments and exports also exhibited stagnating to declining tendencies. Only government expenditures and a build-up of stocks made a large contribution to economic performance. The rate of inflation, which had increased significantly up to mid-year due primarily to the very high oil price, has fallen sharply again since August. Overall in the euro region, the rate of inflation was 3.3% in 2008.

### Insurance industry enjoys solid premium growth

The Austrian insurance industry exhibited premium growth in 2008 of 2.5% to reach €16.3 billion, thereby exceeding both the general economic dynamic as well as the growth rate of the previous year (2007: +1.8%). The strongest growth was seen in health insurance at plus 3.5% to over €1.5 billion, following on from a growth of 3.2% in the year 2007. Life insurance charted a strong upward course, gaining 2.2% to reach €7.4 billion after only growing 0.3% in the previous year.

The dynamic in the area of property and casualty insurance sagged somewhat with growth in premiums of only 2.6% to a total of €7.4 billion after a growth rate of 3.1% in 2007. This was due primarily to motor vehicle insurance, which saw a fall in volume of 2.0% (2007: –0.8%) alongside a continued decrease in average premiums. The remaining lines of property and casualty insurance also saw slower growth than the previous year at 3.2% (2007: +3.7%).

### Massive turbulence on the financial markets

The continued difficult situation on the international financial markets hit a new low in September 2008. Poor economic data from the USA and problems at international banks caused by the subprime crisis had already produced serious fears that the financial crisis would spread to the real economy. The collapse of Lehman Brothers intensified the situation abruptly. This not only led to a worldwide crisis of confidence and massive price drops but above all to a shortage of external credit financing with associated cost increases. Numerous – even renowned – banks all over the world fell under pressure due to the lack of sufficient refinancing options.

After the government in the USA passed an economic package of USD 700 billion for stabilisation of the financial market and restoration of trust, the EU also passed joint measures for strengthening of the European financial sector in October. Similar packages were passed at national level. For instance, the Austrian federal government passed a corresponding programme amounting to €100 billion.

### Falling key and money market interest rates

Considerable rate decreases as part of these economic measures to combat the financial market crisis led to a significant lowering of the interest level worldwide. To secure refinancing of the banks, the USA, Switzerland and Japan lowered their key rates to practically zero. The European Central Bank also lowered its main refinancing rate at the start of December 2008 by 75 basis points to 2.5%; this was followed in January, March and April of 2009 by further reductions of a total of 125 basis points to 1.25%. In view of receding inflation, additional interest rate decreases are expected in the future. The spread between the key and market interest rates also decreased further toward the end of the year and stood at only 39 basis points at the end of December 2008 for the three-month EURIBOR. The one-month rate was even below the key rate in January 2009.

Bond yields in the euro zone have recently fallen significantly, and they reached a record low in the USA due to the lowering of interest rates by the Fed. The rallying of the bond markets on which this was based can be attributed to the expectation of further rate decreases, the poor general economic data and the general risk aversion of investors, who relied more heavily on “safe” papers.

The euro lost about 4.2% against the US dollar compared with the previous year, but exhibited high volatility over the course of the year. A steep increase in the 1st quarter was followed in the 2nd quarter by a period of continued strength; as of September, however, the euro fell considerably against the US dollar until it rose again strongly in December.

### Very cautious forecasts for 2009

According to current predictions by economic analysts, economic developments will be extremely weak during the first half of 2009 in particular. In the USA, the state economic aid packages may only partially compensate for low consumer demand, and only a moderate recovery is expected here for the second half of the year. A significant downturn is also predicted for the first half of the year in the euro zone, Japan and Switzerland.

For 2009 overall, economic analysts currently expect the economy in the euro region to shrink by around 2.8%. Austria will remain slightly above this level at about –2.2%, according to current forecasts. The economies of Eastern and South Eastern Europe will develop at above-average rates, if less dynamically than in previous years.

A slight slowdown in growth to +1.5% is predicted for the Austrian insurance industry. The general picture may change very little with the expected growth of 1.8% in property and casualty, 3.1% in health and 0.8% in life insurance. According to current expectations, motor vehicle insurance will remain in decline (–1.7%).

### Financial markets remain subdued

In view of the general uncertainties, the further development of the international financial markets is difficult to predict. From the current perspective, a continuation of the high demand for bonds can generally be expected. The stock markets, on the other hand, are suffering under the prevailing uncertainty and the unappealing economic outlook. However, it remains to be seen whether the state economic stimulus packages will take effect at least in Asia and Europe and allow a continuation of the slight recovery seen toward the end of 2008. In the USA, on the other hand, no appreciable positive market impulses are expected at least over the short term either based on economic data or pronouncements by companies.

# The UNIQA Group

With €5,825 million in premiums written, including the savings portion of unit- and index-linked life insurance, 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 €823 million is, in accordance with FAS 97 (US-GAAP), balanced out by the changes in the actuarial provision. Premium volume excluding the savings portion from the unit- and index-linked life insurance amounts to €5,002 million.

### UNIQA in Europe

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 types of insurance and operates its direct insurance business in Austria through UNIQA Personenversicherung AG, UNIQA Sachversicherung AG, Raiffeisen Versicherung AG, FINANCE LIFE Lebensversicherung AG, Salzburger Landes-Versicherung AG and CALL DIRECT Versicherung AG.

The listed Group holding company, UNIQA Versicherungen AG, is responsible for Group management, operates the indirect insurance business and is the central reinsurer for the Group's Austrian operational companies. 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. UNIQA Re AG has its headquarters in Zurich and is responsible for reinsuring the Group's international operational companies. In order to achieve maximum synergy effects, the international activities of the UNIQA Group are managed centrally through Competence Centers as well as the Group's Central Services, and UNIQA International Versicherungs-Holding GmbH is responsible for ongoing monitoring and analysis of the international target markets for acquisitions as well as for integration of acquisitions into the Group.

### Takeover of the Romanian UNITA

At the start of November 2008, the UNIQA Group took over 100% of the share capital of the Romanian property insurer UNITA – one of the largest insurance companies in Romania with a market share of roughly 7%. With this acquisition, UNIQA has taken another important step in its expansion into Eastern Europe since Romania with its roughly 22 million residents is currently one of the largest and fastest-growing markets of the CEE region. Special focus will naturally be given in the future to close cooperation with the local Raiffeisen bank within the framework of the cooperation throughout the entire geographic region.

### Companies included in the IFRS consolidated financial statements

Along with UNIQA Versicherungen AG, the 2008 consolidated financial statements of the UNIQA Group include 38 domestic and 77 foreign companies. A total of 38 affiliated companies whose influence on an accurate presentation of the actual financial status of the assets, financial position and profitability was insignificant were not included in the consolidated financial statements. In addition, 15 domestic and two foreign companies were included as associates according to the equity accounting method. Ten associates were of minor importance, and their shares are recognised at market value.

SIGAL Holding sH.A. in Albania was valued "at equity" for the first time in the 1st quarter of 2008. As of 31 March, the scope of consolidation was expanded to include the Ukrainian company Credo-Classic. The results of this company were fully consolidated as of the 2nd quarter. In the 4th quarter of 2008, the scope of consolidation was expanded to include UNITA Vienna Insurance Group S.A., AGRAS Vienna Insurance Group S.A. and UNIQA Asigurari de Viata S.A. in Romania as well as UNIQA Health Insurance AD in Bulgaria.

Details on the consolidated and associated companies are contained in the corresponding overview in the Group notes. 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 2008 Group notes (cf. Group notes, p. 67 ff.).

### UNIQA Group business development

The following comments on 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. Fully consolidated amounts are also used in the Group management report for reporting on the development of the business segments of "property and casualty insurance", "health insurance" and "life insurance".

## Group business development

The UNIQA Group provides life and health insurance and is active in almost all lines of property and casualty insurance. With almost 15 million insurance policies under management at home and abroad, a gross premium volume written (including the savings portion of the unit- and index-linked life insurance) of €5.8 billion (2007: €5.3 billion) and capital investments of more than €21.3 billion (2007: €21.5 billion), the UNIQA Group is one of the leading insurance groups in Central and Eastern Europe.

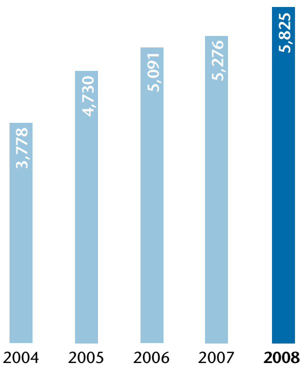
### Premium development

Taking the savings portion of the unit- and index-linked life insurance in the amount of €823 million (2007: €748 million) into account, the total premium volume of the UNIQA Group grew in 2008 by 10.4% to €5,825 million (2007: €5,276 million). The total consolidated premiums written in 2008 grew by 10.5% to €5,002 million (2007: €4,528 million). Both the area of recurring premium insurance with a growth of 6.7% to €4,912 million (2007: €4,602 million) as well as the single premium business with a growth of 35.7% to €913 million (2007: €673 million) developed very satisfactorily in 2008. The Group premiums earned including the savings portion of the unit- and index-linked life insurance (after reinsurance) in the amount of €774 million (2007: €695 million) rose by 14.6% to €5,504 million (2007: €4,801 million). The retained premiums earned (according to IFRS) increased by 15.2% to €4,730 million (2007: €4,106 million).

**Premium volume written**

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

in € million




In the 2008 financial year, 41.2% (2007: 41.7%) of the premium volume arose in property and casualty insurance, 16.3% (2007: 17.2%) in health insurance and 42.5% (2007: 41.1%) in life insurance.

In Austria, the premium volume written including the savings portion of unit- and index-linked life insurance increased in 2008 by 2.3% to €3,599 million (2007: €3,517 million). Including the savings portion of unit- and index-linked life insurance, the premiums earned rose by 6.4% to €3,457 million (2007: €3,249 million). The retained premiums earned (according to IFRS) in Austria amounted to €2,971 million in 2008 (2007: €2,885 million).

In the regions of Eastern and South Eastern Europe (CEE & EEM), the premiums grew significantly faster in 2008. The premium volume written including the savings portion of unit- and index-linked life insurance increased in 2008 by 56.7% to €1,279 million (2007: €816 million). This put the share of Group premiums coming from CEE & EEM at 22.0% (2007: 15.5%). Including the savings portion of the unit- and index-linked life insurance, the premiums earned rose by 56.4% to €1,188 million (2007: €760 million). The retained premiums earned (according to IFRS) grew by 71.1% to €1,073 million (2007: €627 million).

In the Western European countries (WEM) the premium volume written rose only slightly in 2008 by 0.5% to €947 million (2007: €942 million). On the other hand, recurring premiums developed positively and grew by 1.8% to €700 million (2007: €688 million). Overall, the share in Group premiums therefore fell somewhat in 2008 to 16.3% (2007: 17.9%). Including the savings portion of the unit- and index-linked life insurance, the premiums earned increased by 8.4% to €860 million (2007: €793 million). The retained premiums earned (according to IFRS) rose by 15.5% to €686 million (2007: €594 million).

### Developments in insurance benefits

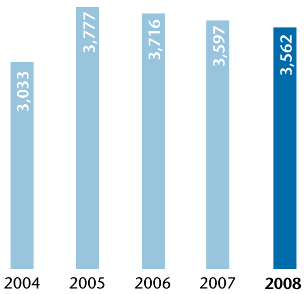
The insurance benefits paid by the UNIQA Group (before reinsurance) decreased again in the 2008 financial year by 4.8% to €3,704 million (2007: €3,892 million). The consolidated retained insurance benefits also declined last year by 1.0% to €3,562 million (2007: €3,597 million).

While the insurance benefits paid in 2008 in Austria decreased by 16.5% to €2,287 million (2007: €2,739 million), they increased in the Western European markets by 7.0% to €528 million (2007: €493 million). In the Central and Eastern European regions (CEE & EEM) as well, the insurance benefits increased due to the rapid premium growth by 104.6% to €746 million (2007: €365 million).

**Insurance benefits**

retention

in € million




### Operating expenses

Total consolidated operating expenses (cf. Group notes, No. 37) less reinsurance commissions and profit shares from reinsurance business ceded (cf. Group notes, No. 33) increased in financial year 2008 by 17.2% to €1,237 million (2007: €1,056 million). Acquisition expenses before the change in deferred acquisition costs rose by 6.7% to €866 million (2007: €812 million). Taking into account the change in deferred acquisition costs, which represented an additional expense of €22 million in 2008 compared to the previous year, the acquisition expenses grew by 9.6% to €870 million (2007: €794 million). Other operating expenses, excluding reinsurance commissions received, increased to €368 million (2007: €262 million) since the reinsurance commissions received were lower by €52 million due to the change in the reinsurance structure in 2008 and the associated higher retention ratios.

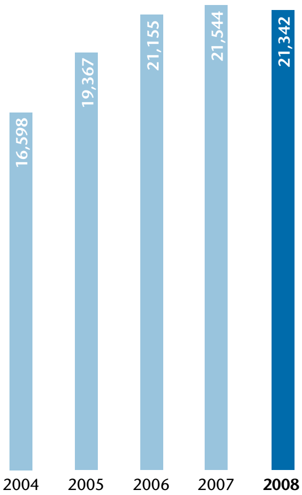
The cost ratio of the UNIQA Group after reinsurance, i.e. the relation of total operating expenses to the Group premiums earned, including the savings portion of the unit- and index-linked life insurance, was 22.5% during the past year (2007: 22.0%) due to the developments described above. Adjusted for the change in deferred acquisition costs, the cost ratio in 2008 remained unchanged at 22.4% (2007: 22.4%). The cost ratio before reinsurance amounted to 21.7% (2007: 21.5%).

## Investment results

Total investments including land and buildings used by the Group, real estate held as investments, shares in associates and investments of unit- and index-linked life insurance decreased slightly in 2008 by 0.9% to €21,342 million (2007: €21,544 million).

### Investments

in € million




Net income from investments less financing costs sank by 80.2% to €189 million (2007: €955 million) as a result of the global financial crisis. However, the investment results of the year 2007 had been positively influenced by the exceptional amount of €177 million from the two capital increases of STRABAG SE.

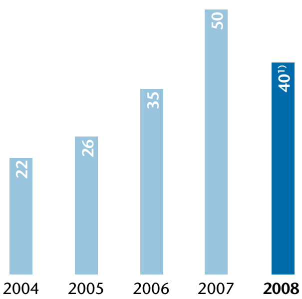
A detailed description of the investment income can be found in the Group notes (cf. Group notes, No. 34).

## Group pre-tax results at €90 million

In the 2008 financial year, the profit on ordinary activities of the UNIQA Group fell by 73.5% primarily due to the heavily declining revenues from investments to reach €90 million (2007: €340 million). Adjusted for the special effect from the stake in STRABAG SE in the year 2007, the pre-tax results only exhibit a decline of 44.9% from €163 million to €90 million. Despite this development, the Management Board will recommend to the Supervisory Board and the Annual General Meeting the payout of a dividend of 40 cents per share.

### Dividend

in cent




[1] Proposal to the Annual General Meeting.

## Own funds and total assets

Despite the effects of the financial crisis, the UNIQA Group's total equity declined only slightly in 2008 by €73 million to €1,459 million (31 Dec. 2007: €1,532 million). This included shares in other companies amounting to €194 million (31 Dec. 2007: €196 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 2008) – amounted to 6.1% in the past financial year (2007: 26.2%). The total assets of the Group increased slightly in the past financial year by €41 million and totalled €25,630 million on 31 December 2008 (31 Dec. 2007: €25,589 million).

## Cash flow

The cash flow from operating activities in 2008 was €267 million (2007: €846 million). Cash flow from investing activities of the UNIQA Group amounted to €–484 million (2007: €–510 million). Due to the capital increase performed in 2008, the financing cash flow stood at €125 million (2007: €51 million). A total of €60 million were spent on the dividends from the 2007 financial year. The amount of liquid funds changed in total by €–79 million (2007: €384 million). At the end of 2008, funds amounting to €568 million (2007: €647 million) were available.

## Employees

The average number of employees in the UNIQA Group increased in 2008 through inclusion for the first time of the companies in Romania, the Ukraine and Serbia, bringing the total to 13,674 (2007: 10,997). Of these, 6,269 (2007: 4,273) were employed in sales and 7,405 (2007: 6,724) in administration. In the Eastern Emerging Markets (EEM), UNIQA employed a staff of 3,718 in 2008 (2007: 864), 2,954 people (2007: 2,987) in Central Eastern Europe (CEE) and 986 (2007: 982) in the Western European markets (WEM). In Austria, 6,016 staff were employed (2007: 6,164). Including the employees of the general agencies working exclusively for UNIQA, the total staff of the UNIQA Group amounts to over 19,000 (2007: 15,800) people.

51% of the administrative staff employed in Austria in 2008 were women, 18.5% (2007: 18.2%) of the employees were part-time. The average age in the past year remained 42 years (2007: 42 years). In total, 11.3% (2007: 10.5%) of the employees participated as managers 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 UNIQA apprentice exchange programme offers young people in training the opportunity to get to know foreign cultures and make international contacts.

# Business lines

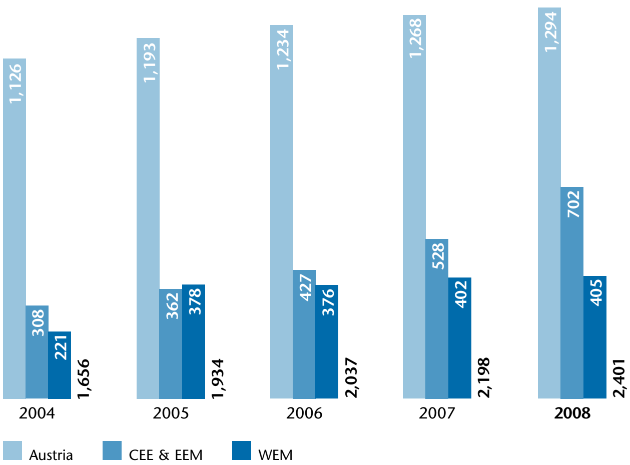
## Property and casualty insurance

### Premium development

In property and casualty insurance, the UNIQA Group was able to continue the extremely positive developments of the previous year again in 2008, increasing the premiums written by 9.3% to €2,401 million (2007: €2,198 million). Despite the continued intense competition, the premium volume in Austria rose by 2.1% to €1,294 million (2007: €1,268 million). In the Central and Eastern European regions (CEE & EEM), the considerably more rapid growth also continued in 2008. The premiums written grew by 33.1% to €702 million (2007: €528 million), thereby contributing 29.2% (2007: 24.0%) to the Group premiums in property and casualty insurance. In the Western European markets, however, only moderate growth was experienced in 2008. Here, the premiums written increased slightly by 0.8% to €405 million (2007: €402 million). Overall, the international share of Group premiums in this segment amounted to 46.1% (2007: 42.3%).

**Premium volume written in property and casualty insurance**

in € million




Details on the premium volume written in the most important risk classes can be found in the Group notes (cf. Group notes No. 31).

The retained premiums earned (according to IFRS) in casualty and property insurance totalled €2,214 million at the end of the year (2007: €1,858 million) – representing a major increase of 19.1%.

| Property and casualty insurance segment | 2008 € million | 2007 € million | 2006 € million | 2005 € million | 2004 € million |
|---|---|---|---|---|---|
| Premiums written | 2,401 | 2,198 | 2,037 | 1,934 | 1,656 |
| Share CEE & EEM | 29.2% | 24.0% | 21.0% | 18.7% | 18.6% |
| Share WEM | 16.9% | 18.3% | 18.5% | 19.6% | 13.4% |
| International share | 46.1% | 42.3% | 39.4% | 38.3% | 32.0% |
| Premiums earned (net) | 2,214 | 1,858 | 1,716 | 1,628 | 1,394 |
| Net investment income | 42 | 258 | 141 | 131 | 89 |
| Insurance benefits | –1,412 | –1,251 | –1,130 | –1,106 | –908 |
| Net loss ratio (after reinsurance) | 63.8% | 67.3% | 65.9% | 68.0% | 65.1% |
| Gross loss ratio (before reinsurance) | 62.2% | 67.9% | 64.1% | 66.4% | 63.6% |
| Operating expenses less reinsurance commissions | –740 | –606 | –569 | –553 | –479 |
| Cost ratio (after reinsurance) | 33.4% | 32.6% | 33.2% | 34.0% | 34.4% |
| Net combined ratio (after reinsurance) | 97.2% | 99.9% | 99.0% | 101.9% | 99.5% |
| Gross combined ratio (before reinsurance) | 94.2% | 98.7% | 95.4% | 98.2% | 95.8% |
| Profit on ordinary activities | 113 | 238 | 129 | 81 | 59 |
| Net profit | 104 | 193 | 104 | 54 | 53 |

### Developments in insurance benefits

The total retained insurance benefits rose in 2008 by 12.8% to €1,412 million (2007: €1,251 million), which represents a disproportionately high increase relative to the increase in premiums. Insurance benefits increased in Austria by 5.7% to €808 million (2007: €765 million) and in Western European countries (WEM) by 15.3% to €248 million (2007: €215 million). In the Central and Eastern European regions (CEE & EEM), the insurance benefits increased in line with the increased premium volume by 31.0% to €356 million (2007: €272 million).

As a result of this development, the net loss ratio (retained insurance benefits relative to premiums earned) fell by 3.5 percentage points to 63.8% (2007: 67.3%). At the end of 2008, the gross loss ratio (before reinsurance) was even lower at 62.2% (2007: 67.9%). In Austria, the net loss ratio for the past financial year fell to 65.3% (2007: 70.2%) and in Western Europe to 69.2% (2007: 73.1%), while in the CEE & EEM regions it remained stable at 57.7% (2007: 57.3%).

### Operating expenses, combined ratio

Total operating expenses in property and casualty insurance less reinsurance commissions and profit shares from reinsurance business ceded rose by 22.2% to €740 million (2007: €606 million). In the process, acquisition costs rose by 11.5% to €497 million (2007: €445 million), which was a disproportionately low increase compared with the rise in premiums, while other operating expenses increased by 52.0% to €244 million (2007: €160 million) due to lower retained reinsurance commissions.

The cost ratio in property and casualty insurance therefore increased slightly in the past financial year to 33.4% (2007: 32.6%). The net combined ratio fell due to the excellent loss ratio and lay significantly below 100% in 2008 at 97.2% (2007: 99.9%). The combined ratio before reinsurance fell even further to reach 94.2% (2007: 98.7%).

### Investment results

Net income from investments less financing costs decreased in the past financial year by 83.7% to €42 million (2007: €258 million). The capital investments in property and casualty insurance declined by 7.7% to €3,315 million (2007: €3,590 million).

### Profit on ordinary activities, net profit

Profit on ordinary activities in property and casualty insurance fell in 2008 by 52.4% to €113 million (2007: €238 million). Net profit was also down by 45.9% to €104 million (2007: €193 million).

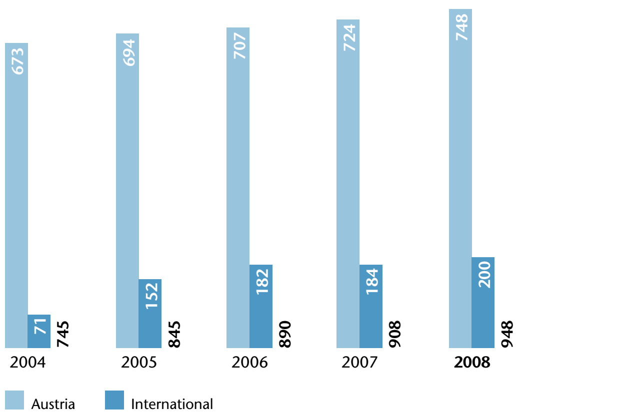
## Health insurance

**Premium development**

In comparison to the previous year, premiums written in health insurance increased by 4.4% to €948 million (2007: €908 million). In Austria, where UNIQA is the market leader in health insurance, the premium volume in 2008 grew over the previous year by 3.3% to reach €748 million (2007: €724 million). In the WEM region, the premiums written increased by as much as 6.4% to €191 million (2007: €180 million). In the countries of Eastern and South Eastern Europe, private health insurance continued to play a subordinate role with a premium volume of €8 million (2007: €4 million). Overall, the international share in the total health insurance premiums in 2008 was 21.1% (2007: 20.3%).

### Premium volume written in health insurance

in € million




In 2008, the retained premiums earned (according to IFRS) in health insurance totalled €946 million at the end of the year (2007: €906 million), amounting to an increase of 4.5%.

| Health insurance segment | 2008 € million | 2007 € million | 2006 € million | 2005 € million | 2004 € million |
|---|---|---|---|---|---|
| Premiums written | 948 | 908 | 890 | 845 | 745 |
| International share | 21.1% | 20.3% | 20.5% | 17.9% | 9.6% |
| Premiums earned (net) | 946 | 906 | 887 | 849 | 742 |
| Net investment income | 14 | 134 | 114 | 101 | 81 |
| Insurance benefits | –822 | –811 | –806 | –773 | –675 |
| Acquisition expenses less reinsurance commissions | –134 | –129 | –137 | –131 | –119 |
| Cost ratio (net after reinsurance) | 14.2% | 14.3% | 15.4% | 15.4% | 16.1% |
| Profit on ordinary activities | 3 | 96 | 54 | 41 | 24 |
| Net profit | –1 | 72 | 35 | 35 | 20 |

**Developments in insurance benefits**

Despite the increased business volume, insurance benefits only rose slightly by 1.3% to €822 million (2007: €811 million). This also lowered the benefits ratio after reinsurance to 86.9% (2007: 89.6%). In Austria, insurance benefits even decreased by 1.1% to €641 million (2007: €649 million). In the international markets, the insurance benefits in 2008 increased by 11.1% to reach €181 million at the end of the year (2007: €163 million).

**Operating expenses**

Total operating expenses in health insurance less reinsurance commissions and profit shares from reinsurance business ceded rose in 2008 by 3.8% to €134 million (2007: €129 million), a disproportionately low increase compared with the premium volume. Despite the increased premium volume, acquisition expenses rose only slightly by 0.8% to €87 million (2007: €86 million). Other operating expenses increased by 10.0% to €47 million (2007: €43 million). As a result of this development, the cost ratio in health insurance decreased further in 2008 to 14.2% (2007: 14.3%).

**Investment results**

Net income from investments less financing costs fell by 89.7% to €14 million (2007: €134 million). In the health insurance segment, capital investments grew by 9.6% to €2,288 million (2007: €2,087 million).

**Profit on ordinary activities, net profit**

Profit on ordinary activities in health insurance fell in the reporting year due to the negative capital market environment by 96.4% to €3 million (2007: €96 million). Net profit declined in 2008 to €–1 million (2007: €72 million).

## Life insurance

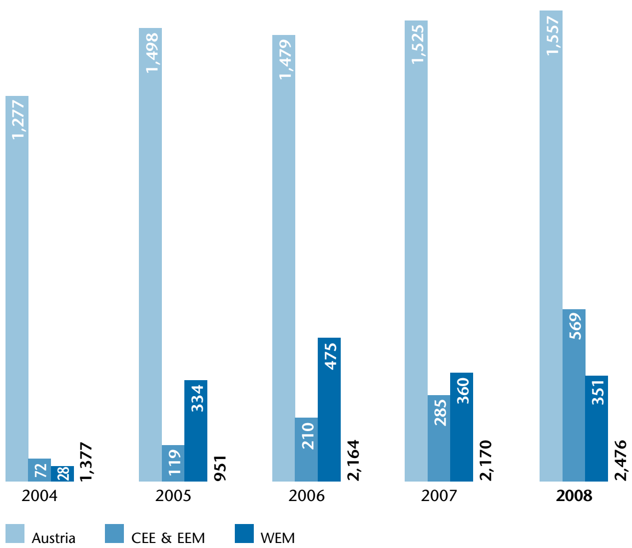
**Premium development**

The life insurance premium volume written, including the savings portion of unit- and index-linked life insurance, increased in 2008 by 14.1% to €2,476 million (2007: €2,170 million). Revenues from policies with recurring premium payments rose by 4.4% to €1,563 million (2007: €1,497 million). In the single premium business, premiums in the area of unit-linked life insurance decreased by 9.6% to €408 million (2007: €452 million), while classic single-premium policies climbed by 128.3% to €505 million (2007: €221 million). Overall, the single premium business grew by 35.7% to €913 million (2007: €673 million).

### International premium volume written in life insurance

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

in € million



Although the premium development in Austria was still encumbered in 2008 by the loss of premium income from contracts with reduced payment terms, the premium volume still rose by 2.1% to €1,557 million (2007: €1,525 million) due to the continued growth in unit-linked life insurance products. Revenues from policies with recurring premium payments rose by 2.8% to €1,321 million (2007: €1,285 million). The single premium business remained roughly at the level of the previous year at €236 million (2007: €241 million). The Group companies in the Central and Eastern European regions (CEE & EEM) experienced growth in the life insurance segment that was many times stronger. The premium volume written including the savings portion of unit- and index-linked life insurance doubled to €569 million (2007: €285 million). The share of life insurance from these countries thus already amounted to 23.0% in 2008 (2007: 13.1%). In the Western European countries (WEM), on the other hand, the premium volume written declined slightly by 2.7% to €351 million (2007: €360 million). Overall, the Western European region (WEM) contributed 14.2% (2007: 16.6%) to the total life insurance premiums of the Group.

The risk premium share of unit- and index-linked life insurance included in the consolidated financial statements totalled €97 million in 2008 (2007: €86 million). The savings portion of the unit- and index-linked life insurance lines amounted to €823 million (2007: €748 million) and was, in accordance with FAS 97 (US-GAAP), balanced out by the changes in the actuarial provision.

Including the savings portion of the unit- and index-linked life insurance (after reinsurance) in the amount of €774 million (2007: €695 million), the premiums earned in life insurance rose by 15.1% to €2,344 million (2007: €2,037 million). The retained premiums earned (according to IFRS) increased in 2008 by 17.0% to €1,570 million (2007: €1,342 million).

| **Life insurance segment** | 2008 € million | 2007 € million | 2006 € million | 2005 € million | 2004 € million |
|---|---|---|---|---|---|
| Premiums written | 1,653 | 1,422 | 1,605 | 1,591 | 1,199 |
| Savings portion of premiums from unit- and index-linked life insurance | 823 | 748 | 559 | 360 | 178 |
| Premiums written incl. savings portion of premiums from unit- and index-linked life insurance | 2,476 | 2,170 | 2,164 | 1,951 | 1,377 |
| Share CEE & EEM | 23.0% | 13.1% | 9.7% | 6.1% | 5.2% |
| Share WEM | 14.2% | 16.6% | 22.0% | 17.1% | 2.1% |
| International share | 37.1% | 29.7% | 31.7% | 23.2% | 7.3% |
| Premiums earned (net) | 1,570 | 1,342 | 1,527 | 1,523 | 1,166 |
| Savings portion of premiums from unit- and index-linked life insurance (net after reinsurance) | 774 | 695 | 499 | 311 | 129 |
| Premiums earned (net) incl. the savings portion of premiums from unit- and index-linked life insurance | 2,344 | 2,037 | 2,027 | 1,834 | 1,295 |
| Net investment income | 133 | 563 | 610 | 731 | 580 |
| Insurance benefits | –1,328 | –1,534 | –1,780 | –1,898 | –1,451 |
| Operating expenses less reinsurance commissions and change in deferred acquisition costs | –347 | –328 | –304 | –284 | –253 |
| Cost ratio | 14.8% | 16.1% | 15.0% | 15.5% | 19.6% |
| Other operating expenses less insurance commissions | –363 | –321 | –261 | –244 | –231 |
| Cost ratio (net after reinsurance) | 15.5% | 15.7% | 12.9% | 13.3% | 17.8% |
| Profit on ordinary activities | –27 | 5 | 56 | 69 | 39 |
| Net profit | –37 | 4 | 37 | 44 | 29 |

**Developments in insurance benefits**
The retained insurance benefits decreased in the reporting period by 13.5% to €1,328 million (2007: €1,534 million). In Austria, insurance benefits also decreased by 36.8% to €838 million (2007: €1,326 million). In the Western European region (WEM), insurance benefits decreased by 11.4% to €105 million (2007: €118 million), while they rose in Central and Eastern Europe (CEE & EEM) by 325.2% to €385 million (2007: €91 million) due to the strong premium growth.

**Operating expenses**
Total operating expenses in life insurance less reinsurance commissions and profit shares from reinsurance business ceded rose in 2008 by 13.1% to €363 million (2007: €321 million). Acquisition expenses rose by 9.2% to €286 million (2007: €262 million). In line with the extremely positive development of new business, an increase in expenses due to the change in deferred acquisition costs was observed again in 2008 in the amount of €23 million. Because the reinsurance commissions received also declined to €6 million (2007: €11 million), among other factors, other operating expenses increased by 30.8% to €76 million (2007: €58 million). However, since the premium volume in life insurance developed even more rapidly, the cost ratio, i.e. the ratio of all claims incurred to the Group premiums earned, including the savings portion of unit- and index-linked life insurance, declined to 15.5% (2007: 15.7%). Adjusted for the change in deferred acquisition costs, the cost ratio even declined to 14.8% in 2008 (2007: 16.1%).

**Investment results**
The net income from investments less financing costs declined in the reporting year by 76.4% to €133 million (2007: €563 million) due to consequences of the financial crisis. The capital investments including the investments for unit- and index-linked life insurance shrank slightly in 2008 by 0.8% to €15,739 million (2007: €15,867 million).

**Profit on ordinary activities, net profit**
The profit on ordinary activities in life insurance was negative in 2008 due to the negative capital markets environment, and amounted to €–27 million (2007: €5 million). The net profit was also negative at €–37 million (2007: €4 million).

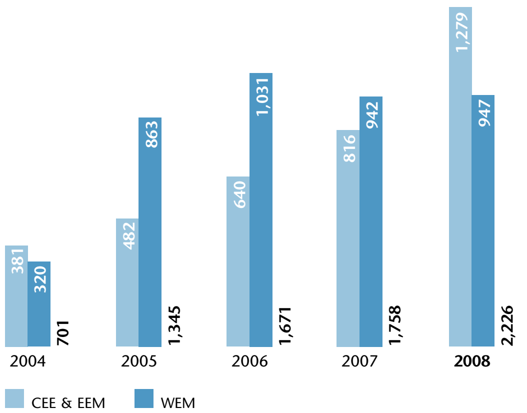
## International markets

The international premium volume of the UNIQA Group (incl. the savings portion of unit- and index-linked life insurance) broke the €2 billion mark for the first time in 2008 and rose – driven primarily by the above-average growth in the companies in Eastern and South Eastern Europe – by 26.6% to €2,226 million (2007: €1,758 million). This brought the international share of Group premiums up to 38.2% (2007: 33.3%).

### International premium volume written in life insurance

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

in € million




Including the savings portion of the unit- and index-linked life insurance (after reinsurance), the premiums earned increased by 31.9% to €2,048 million (2007: €1,552 million). The retained premiums earned (according to IFRS) increased by 44.0% to €1,759 million (2007: €1,221 million).

### Central and Eastern Europe (CEE & EEM)

The countries of Eastern and South Eastern Europe achieved very high growth rates once again in 2008 and were able to increase their total premiums written by 56.7% to €1,279 million (2007: €816 million). The increase in 2008, which was far above the respective market growth rates, can be attributed above all to the continued dynamisation projects, which should increase organic growth in these regions still further in the future. In the Eastern Emerging Markets, the premium volume even doubled from €81 million to €164 million (+102.8%). Overall, this places the contribution to Group premiums by the CEE & EEM at 22.0% (2007: 15.5%).

### Western Europe (WEM)

Only moderate growth was experienced in the past financial year in the mature markets of Western Europe. After a decline in 2007, the premium volume written increased slightly in 2008 by 0.5% to €947 million (2007: €942 million). The recurring premium business developed better and increased in the region by 1.8% to €700 million (2007: €688 million). Single premium business declined slightly by 2.8% to €247 million (2007: €254 million). In 2008, the WEM region contributed 16.3% (2007: 17.9%) to the Group premiums.

The premium volume written including the savings portion of the unit- and index-linked life insurance was divided as follows among the various regions of the UNIQA Group:

| UNIQA international markets | Premiums written[1] | | | | | Share of Group premiums |
|---|---|---|---|---|---|---|
| | 2008 € million | 2007 € million | 2006 € million | 2005 € million | 2004 € million | 2008 |
| Central Eastern Europe (CEE) | 1,115 | 735 | 595 | 482 | 381 | 19.1% |
| Eastern Emerging Markets (EEM) | 164 | 81 | 45 | 0 | 0 | 2.8% |
| Western European Markets (WEM) | 947 | 942 | 1,031 | 863 | 320 | 16.3% |
| **Total international** | **2,226** | **1,758** | **1,671** | **1,345** | **701** | **38.2%** |

[1] Incl. the savings portion of premiums from unit- and index-linked life insurance.

Due to strong growth, the total insurance benefits of the international Group countries increased in 2008 by 48.5% to €1,274 million (2007: €858 million). Consolidated operating expenses less reinsurance commissions and profit shares from reinsurance business ceded rose in the past financial year by 23.8% to €519 million (2007: €419 million). In 2008, before consolidation based on the geographic segments (cf. segment reports), the profit on ordinary activities generated by the companies in the three regions outside of Austria increased to €86 million (2007: €53 million).

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

At the start of 2009, the UNIQA Group entered into the Russian insurance market with the founding of a life insurance company in Moscow. The registration of the company took place in January 2009, and the next step is to apply for a license for insurance operations. The company is expected to commence operations at the end of 2009. The focus of the company will lie in the area of life insurance and cooperation with Raiffeisenbank in Russia, within the framework of the Preferred Partnership.

## Outlook for 2009

### Development in the current financial year

Despite the worsening economic conditions, the premium volume of the UNIQA Group exhibited very satisfactory development in the first two months of 2009. The premium growth in property and casualty insurance was 4.5%, in health insurance 3.7% and in life insurance 0.8%. Overall, growth in the months of January and February was roughly 3.2%. While premiums in Austria increased by 1.5%, growth in the international markets was significantly stronger at 6.5%.

### Property and casualty insurance

On the basis of numerous initiatives in product development, customer loyalty management and efficiency improvement, UNIQA expects very solid developments in the area of property and casualty insurance once again in 2009.

The growth of the legal expense insurance line proved very favourable in 2008. However, the financial crisis and its effects on the real economy will also have their consequences for this line. In various cases, mass losses in the area of asset investment have already been claimed. In order to avoid exposure to these difficult-to-assess risks, the UNIQA Group has already defined the majority as excluded risks. The growth goals for 2009 are also not being scaled back, meaning that continuous observation of the general situation in the claims area will be that much more important.

Unfortunately, no relief is in sight for the loss ratio in the storm risk segment. Countermeasures such as segmentation have already been introduced, and the course already begun in 2008 will continue to be consistently followed. UNIQA will also continue to expand the HORA (High Water Risk Zoning System Austria) system in coming years in cooperation with the Insurance Association of Austria and the Ministry of Agriculture, Forestry, Environment and Water Management. The goal of this system is to create and refine a risk map that makes it possible to better assess possible natural dangers. In the area of natural dangers as well as other risk areas such as burglary, UNIQA relies on various preventive measures to avoid losses. Examples include security checks as well as the severe weather warnings offered exclusively by UNIQA within the insurance industry.

In other areas, a subdued investment level is expected in property insurance, particularly among commercial customers. In order to continue to support the customers in this difficult phase, the strategy of complexity reduction and efficiency improvement – above all through offering of standardised customer-oriented products – will be sustained. Increased productivity in sales, efficiency gains and process streamlining have already been successfully introduced in the private customer business. In 2009, UNIQA will implement these key practices in the commercial area as well.

Further refinements in the private customer business will be seen in 2009 as well. For instance, new opportunities will be offered by scoring models in the new private customer product arriving on the market in 2009. The goal of these models is an individual and risk-appropriate premium definition, in which UNIQA will naturally continue to pursue the goal of climate protection in accordance with the course already set jointly with Raiffeisen. The features already present here in the current product will be carried over and further expanded.

The SuccessPartnership, a customer advantage programme with a selection of supplemental services for freelancers, farmers and small and medium-sized businesses, will be strongly promoted in the corporate customer segment. More than 7,000 new members are expected here for the year 2009. The goal of this service and customer loyalty instrument is to reduce cancellation rates by promoting customer loyalty and the claims-dependent SuccessBonus. Cross-selling will also be heavily expanded in the corporate customer business through additional training courses and centrally supported campaigns. In addition, a focus will be placed on innovative product design in connection with risk management measures. As an example, the risk management with respect to legionella for hospitals insured with UNIQA has been successfully completed in this area. Where this was necessary due to the results of investigations, it was possible to significantly reduce this risk through the implementation of preventive measures.

For its cableway customers, UNIQA has offered a free cableway weather information system (SEWIS) since autumn 2008. This allows every single cableway operator to access weather forecasts for their specific location. This reduces the risk potential for UNIQA as an insurer since exposed cableways can be shut down in time in the event of a storm or gale warning, for example. The advantage for the insured lies in improved use of resources through higher forecasting precision. The progressing internationalisation of the Group allows it to professionally support and serve its internationally active customers with know-how and custom-tailored product solutions in an increasing number of markets.

In motor vehicle insurance, a new coverage component will be introduced to the market for the first time in 2009 – driver protection. Previously, in the event of an accident, the driver at fault received nothing for his own personal injuries or to support surviving dependents. With this driver protection, UNIQA also offers these drivers benefits of up to €1 million for care and treatment costs, living expenses, lost salary and compensation for pain and suffering. Also new is the classification of the product range in liability and comprehensive insurance into three packages: "compact", "optimal" and "premium". The compact comprehensive package, in particular, offers all owners of medium to old used cars the opportunity to insure themselves against the consequences of natural damage, such as storms and hail, at a low price. In addition, they receive compensation in event of theft to secure their continued mobility.

In 2009, Raiffeisen Versicherung will place an additional focus on scoring for the Raiffeisen motor vehicle and property insurance policies offered to Raiffeisenbank customers. This emphasis pursues the goal of more individual and risk-appropriate premium definitions. A driver protection component was also presented in March as part of the introduction of a new motor vehicle insurance rate.

### Health insurance

Once again in 2009, it was possible to extend direct billing agreements, which are important for the special class insurance, with all contract partners in Austria. The negotiations, which continued into February, were hard-fought on both sides and were characterised by high price adjustment demands by the hospitals and physicians as well as by the prevailing economic slowdown. In the end, however, reasonable compromises for all parties were reached with only relatively moderate premium consequences for the insured.

The successful issuance of roughly 540,000 new MedUNIQA cards to all special class insured was completed in January. The credit card sized card provides access to special class services but can also be used for the storage of diagnoses, if desired. Medical histories, laboratory diagnoses, X-ray and ultrasound images, etc. can be conveniently managed via the free Internet portal. When visiting the doctor, the insured is spared the hassle of locating the required documents. This not only simplifies the handling of documents between countries, but also prevents frequently expensive repeat examinations. Only the insured and a specifically authorised physician have access to the portal via a secure password.

The new MedUNIQA card also has much more to offer: With the UNIQA Medikamentenkompass, UNIQA special class customers receive the additional advantage of checking their medications for possible interactions on the Internet. Also free, the Spitalskompass offers information on the staff and technical capabilities as well as treatment performance of Austrian care facilities, including how often specific treatments are performed in various hospitals. It is also possible to request a reduced-price emergency card, on which emergency data such as blood group, immunisations, allergies and medications as well as the contact data of close relatives can be saved for retrieval in the ambulance.

The new Internet health portal of UNIQA is scheduled to go live in April. Over three million hits per year are already being received at www.medUNIQA.at. The completely renovated portal will continue to encompass the previous UNIQA VitalClub website. New, however, is the interactive design that also offers the ability to access individualised information.

Also planned for April is the start of an initiative in company health management specially conceived for UNIQA customers. The UNIQA VitalBilanz for companies and its modules (e.g. movement balance, nutrition balance, mental balance) represents a comprehensive service offering. This project is being implemented by UNIQA HealthService GmbH.

In Eastern Europe, UNIQA is starting an offensive in the still underdeveloped business of private health insurance. Corresponding projects have already begun in Hungary, the Czech Republic, Poland, Slovakia, Croatia and Bosnia and Herzegovina. Serbia will follow within the first half of 2009. In Germany, the first few months of the new year alone have shown that the wave of terminations and policy changes expected for the first half of the year from customers with full health insurance will not take place. UNIQA Group member Mannheimer Krankenversicherung has been very successful with its new product line PURISMA and is constantly signing up new customers. In Italy, the entire product portfolio of UNIQA Assicurazioni was renewed last year. The full effects of the change are now unfolding. According to the proven Austrian example, UNIQA offers exclusively lifelong coverage concepts here that cannot be terminated by the insurer, thereby strengthening its already outstanding market position on the Italian market achieved through the consistent quality policies implemented to date.

### Life insurance

The UNIQA Group offers a comprehensive selection of classic and unit-linked life insurance products as well as private nursing care insurance.

In the area of unit- and index-linked life insurance in particular, UNIQA was able to not only maintain its market leadership in 2008 but also expanded on it further. Continued positive reception of the unit-linked life insurance in 2009 is expected in Austria as well as in Germany and Slovenia within the framework of the free movement of services. Development in the segment of single premium policies in the form of index-linked life insurance is also expected to be positive. While the products within the framework of the state-subsidised pension provisions are being left largely unchanged, UNIQA will upgrade the classic unit- and index-linked insurance products with new investment and combination options in the 2009 financial year.

One focus of the UNIQA sales and marketing activities in 2009 will continue to be the innovative product FlexSolution, which saw further development in 2008 and combines the advantages of classic and unit-linked life insurance within a single contract. The future provisions solution accompanies the customer throughout his or her life and can be flexibly adapted to changed life circumstances and customer needs, making it an optimal solution for actively reacting to life cycles or a specific stock market situation.

The financial crisis is only one of the reasons why the concept of "security" will gain in importance in 2009 and along with it classic, pure life insurance as one of the most secure forms of investment. The difference from other financial products lies in the special protection for the insured even in the event of the bankruptcy of the insurer, since the investment amounts are separately secured in the full amount of the insurer's obligations from such insurance contracts. In addition, annually allocated gains are guaranteed and can no longer be changed.

As a leader in matters of old-age pensions, UNIQA also places great value on the issue of nursing care insurance. Since the start of 2009, a new variant of nursing care pension insurance has been offered for the target group of people under 40. This new rate offers younger people an inexpensive starting premium that then rises annually up to age 65, after which it remains constant for the remainder of their life.

In 2009, Raiffeisen Versicherung is taking up security as a central life issue and is putting a focus on the financial foundation for security in the form of the Raiffeisen Security Check. This new consulting concept for holistic customer advice encompasses four areas of security (provisions, investments, mobility and living). The security fields of provisions and investments are covered by the offered life insurance products: occupational disability, provisions for surviving dependents, provisions for serious illnesses, nursing care, premium-discounted old-age pensions, pension provisions with lifelong and guaranteed pension payments and unit-linked life insurance.

At the start of 2009, the cooperation with Raiffeisen Versicherung and Raiffeisen Capital Management was also established in the area of premium-discounted old-age pensions. In place of the previous two variants in the form of "My Subsidised Life Pension" and the unit-linked solution "Raiffeisen Pension Fund Austria", customers of Raiffeisen banks now have access to a single insurance variant as a combined old-age pension product. The investment is handled 100% by Raiffeisen Capital Management, Austria's largest investment company.

As part of its annual autumn provision campaign, Raiffeisen Versicherung will offer a new variant of flexible life insurance in 2009. As with the UNIQA product FlexSolution, the customer determines how his premium is split between an investment with capital guarantee and a yield-oriented component. This weighting can be changed at any time at no charge. This choice regarding the amount of death benefits establishes nearly unlimited flexibility in investment, term definition and risk protection.

In Central and Eastern Europe, the UNIQA Group will further intensify its cooperation with the Raiffeisen banking group in 2009. The focus in the product area continues to lie on combined banking and insurance products as well as the successive introduction of capital-forming life insurance products. With the planned founding of a new life insurance company in Russia, the existing cooperation with Raiffeisen will be expanded to the Russian market, bringing the total number of countries involved in the cooperation from 13 to 14. Apart from Russia, the UNIQA Group is intensifying its sales work in customised life insurance products via the Raiffeisen banks in Serbia and, since February 2009, also in Bulgaria. A children's product as well as endowment and life insurance are offered. In Albania, after purchasing the SIGAL insurance company, UNIQA became the first insurer on the market to offer a children's product in addition to classic endowment and life insurance. Active selling of the product will begin in 2009 within the framework of a structured sales cooperation.

Outside of Europe, UNIQA founded in 2008 the life and health insurance company "Takaful Al-Emarat", with offices in Dubai, as a joint venture with the insurance company Al Buhaira. The company, which is currently still being built up, should offer as of 2009 health insurance and life insurance products according to Sharia rules, a product type that is also meeting with increased interest in Europe as well. Starting with Dubai and the United Arab Emirates, the business activities should be expanded in future to additional Gulf States and other Muslim countries.

Occasioned by the 3rd EU Money Laundering Directive, UNIQA has established the office of "International Money Laundering Prevention". The goal of this office is to position UNIQA as a leader in this field through development of prevention systems, realistic risk assessments of the market and of customer behaviour, training measures, the expansion of risk-based IT systems, increased controlling and a generally high standard of precautions. Special value is placed on cost-efficient standardisation of the prevention measures and reporting systems, intensive communication and international information exchange and cooperation.

## Information according to Section 243a paragraph 1 of the Austrian Business Code

1. The share capital of UNIQA Versicherungen AG is €131,673,000 and comprises 131,673,000 individual no par value shares in the name of the bearer. The share capital has been paid in full. All shares have the same rights and obligations.
2. Due to their voting commitments, the shares of Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH, BL Syndikat Beteiligungs Gesellschaft m.b.H., Collegialität Versicherung auf Gegenseitigkeit, Raiffeisen Centrobank AG and UQ Beteiligung GmbH are counted together. Reciprocal purchase option rights have been agreed upon between the first three shareholders listed.
3. Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH holds 35.79% of the share capital of UNIQA Versicherungen AG and BL Syndikat Beteiligungs Gesellschaft m.b.H. holds 32.45%.
4. No shares with special control rights have been issued.
5. No employee capital participation models exist.
6. No provisions of the articles or other provisions exist that go beyond the statutory provisions for appointing Management Board and Supervisory Board members or for modifying the articles with the exception of the rule that when a Supervisory Board member turns 70 years of age, he or she shall retire from the Supervisory Board at the end of the next Annual General Meeting.
7. According to the decision of the General Meeting of 23 May 2005, the Management Board is authorised to increase the share capital by a total of €50 million up to 30 June 2010, inclusive, with the approval of the Supervisory Board. On 29 October and 14 November 2008, the Management Board resolved, with approval of the Supervisory Board, to increase the share capital of the company through the issue of 11,895,192 new, no-par bearer unit shares with voting rights under retention of the statutory subscription rights of the shareholders. Furthermore, the Management Board passed a resolution on 19 May 2008 that UNIQA will repurchase its own shares. The Supervisory Board of the company confirmed the decision of the Management Board in its meeting on 19 May 2008. In this connection, the ongoing programme for resale of shares was brought to a close. The programme for repurchasing shares entered into effect on 22 May 2008. In the reporting year, 469,650 own shares were purchased via the stock exchange. As at 31 December 2008, the company held 819,650 own shares.
8. With regard to the associated company STRABAG SE, corresponding agreements with other shareholders of this company exist.
9. No reimbursement agreements exist for the event of a public takeover offer.

## Proposed appropriation of profit

The individual accounts of UNIQA Versicherungen AG, prepared in accordance with the Austrian Business Code, report an annual net profit for the 2008 financial year of €53,190,348.20 (2007: €60,036,789.70). The Management Board shall thus recommend to the Annual General Meeting on 25 May 2009, that the annual net profit be distributed as a dividend of 40 cents on each of the 131,673,000 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, 15 April 2009

| | | | | |
|---|---|---|---|---|
| **Konstantin Klien**<br>Chairman of the Management Board | **Hannes Bogner**<br>Member of the Management Board | **Andreas Brandstetter**<br>Member of the Management Board | **Karl Unger**<br>Member of the Management Board | **Gottfried Wanitschek**<br>Member of the Management Board |

# Consolidated Balance Sheet

**as at 31 December 2007**

| Assets | | Notes | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|---|---|
| **A.** | **Tangible assets** | | | |
| | I. Self-used land and buildings | 1 | 220,565 | 227,187 |
| | II. Other tangible assets | 2 | 113,412 | 138,030 |
| | | | **333,977** | **365,218** |
| **B.** | **Land and buildings held as financial investments** | 3 | **1,147,634** | **1,014,259** |
| **C.** | **Intangible assets** | | | |
| | I. Deferred acquisition costs | 4 | 872,003 | 873,462 |
| | II. Goodwill | 5 | 500,969 | 293,458 |
| | III. Other intangible assets | 6 | 34,424 | 39,273 |
| | | | **1,407,396** | **1,206,193** |
| **D.** | **Shares in associated companies** | 7 | **851,382** | **506,654** |
| **E.** | **Investments** | | | |
| | I. Variable-yield securities | | | |
| | 1. Available for sale | 9 | 2,243,156 | 3,969,512 |
| | 2. At fair value through profit or loss | | 948,998 | 975,953 |
| | | | **3,192,154** | **4,945,465** |
| | II. Fixed interest securities | | | |
| | 1. Held to maturity | 8 | 448,957 | 0 |
| | 2. Available for sale | 9 | 7,760,272 | 10,072,617 |
| | 3. At fair value through profit or loss | | 271,468 | 496,638 |
| | | | **8,480,698** | **10,569,255** |
| | III. Loans and other investments | | | |
| | 1. Loans | 11 | 3,201,817 | 982,480 |
| | 2. Cash at credit institutions | 12 | 1,457,298 | 649,313 |
| | 3. Deposits with ceding companies | 12 | 129,405 | 118,908 |
| | | | 4,788,519 | 1,750,700 |
| | IV. Derivative financial instruments | | | |
| | 1. Variable-yield derivatives | 10 | 15,898 | 17,977 |
| | 2. Fixed interest derivatives | 10 | 3,179 | 42,252 |
| | | | **19,077** | **60,228** |
| | | | **16,480,448** | **17,325,648** |
| **F.** | **Investments held on account and at risk of life insurance policyholders** | 24 | **2,642,462** | **2,470,340** |
| **G.** | **Share of reinsurance in technical provisions** | | | |
| | I. Provision for unearned premiums | 19 | 28,776 | 7,902 |
| | II. Actuarial provision | 20 | 431,387 | 408,653 |
| | III. Provision for outstanding claims | 21 | 294,952 | 351,617 |
| | IV. Provision for profit-unrelated premium refunds | 22 | 225 | 365 |
| | V. Provision for profit-related premium refunds, i.e. policyholder profit sharing | 22 | 100 | 100 |
| | VI. Other technical provisions | 23 | 5,529 | 3,029 |
| | | | **760,970** | **771,666** |
| **H.** | **Share of reinsurance in technical provisions held on account and at risk of life insurance policyholders** | 24 | **382,480** | **346,868** |
| **I.** | **Receivables including receivables under insurance business** | 13 | | |
| | I. Reinsurance receivables | | 46,766 | 67,795 |
| | II. Other receivables | | 835,119 | 695,198 |
| | III. Other assets | | 50,432 | 43,383 |
| | | | **932,317** | **806,377** |
| **J.** | **Receivables from income tax** | 14 | **54,077** | **51,253** |
| **K.** | **Deferred tax assets** | 15 | **69,096** | **77,055** |
| **L.** | **Liquid funds** | | **567,853** | **647,133** |
| | | | | |
| **Total assets** | | | **25,630,093** | **25,588,664** |

| Equity and liabilities | | | Notes | 31 Dec. 2008<br>€ 000 | 31 Dec. 2007<br>€ 000 |
|---|---|---|---|---|---|
| **A.** | **Total equity** | | | | |
| | I. | Shareholders' equity | 16 | | |
| | | 1. Subscribed capital and capital reserves | | 390,681 | 206,305 |
| | | 2. Revenue reserves | | 809,227 | 885,532 |
| | | 3. Revaluation reserves | | 11,570 | 184,506 |
| | | 4. Group total profit | | 53,190 | 60,037 |
| | | | | **1,264,668** | **1,336,380** |
| | II. | Minority interests in shareholders' equity | 17 | 194,108 | 195,843 |
| | | | | **1,458,776** | **1,532,223** |
| **B.** | **Subordinated liabilities** | | 18 | **580,544** | **575,000** |
| **C.** | **Technical provisions** | | | | |
| | I. | Provision for unearned premiums | 19 | 523,561 | 429,985 |
| | II. | Actuarial provision | 20 | 15,601,625 | 15,166,700 |
| | III. | Provision for outstanding claims | 21 | 2,204,950 | 2,191,671 |
| | IV. | Provision for profit-unrelated premium refunds | 22 | 46,135 | 48,231 |
| | V. | Provision for profit-related premium refunds, i.e. policyholder profit sharing | 22 | –5,129 | 389,796 |
| | VI. | Other technical provisions | 23 | 49,452 | 38,492 |
| | | | | **18,420,594** | **18,264,874** |
| **D.** | **Technical provisions held on account and at risk of life insurance policyholders** | | 24 | **2,579,997** | **2,412,937** |
| **E.** | **Financial liabilities** | | | | |
| | I. | Liabilities from loans | 25 | 189,053 | 185,900 |
| | II. | Derivatives | 10 | 7,087 | 12,342 |
| | | | | **196,140** | **198,242** |
| **F.** | **Other provisions** | | | | |
| | I. | Pensions and similar provisions | 26 | 436,478 | 509,541 |
| | II. | Other provisions | 27 | 207,919 | 194,272 |
| | | | | **644,397** | **703,813** |
| **G.** | **Payables and other liabilities** | | 28 | | |
| | I. | Reinsurance liabilities | | 869,258 | 796,780 |
| | II. | Other payables | | 567,129 | 720,778 |
| | III. | Other liabilities | | 11,122 | 9,483 |
| | | | | **1,447,509** | **1,527,041** |
| **H.** | **Liabilities from income tax** | | 29 | **57,294** | **41,618** |
| **I.** | **Deferred tax liabilities** | | 30 | **244,841** | **332,916** |
| | | | | | |
| **Total equity and liabilities** | | | | **25,630,093** | **25,588,664** |

# Consolidated Income Statement

## from 1 January to 31 December 2008

| | | Notes | 2008 € 000 | 2007 € 000 |
|---|---|---|---|---|
| **1.** | **Premiums written (retained)** | 31 | | |
| | a) Gross | | 5,002,364 | 4,527,889 |
| | b) Reinsurers' share | | –230,954 | –388,449 |
| | | | **4,771,410** | **4,139,440** |
| **2.** | **Change due to premiums earned (retained)** | | | |
| | a) Gross | | –41,195 | –38,243 |
| | b) Reinsurers' share | | 157 | 5,180 |
| | | | **–41,038** | **–33,063** |
| **3.** | **Premiums earned (retained)** | 32 | | |
| | a) Gross | | 4,961,169 | 4,489,647 |
| | b) Reinsurers' share | | –230,796 | –383,269 |
| | | | **4,730,372** | **4,106,377** |
| **4.** | **Income from fees and provisions** | 33 | | |
| | Reinsurance provisions and profit shares from reinsurance business ceded | | **19,399** | **71,426** |
| **5.** | **Net investment income** | 34 | **227,596** | **993,005** |
| | of which profit from associated companies | | 143,142 | 303,075 |
| **6.** | **Other income** | 35 | **80,008** | **37,131** |
| **Total income** | | | **5,057,374** | **5,207,939** |
| | | | | |
| **7.** | **Insurance benefits** | 36 | | |
| | a) Gross | | –3,704,463 | –3,891,922 |
| | b) Reinsurers' share | | 142,842 | 294,897 |
| | | | **–3,561,622** | **–3,597,024** |
| **8.** | **Operating expenses** | 37 | | |
| | a) Acquisition costs | | –869,703 | –793,661 |
| | b) Other operating expenses | | –387,102 | –333,443 |
| | | | **–1,256,805** | **–1,127,104** |
| **9.** | **Other expenses** | 38 | **–99,416** | **–86,569** |
| **10.** | **Amortisation of goodwill** | | **–10,530** | **–19,095** |
| **Total expenses** | | | **–4,928,373** | **–4,829,792** |
| | | | | |
| **11.** | **Operating profit** | | **129,002** | **378,147** |
| **12.** | **Financing costs** | | **–38,785** | **–37,891** |
| **13.** | **Profit on ordinary activities** | | **90,217** | **340,256** |
| **14.** | **Income taxes** | 39 | **–23,470** | **–71,263** |
| **15.** | **Net profit** | | **66,748** | **268,993** |
| | of which consolidated profit | | 53,308 | 247,103 |
| | of which minority interests | | 13,440 | 21,889 |
| | | | | |
| **Earnings per share[1] in €** | | 16 | **0.44** | **2.07** |
| **Average number of shares in circulation** | | | **121,064,534** | **119,427,808** |

[1] The diluted earnings per share are equal to the undiluted earnings per share. Calculated on the basis of the consolidated profit.

# Consolidated Cash Flow Statement

**from 1 January to 31 December 2008**

| | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|
| Net profit including minority interests | | |
| Net profit | 66,748 | 268,993 |
| of which interest and dividend payments | 37,602 | 3,378 |
| Minority interests | –13,440 | –21,889 |
| Change in technical provisions (net) | 188,581 | 494,741 |
| Change in deferred acquisition costs | 1,459 | –10,032 |
| Change in amounts receivable and payable from direct insurance | –26,021 | 58,399 |
| Change in other amounts receivable and payable | –156,183 | –61,491 |
| Change in securities at fair value through profit or loss | 293,276 | 97,082 |
| Realised gains/losses on the disposal of investments | –446,831 | –144,154 |
| Depreciation/appreciation of other investments | 522,715 | 185,077 |
| Change in provisions for pension and severance payments | –73,063 | –32,878 |
| Change in deferred tax assets/liabilities | –80,115 | 37,881 |
| Change in other balance sheet items | 60,063 | 465 |
| Change in goodwill and intangible assets | –1,778 | –32,078 |
| Other non-cash income and expenses as well as accounting period adjustments | –68,448 | 6,067 |
| **Net cash flow from operating activities** | **266,962** | **846,183** |
| of which cash flow from income tax | –43,177 | –45,599 |
| | | |
| Receipts due to disposal of consolidated companies and other business units | 449,309 | 207,869 |
| Payments due to acquisition of consolidated companies and other business units | –928,619 | –53,403 |
| Receipts due to disposal and maturity of other investments | 9,854,721 | 12,125,000 |
| Payments due to acquisition of other investments | –9,687,349 | –12,272,398 |
| Change in investments held on account and at risk of life insurance policyholders | –172,123 | –517,443 |
| **Net cash flow used in investing activities** | **–484,061** | **–510,375** |
| | | |
| Change in investments on own shares | 184,375 | 0 |
| Change in holding of own shares | –8,296 | 0 |
| Dividend payments | –59,714 | –41,800 |
| Receipts and payments from other financing activities | 8,698 | 92,375 |
| **Net cash flow used in financing activities** | **125,063** | **50,575** |
| | | |
| Change in cash and cash equivalents | –92,036 | 386,384 |
| Change in cash and cash equivalents due to foreign currency translation | –215 | –2,666 |
| Change in cash and cash equivalents due to acquisition/disposal of consolidated companies | 12,971 | 252 |
| Cash and cash equivalents at beginning of period | 647,133 | 263,164 |
| **Cash and cash equivalents at end of period** | **567,853** | **647,133** |
| of which cash flow from income tax | –43,177 | –45,599 |

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

# Development of Group Equity

| | Subscribed capital and capital reserves<br>€ 000 | Revaluation reserve<br>€ 000 | Revenue reserves including reserves for own shares<br>€ 000 |
|---|---|---|---|
| **As at 31 Dec. 2006** | **206,305** | **181,982** | **694,722** |
| | | | |
| Changes for: | | | |
| Foreign currency translation | | | 3,771 |
| Change in consolidation scope | | | |
| Unrealised capital gains and losses from evaluation at equity | | | 1,894 |
| Dividends to shareholders | | | |
| Own shares | | | |
| Unrealised capital gains and losses from investments | | 2,524 | |
| Net profit for the period | | | |
| Changes in revenue reserves | | | 187,304 |
| Changes in capital reserves | | | |
| Other | | | 402 |
| **As at 31 Dec. 2007** | **206,305** | **184,506** | **888,093** |
| | | | |
| Changes for: | | | |
| Capital increase | 184,375 | | |
| Foreign currency translation | | | –57,853 |
| Change in consolidation scope | | | –6,527 |
| Unrealised capital gains and losses from evaluation at equity | | | –3,943 |
| Dividends to shareholders | | | |
| Own shares | | | |
| Unrealised capital gains and losses from investments | | –172,937 | |
| Net profit for the period | | | |
| Changes in revenue reserves | | | 440 |
| Changes in capital reserves | | | |
| Other | | | –125 |
| **As at 31 Dec. 2008** | **390,681** | **11,570** | **820,085** |

| | Holding of own shares<br>€ 000 | Profits carried forward and net profit for the year<br>€ 000 | Equity<br>€ 000 | Minority interests<br>€ 000 | Total equity<br>€ 000 |
|---|---|---|---|---|---|
| | **–2,561** | **42,037** | **1,122,485** | **207,299** | **1,329,784** |
| | | | | | |
| | | | | | |
| | | | 3,771 | | 3,771 |
| | | | | –5,355 | –5,355 |
| | | | 1,894 | 244 | 2,137 |
| | | –41,800 | –41,800 | –10,304 | –52,104 |
| | | | | | |
| | | | 2,524 | –17,930 | –15,406 |
| | | 247,103 | 247,103 | 21,889 | 268,993 |
| | | –187,304 | | | |
| | | | | | |
| | | | 402 | | 402 |
| | **–2,561** | **60,037** | **1,336,380** | **195,843** | **1,532,223** |
| | | | | | |
| | | | | | |
| | | | 184,375 | | 184,375 |
| | | | –57,853 | | –57,853 |
| | | | –6,527 | 8,524 | 1,997 |
| | | | –3,943 | 707 | –3,237 |
| | | –59,714 | –59,714 | –8,913 | –68,627 |
| | –8,296 | | –8,296 | | -8,296 |
| | | | –172,937 | –15,492 | –188,429 |
| | | 53,308 | 53,308 | 13,440 | 66,748 |
| | | –440 | | | |
| | | | | | |
| | | | –125 | | –125 |
| | **–10,857** | **53,190** | **1,264,668** | **194,108** | **1,458,776** |

# Segment Balance Sheet

## Classified by segment

| | | Property and casualty | | Health | |
|---|---|---|---|---|---|
| | | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| **Assets** | | | | | |
| A. | Tangible assets | 203,023 | 220,276 | 13,344 | 15,727 |
| B. | Land and buildings held as financial investments | 354,144 | 329,023 | 186,666 | 179,540 |
| C. | Intangible assets | 486,122 | 323,265 | 225,299 | 215,600 |
| D. | Shares in associated companies | 191,928 | 367,836 | 103,781 | 59,048 |
| E. | Investments | 2,731,826 | 2,848,992 | 2,026,471 | 1,854,097 |
| F. | Investments held on account and at risk of life insurance policyholders | 0 | 0 | 0 | 0 |
| G. | Share of reinsurance in technical provisions | 316,949 | 350,810 | 2,268 | 2,482 |
| H. | Share of reinsurance in technical provisions for life insurance policies where the investment risk is borne by policyholders | 0 | 0 | 0 | 0 |
| I. | Receivables incl. receivables under insurance business | 615,940 | 610,462 | 162,596 | 201,110 |
| J. | Receivables from income tax | 25,341 | 21,108 | 3,397 | 3,108 |
| K. | Deferred tax assets | 63,663 | 70,848 | –429 | 3,210 |
| L. | Liquid funds | 196,726 | 105,935 | 121,614 | 157,909 |
| Total segment assets | | 5,185,664 | 5,248,556 | 2,845,008 | 2,691,832 |
| | | | | | |
| **Equity and liabilities** | | | | | |
| B. | Subordinated liabilities | 340,544 | 335,000 | 0 | 0 |
| C. | Technical provisions | 2,552,789 | 2,435,552 | 2,464,667 | 2,348,345 |
| D. | Technical provisions for life insurance policies held on account and at risk of policyholders | 0 | 0 | 0 | 0 |
| E. | Financial liabilities | 183,788 | 169,000 | 3,300 | 1,386 |
| F. | Other provisions | 602,801 | 665,029 | 8,030 | 8,833 |
| G. | Payables and other liabilities | 904,225 | 898,741 | 47,958 | 30,103 |
| H. | Liabilities from income tax | 47,919 | 31,472 | 8,824 | 4,614 |
| I. | Deferred tax liabilities | 196,759 | 233,629 | 43,747 | 64,226 |
| Total segment liabilities | | 4,828,825 | 4,768,424 | 2,576,526 | 2,457,506 |

| | Life | | Consolidation | | Group | |
|---|---|---|---|---|---|---|
| | 31 Dec. 2008<br>€ 000 | 31 Dec. 2007<br>€ 000 | 31 Dec. 2008<br>€ 000 | 31 Dec. 2007<br>€ 000 | 31 Dec. 2008<br>€ 000 | 31 Dec. 2007<br>€ 000 |
| | | | | | | |
| | 117,609 | 129,215 | 0 | 0 | 333,977 | 365,218 |
| | 606,823 | 505,697 | 0 | 0 | 1,147,634 | 1,014,259 |
| | 695,975 | 667,328 | 0 | 0 | 1,407,396 | 1,206,193 |
| | 555,673 | 79,770 | 0 | 0 | 851,382 | 506,654 |
| | 12,146,838 | 12,792,992 | –424,687 | –170,433 | 16,480,448 | 17,325,648 |
| | 2,642,462 | 2,470,340 | 0 | 0 | 2,642,462 | 2,470,340 |
| | 441,752 | 418,374 | 0 | 0 | 760,970 | 771,666 |
| | 382,480 | 346,868 | 0 | 0 | 382,480 | 346,868 |
| | 762,981 | 431,821 | –609,200 | –437,017 | 932,317 | 806,377 |
| | 25,339 | 27,036 | 0 | 0 | 54,077 | 51,253 |
| | 5,862 | 2,997 | 0 | 0 | 69,096 | 77,055 |
| | 249,513 | 383,289 | 0 | 0 | 567,853 | 647,133 |
| | **18,633,308** | **18,255,725** | **–1,033,887** | **–607,449** | **25,630,093** | **25,588,664** |
| | | | | | | |
| | | | | | | |
| | 270,000 | 270,000 | –30,000 | –30,000 | 580,544 | 575,000 |
| | 13,399,459 | 13,485,296 | 3,678 | –4,319 | 18,420,594 | 18,264,874 |
| | 2,579,997 | 2,412,937 | 0 | 0 | 2,579,997 | 2,412,937 |
| | 215,966 | 49,222 | –206,913 | –21,366 | 196,140 | 198,242 |
| | 33,567 | 29,952 | 0 | 0 | 644,397 | 703,813 |
| | 1,290,935 | 1,148,799 | –795,609 | –550,602 | 1,447,509 | 1,527,041 |
| | 551 | 5,532 | 0 | 0 | 57,294 | 41,618 |
| | 4,335 | 35,060 | 0 | 0 | 244,841 | 332,916 |
| | **17,794,809** | **17,436,798** | **–1,028,844** | **–606,287** | **24,171,317** | **24,056,441** |
| | | | | | | |
| | | | | Equity and minority interests | 1,458,776 | 1,532,223 |
| | | | | | | |
| | | | | **Total equity and liabilities** | **25,630,093** | **25,588,664** |

The amounts indicated 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 | | Health | |
|---|---|---|---|---|
| | 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 |
| 1. a) Gross premiums written | 2,438,009 | 2,199,785 | 947,644 | 907,761 |
| 1. Premiums written (retained) | 2,282,537 | 1,887,344 | 946,177 | 906,356 |
| 2. Change due to premiums earned (retained) | –32,827 | –32,238 | 315 | –736 |
| 3. Premiums earned (retained) | 2,249,710 | 1,855,105 | 946,492 | 905,620 |
| 4. Income from fees and provisions | 15,563 | 63,482 | 116 | 106 |
| 5. Net investment income | 60,597 | 278,876 | 17,475 | 137,181 |
| 6. Other income | 74,573 | 29,961 | 1,204 | 1,047 |
| 7. Insurance benefits | –1,443,949 | –1,253,528 | –809,683 | –811,254 |
| 8. Operating expenses | –762,816 | –667,457 | –134,285 | –127,892 |
| 9. Other expenses | –71,353 | –45,970 | –1,808 | –3,285 |
| 10. Amortisation of goodwill | 0 | –4,688 | 0 | 0 |
| 11. Operating profit | 122,325 | 255,780 | 19,511 | 101,522 |
| 12. Financing costs | –24,220 | –23,276 | 0 | 0 |
| **13. Profit on ordinary activities** | **98,106** | **232,504** | **19,511** | **101,522** |
| 14. Income taxes | –8,982 | –45,386 | –4,400 | –24,425 |
| **15. Net profit** | **89,124** | **187,118** | **15,110** | **77,097** |
| of which consolidated profit | 68,836 | 179,418 | 9,574 | 55,813 |
| of which minority interests | 20,287 | 7,700 | 5,536 | 21,284 |

## Impairment by segment

| | Property and casualty | | Health | |
|---|---|---|---|---|
| | 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 |
| **Goodwill** | | | | |
| Change in impairment for current year | 0 | –4,689 | 0 | 0 |
| of which reallocation affecting income | 0 | –4,689 | 0 | 0 |
| | | | | |
| **Investments** | | | | |
| Change in impairment for current year | –51,830 | –50,359 | –43,099 | –17,063 |
| of which reallocation/reinstatement of original values affecting income | –51,830 | –50,359 | –43,099 | –17,063 |

| | Life | | Consolidation | | Group | |
|---|---|---|---|---|---|---|
| | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 |
| | 1,653,326 | 1,422,398 | –36,615 | –2,054 | 5,002,364 | 4,527,889 |
| | 1,573,420 | 1,342,880 | –30,724 | 2,861 | 4,771,410 | 4,139,440 |
| | –3,254 | –480 | –5,272 | 391 | –41,038 | –33,063 |
| | 1,570,166 | 1,342,401 | –35,996 | 3,252 | 4,730,372 | 4,106,377 |
| | 6,377 | 11,484 | –2,657 | –3,646 | 19,399 | 71,426 |
| | 150,925 | 579,318 | –1,401 | –2,369 | 227,596 | 993,005 |
| | 14,548 | 7,283 | –10,317 | –1,160 | 80,008 | 37,131 |
| | –1,328,260 | –1,534,497 | 20,270 | 2,255 | –3,561,622 | –3,597,024 |
| | –369,739 | –332,376 | 10,035 | 622 | –1,256,805 | –1,127,104 |
| | –43,408 | –37,792 | 17,153 | 479 | –99,416 | –86,569 |
| | –10,530 | –14,407 | 0 | 0 | –10,530 | –19,095 |
| | –9,921 | 21,412 | –2,913 | –567 | 129,002 | 378,147 |
| | –14,565 | –14,615 | 0 | 0 | –38,785 | –37,891 |
| | **–24,486** | **6,797** | **–2,913** | **–567** | **90,217** | **340,256** |
| | –10,087 | –1,452 | 0 | 0 | –23,470 | –71,263 |
| | –34,573 | 5,345 | –2,913 | –567 | 66,748 | 268,993 |
| | –22,189 | 12,440 | –2,913 | –567 | 53,308 | 247,103 |
| | –12,383 | –7,095 | 0 | 0 | 13,440 | 21,889 |

| | Life | | Consolidation | | Group | |
|---|---|---|---|---|---|---|
| | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 |
| | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | –4,689 |
| | 0 | 0 | 0 | 0 | 0 | –4,689 |
| | | | | | | |
| | | | | | | |
| | –387,373 | –138,422 | 0 | 0 | –482,302 | –205,844 |
| | –387,373 | –138,422 | 0 | 0 | –482,302 | –205,844 |

## Classified by region

| | Premiums earned (retained) | | Net investment income | |
|---|---|---|---|---|
| | 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 |
| Western Europe (incl. Austria) | 3,919,460 | 3,686,823 | 173,326 | 954,617 |
| **Austria** | **2,957,792** | **2,889,769** | **97,602** | **863,864** |
| | | | | |
| **Other Europe** | **1,808,576** | **1,213,356** | **138,569** | **138,176** |
| **Western Europe** | **961,668** | **797,053** | **75,724** | **90,754** |
| Italy | 214,251 | 193,335 | 37,045 | 48,817 |
| Germany | 298,865 | 288,006 | 43,390 | 29,188 |
| Switzerland | 445,150 | 311,286 | –6,761 | 9,612 |
| Liechtenstein | 3,402 | 4,426 | 2,049 | 3,026 |
| The Netherlands | 0 | 0 | 2 | 110 |
| **Eastern Europe** | **846,908** | **416,303** | **62,846** | **47,422** |
| Poland | 464,871 | 139,939 | 16,832 | 12,844 |
| Hungary | 87,916 | 86,788 | 31,526 | 20,953 |
| Czech Republic | 104,562 | 77,084 | –557 | 5,176 |
| Bulgaria | 42,995 | 40,086 | 1,076 | 1,408 |
| Slovakia | 46,226 | 37,643 | 3,293 | 2,986 |
| Ukraine | 29,674 | 143 | 1,160 | 118 |
| Romania | 20,234 | 0 | 2,159 | 637 |
| Serbia | 19,953 | 12,896 | 4,493 | 1,501 |
| Croatia | 16,341 | 11,815 | 1,678 | 995 |
| Bosnia and Herzegovina | 13,464 | 9,800 | 1,737 | 799 |
| Others | 674 | 108 | –551 | 4 |
| | | | | |
| **Total before consolidation** | **4,766,368** | **4,103,125** | **236,172** | **1,002,039** |
| | | | | |
| Consolidation (based on geographic segments) | –35,996 | 3,252 | –8,576 | –9,035 |
| | | | | |
| **In the consolidated financial statements** | **4,730,372** | **4,106,377** | **227,596** | **993,005** |

The investment income and profit on ordinary activity by region are presented net of the capital consolidation effects contained in the investment income. The consolidation item includes the expenditure and income consolidation from operational business relations between Group companies on the basis of geographic segments.

| Insurance benefits | | Operating expenses | | Profit on ordinary activities | |
|---|---|---|---|---|---|
| 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 |
| –2,971,455 | –3,352,784 | –1,066,143 | –1,004,440 | 42,758 | 306,021 |
| **–2,273,314** | **–2,754,509** | **–719,861** | **–671,928** | **–5,250** | **294,254** |
| | | | | | |
| **–1,308,578** | **–844,771** | **–671,579** | **–575,905** | **86,347** | **53,399** |
| **–698,141** | **–598,276** | **–346,283** | **–332,512** | **48,007** | **11,767** |
| –156,123 | –160,667 | –77,010 | –78,653 | 18,182 | 4,400 |
| –239,792 | –222,918 | –128,981 | –127,864 | 14,859 | 4,024 |
| –297,603 | –209,950 | –136,096 | –123,622 | 18,764 | 3,021 |
| –4,623 | –4,741 | –4,195 | –2,374 | –3,799 | 212 |
| 0 | 0 | 0 | 0 | 2 | 110 |
| **–610,437** | **–246,495** | **–325,296** | **–243,393** | **38,339** | **41,632** |
| –409,869 | –102,632 | –74,519 | –59,877 | 6,473 | 7,817 |
| –30,953 | –34,682 | –74,339 | –66,732 | 25,525 | 20,314 |
| –51,680 | –40,445 | –55,399 | –45,000 | 13,504 | 13,086 |
| –23,402 | –25,676 | –26,725 | –24,670 | 1,484 | –2,259 |
| –26,990 | –19,981 | –30,825 | –23,821 | 4,600 | 7,341 |
| –11,776 | –2 | –19,720 | –680 | –9,381 | –372 |
| –21,573 | 0 | –9,732 | 0 | –231 | 535 |
| –12,899 | –9,239 | –15,301 | –9,029 | –3,062 | –4,791 |
| –12,887 | –7,767 | –10,981 | –8,772 | –175 | –99 |
| –8,003 | –5,997 | –6,233 | –4,687 | 1,433 | 146 |
| –405 | –74 | –1,523 | –126 | –1,831 | –86 |
| | | | | | |
| **–3,581,892** | **–3,599,279** | **–1,391,439** | **–1,247,833** | **81,097** | **347,653** |
| | | | | | |
| 20,270 | 2,255 | 134,634 | 120,729 | 9,120 | –7,398 |
| | | | | | |
| **–3,561,622** | **–3,597,024** | **–1,256,805** | **–1,127,104** | **90,217** | **340,256** |

# 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. In accordance with Section 245a of the Austrian Business Code, the company has prepared the consolidated financial statements exclusively in agreement with the International Financial Reporting Standards (IFRS) as applied within the European Union. This means that these consolidated financial statements and the group management report do not follow the accounting principles according to the Insurance Supervisory Act but rather the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) in the versions applicable to this reporting period. IFRS 8 "Operating Segments" as issued in November 2006 was applied for the first time in the 1st quarter of 2008. This means that the main business fields described in the primary segment reporting – property and casualty insurance, health insurance and life insurance – were used for reporting according to IFRS 8. No early application of other modified standards was performed.

Since 2005, UNIQA Versicherungen AG has applied IFRS 4 published in 2004 for insurance policies. 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 is 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 participation, FAS 120 was observed; FAS 60 was applied for specific items in the health, property and casualty insurance and FAS 113 in the area of reinsurance. Unit-linked life insurance, for which the policyholder bears the investment risk, is stated according to FAS 97.

The financial instruments were balanced in accordance with IFRS 39 including the information required by IAS 7, as most recently amended in October 2008. In addition to the presentation of securities under "Held to maturity", "Available for sale", "At fair value through profit or loss" and "Derivative financial instruments (held for trading)", additional disclosures for securities available for sale are reported in the following investment categories, which were utilised for the internal risk reports:

- Shares in affiliated companies
- Shares
- Equity funds
- Debenture bonds not capital guaranteed
- Other variable-yield securities
- Participating interests and other investments
- Fixed interest securities

## 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. Thirty-eight affiliated companies did not form part of the consolidated Group. They were only of minor significance, even if taken together, for the presentation of a true and fair view of the Group's assets, financial position and income. Therefore the scope of consolidation contains – in addition to UNIQA Versicherungen AG – 37 domestic and 77 foreign subsidiaries in which UNIQA Versicherungen AG held the majority of voting rights.

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

| | Date of initial inclusion | Net profit € million[1] | Acquired shares % | Acquisition costs € million | Goodwill 31 Dec. 2008 € million |
|---|---|---|---|---|---|
| UNIQA Real Estate Finanzierungs GmbH, Vienna | 1.1.2008 | –1.8 | 100.0 | 0.0 | 0.0 |
| SIGAL Holding sH.A., Tirana | 1.1.2008 | 0.4 | 45.6 | 18.3 | 10.3 |
| UNIQA Real Estate d.o.o., Belgrade | 1.7.2008 | –0.1 | 100.0 | 0.0 | 0.0 |
| Renaissance Plaza d.o.o., Belgrade | 1.7.2008 | 1.1 | 100.0 | 3.2 | 0.0 |
| UNIQA Real Estate Alpha d.o.o., Belgrade | 1.7.2008 | 0.0 | 100.0 | 0.0 | 0.0 |
| UNIQA Real Estate Beta d.o.o., Belgrade | 1.7.2008 | 0.0 | 100.0 | 0.0 | 0.0 |
| GLM Errichtungs GmbH, Vienna | 1.10.2008 | 0.3 | 100.0 | 6.4 | 0.0 |
| UNIQA Group Audit GmbH, Vienna | 1.10.2008 | 0.0 | 100.0 | 0.0 | 0.0 |
| UNIQA Asigurari de Viata SA, Bucharest | 1.10.2008 | 0.5 | 100.0 | 5.0 | 0.2 |
| UNITA Vienna Insurance Group S.A., Bucharest | 1.10.2008 | 1.6 | 100.0 | 208.7 | 188.7 |
| AGRAS Vienna Insurance Group S.A., Bucharest | 1.10.2008 | –0.1 | 92.3 | 0.0 | 1.5 |
| UNIQA Health Insurance AD, Sofia | 1.10.2008 | 0.0 | 75.0 | 0.3 | 0.0 |
| UNIQA Real Estate Albania Shpk., Tirana | 1.10.2008 | 0.0 | 100.0 | 0.0 | 0.0 |
| Albarama Limited, Nikosia | 1.10.2008 | 0.0 | 100.0 | 12.5 | 9.7 |
| Ave-Plaza LLC, Kharkiv | 1.10.2008 | 0.0 | 50.0 | 0.0 | 0.0 |
| Asena CJSC, Nikolaev | 1.10.2008 | 1.6 | 100.0 | 4.2 | 0.0 |
| UNIQA Real Estate Poland Sp.z.o.o., Warsaw | 1.10.2008 | 0.0 | 100.0 | 0.0 | 0.0 |
| Black Sea Investment Capital, Kiev | 1.10.2008 | –0.6 | 100.0 | 10.2 | 0.0 |
| Legiwaton Investments Limited, Limassol | 1.10.2008 | 0.0 | 100.0 | 0.3 | 0.1 |
| UNIQA Real Estate Ukraine LLC, Kiev | 1.10.2008 | 0.0 | 100.0 | 0.0 | 0.0 |
| Reytarske LLC, Kiev | 1.10.2008 | 0.2 | 100.0 | 0.0 | 0.0 |
| Leipnik-Lundenburger Invest Beteiligungs AG, Vienna | 31.12.2008 | 1.3 | 24.9 | 158.7 | 82.4 |

[1] Net profit included in the consolidated financial statements

In the 1st quarter of 2008, the UNIQA Group acquired an additional 36.0% in the Albanian insurance holding SIGAL Holding sH.A. bringing the Group's share in the SIGAL Group up to 45.6%. This is recorded on the balance sheet under shares in associates. The holding in the Ukrainian company Credo-Classic was expanded from 35.5% to 61.0%. The company has been fully consolidated since 31 March 2008.

In the 4th quarter of 2008, the Group took over 100% of the share capital of the Romanian property insurer UNITA S.A., which also owns 92.3% of AGRAS S.A. Since the balance sheet of UNITA S.A. for the 2008 financial year has not yet been certified, it was not possible to perform a final apportioning of the acquisition costs to the purchased assets and debt items as at the reporting date. The final apportioning to assets, debt items and goodwill – i.e. purchase price allocation – will take place within twelve months of acquisition.

In December, the holding in Leipnik-Lundenburger Invest Beteiligungs AG was expanded to 24.9%; this is shown on the balance sheet as shares in associated companies.

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 15 domestic and two foreign companies consolidated at equity; of these, ten companies were of minor significance and were listed at current market value.

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

## Changes in the 1st quarter of 2009

Lebensversicherung Raiffeisen Life IC LLC is currently being founded with headquarters in Moscow.

## 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 that was first revalued. 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.

Negative differences from mergers consummated after 31 March 2004 must be credited with an effect on income immediately after re-appraisal.

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.

## Impairment Test

Goodwill arises from company mergers and acquisitions. It represents the difference between the acquisition costs and the proportional current market value of identifiable assets, debts and specific contingent liabilities. In accordance with IAS 36, the goodwill is not subject to scheduled depreciation but listed as the acquisition costs less any accrued impairments.

For the purpose of the impairment test, the UNIQA Group has apportioned the goodwill into "cash generating units" (CGU). These CGUs represent the lowest possible level of the company at which goodwill is observed for internal management purposes and in accordance with the strategy.

The impairment test implies a comparison between the realisable value of each CGU and its book valuation, consisting of goodwill and the proportional share capital. If this book valuation of the CGU exceeds the realisable value of the unit based on the earning power method, an impairment is performed.

The UNIQA Group has apportioned the goodwill into the following CGUs:

- Austria
- Bosnia
- Bulgaria
- Croatia
- Czech Republic
- Germany as sub-group
- Hungary
- Italy as sub-group
- Liechtenstein
- Poland
- Romania
- Serbia/Montenegro as sub-group
- Slovakia
- Switzerland
- Ukraine

The utility value is determined by the UNIQA Group through application of generally accepted valuation principles. The value of all CGUs is determined according to the earning power method. The budget projections (detailed planning phase) of the CGUs, the estimate of the long-term results achievable by the CGUs (perpetuity) as well as the internal growth rates are used as the starting point for determination of the earning power.

The earning power is determined through discounting of the future profits with a suitable capitalisation interest rate. No differentiation of the valuation method according to balance sheet segment takes place here because the company is considered as a unit (CGU). As a basis for the valuation, the earning power of each individual CGU is calculated using a discounted cash flow model based on the planned future results.

The company plans used for the calculation are the result of a structured and standardised management dialogue between the UNIQA headquarters in Vienna and the operational units in combination with the reporting and documentation process integrated into this dialogue. The company planning generally encompasses a period of five years. If necessary for determination of the perpetuity, the planned results are adapted to correspond to the sustainably achievable long-term results.

Taxes on profit were assumed for the years 2009–2013 at the effective tax rate of the last three years.

The capitalisation interest rate is based on the capital asset pricing model (CAPM) and reasonable growth rates. The assumptions with regard to risk-free interest rate, market risk premium and segment betas made for determination of the capitalisation interest rate are consistent with the parameters used in the UNIQA planning and controlling process.

Various studies and statistical analyses were used as sources to provide a basis for determining the growth rates in order to consistently and realistically reflect the market situation and macroeconomic development.

The following studies and materials served as reference sources:

- SwissRe – Insurance density CEE
- Sigma – 3/2008 Insurance density CEE
- Raiffeisen Research – Inflation rate trends
- Eurostat – GDP growth, interest rate trends
- WIIW (Wiener Institut für internationale Wirtschaftsvergleiche) – Purchasing power parities, GDP growth CEE
- Damodaran – Country risks, growth rate estimates, multiples

The capitalisation interest rate and the internal growth rates are listed below for all significant CGUs:

| Cash Generating Unit | Discount factor | Discount factor perpetuity |
|---|---|---|
| Austria | 8.68% | 7.68% |
| Bosnia | 19.99% | 10.49% |
| Bulgaria | 12.51% | 6.01% |
| Croatia | 11.51% | 10.51% |
| Czech Republic | 10.66% | 9.66% |
| Germany | 8.25% | 7.25% |
| Hungary | 10.94% | 9.94% |
| Italy | 10.55% | 8.55% |
| Liechtenstein | 6.85% | 6.35% |
| Poland | 10.94% | 9.94% |
| Romania | 12.51% | 5.51% |
| Serbia/Montenegro | 19.99% | 10.49% |
| Slovakia | 10.66% | 9.66% |
| Switzerland | 6.85% | 6.35% |
| Ukraine | 18.58% | 11.58% |

Source: Damodaran and derived factors

Sensitivity analyses with regard to the capitalisation interest rate and the main value drivers are performed in order to verify the results of the appraisal of the utility value.

These analyses show that sustained surpluses on the part of the individual CGUs are highly dependent on the actual development of these assumptions within the individual conomies (GDP, insurance density, purchasing power parities), particularly in the CEE markets, as well as the associated implementation of the individual profit goals. These forecasts and the associated actual future market situation in the currently retrocessive markets and the impact of the continued economic crisis are the largest uncertainties in connection with the valuation results. The statistically demonstrable development scenario according to which every crisis gives rise to a subsequent, sustained upward trend after two to three years is taken into account in the calculations in that an approximation of a weighted average level was applied in derivation of the perpetuity. Exchange rate risks were valued conservatively in that the rates as at 31 December 2008 were carried forward into the long term. For the event that the intensity and duration of the economic crisis turn out to be much greater than assumed in the business plans and fundamental forecasts, unscheduled depreciations may result for the individual CGUs.

A history of GDP development in our markets since 2006 exhibits a development as shown in the table below. This forecast for 2010 and the following years supports the prediction of a renewed, consistent upward trend in the CEE markets and characterises the crisis of 2008 and 2009 as a real but temporary slowdown in economic growth such that no long term decline in these core markets for UNIQA is expected at this time.

| | 2006 | 2007 | 2008e | 2009f | 2010f |
|---|---|---|---|---|---|
| **Poland** | | | | | |
| GDP (% in annual comparison) | 6.2 | 6.7 | 4.8 | –0.8 | 0.0 |
| **Hungary** | | | | | |
| GDP (% in annual comparison) | 4.1 | 1.1 | 0.6 | –5.0 | –1.0 |
| **Czech Republic** | | | | | |
| GDP (% in annual comparison) | 6.9 | 6.0 | 3.1 | –2.6 | 1.3 |
| **Slovakia** | | | | | |
| GDP (% in annual comparison) | 8.5 | 10.4 | 6.4 | 0.8 | 3.5 |
| **Croatia** | | | | | |
| Real GDP (% in annual comparison) | 4.8 | 5.6 | 2.0 | –3.2 | 1.1 |
| **Bosnia-Herzegovina** | | | | | |
| Real GDP (% in annual comparison) | 6.9 | 6.8 | 5.5 | 0.5 | 2.8 |
| **Serbia** | | | | | |
| Real GDP (% in annual comparison) | 5.6 | 7.1 | 6.5 | 0.5 | 2.0 |
| **Bulgaria** | | | | | |
| Real GDP (% in annual comparison) | 6.3 | 6.2 | 6.0 | –0.5 | 2.5 |
| **Romania** | | | | | |
| Real GDP (% in annual comparison) | 7.9 | 6.2 | 7.1 | 0.5 | 1.5 |
| **Ukraine** | | | | | |
| GDP (% in annual comparison) | 7.3 | 7.9 | 2.1 | –8.0 | –1.0 |
| **Albania** | | | | | |
| Real GDP (% in annual comparison) | 5.0 | 6.0 | 6.0 | 3.5 | 4.5 |

Source: Raiffeisen Research March 2009

In consideration of the data and statistics upon which these calculations are based (see above) and the trend scenarios such as GDP forecasts per CGU or the development of the insurance density per CGU upon which the budget projections and planning of the individual CGUs are based, no shortfalls were identified in the impairment test in the year 2008.

The economic outlook, particularly in the markets of the Ukraine, Serbia and Romania, but also in view of the general economic and financial market developments, provides justification for regular performance of impairment tests in 2009.

The purchase price allocation of the acquisition price for UNITA Vienna InsuranceGroup S.A. according to IFRS 3 was not yet completed at the time this Group annual report was created.

As a general rule, shares in associated companies are 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 supplies 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 supplies and services within the Group are set off against the corresponding expenditures.

### 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 notes to the consolidated financial statements. Rounding differences may result from the formatting to euro thousands.

### 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 euro are converted at the rate on the balance sheet closing date according to the following guidelines:

- Assets, liabilities and transition of the annual net profit/deficit at the middle rate on the balance sheet closing date
- Income statement at the average exchange rate for the year
- 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:

| Closing date rate in € | 2008 | 2007 |
|---|---|---|
| Swiss franc CHF | 1.4850 | 1.6547 |
| Slovakian koruna SKK | 30.1260 | 33.5830 |
| Czech koruna CZK | 26.8750 | 26.6280 |
| Hungarian forint HUF | 266.7000 | 253.7300 |
| Croatian kuna HRK | 7.3555 | 7.3308 |
| Polish zloty PLN | 4.1535 | 3.5935 |
| Bosnia and Herzegovina convertible mark BAM | 1.9687 | 1.9517 |
| Romanian leu (new) RON | 4.0230 | 3.6080 |
| Bulgarian lev (new) BGN | 1.9558 | 1.9558 |
| Ukranian hryvnia UAH | 10.9199 | 7.3633 |
| Serbian dinar RSD | 89.7909 | 78.7950 |

### 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
- Pensions 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.

Capitalised 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 capitalised 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 two to five 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 value (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 fair values can be found in the 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 securities held to maturity, 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, external reports or on the basis of estimates of what amounts could be achieved under the current market conditions in event of proper liquidation.

### Securities held to maturity, mortgage loans and other loans
These are recognised as amortised costs in the balance sheet. This means that the difference between the acquisition costs and the repayment 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. On 1 July 2008, securities previously available for sale were reclassified according to IAS 39/50E as other loans. Overall, fixed-interest securities with a book value of € 2,130 million were reclassified. The corresponding revaluation reserve as at 30 June 2008 was € –98 million.

### 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 in life insurance and deferred taxes. Depreciation that affects income (impairment) is undertaken only where we anticipate a lasting fall in value. 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. For variable yield securities we assume a sustained impairment when the highest quoted price within the last nine months lies below the acquisition cost or the difference between the cost of acquisition and the market value is greater than 20%. These same selection criteria are also applied for fixed interest securities in order to perform a precise credit-related evaluation of a sustained impairment per security for the items in question. 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. The fair value of other investments is based in part on external and internal company ratings.

### Investments held for trade (trading portfolio)
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 (fair value option)
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. In accordance with IAS 39 (11A), ABS bonds, structured bonds, hedge funds and a special annuity fund with a high share of derivatives are also dealt with under the items for securities at fair value through profit or loss.

### 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
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
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 life (up to a maximum of ten years).

### Equity
The **subscribed capital** corresponds to the calculated nominal value per share that was achieved upon issuing of the shares.

The **capital reserves** represent the amount earned over and above the calculated nominal value upon issue of the shares.

The **revaluation reserve** contains unrealised profits and losses from market valuations of securities available for sale.

The **revenue reserves** include the withheld profit of the UNIQA Group and proceeds from transactions with UNIQA shares.

The **portfolio of UNIQA shares** is deducted from the equity (revenue reserves).

The **minority interests** in shareholders’ equity represent the proportional minority shares in equity.

## 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 where the investment risk is carried by policyholders".

The actuarial provisions for health insurance are determined on a calculation basis of "best estimate", taking into account safety margins. Once the calculation bases have 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. These valuation differences can also give rise to net positive items, which are also listed here.

**Other technical provisions**

This item primarily 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 in accordance with 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** 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 independently 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 expenses 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 fair value.

As a general rule, participating interests are valued at equity insofar as the company has the opportunity to exercise 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) and trading portfolio (derivative financial instruments). 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 statements according to the Austrian Business Code, depreciation always affects income even in the case of a temporary reduction in value and appreciation 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
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 capitalised 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 refund. 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 on 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 provisions 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 project-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 business 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

### 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

### Chairman
**Christian Konrad**, Vienna
appointed from 29 June 1990 until the 12th AGM in 2011
- 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
**Herbert Schimetschek**, Vienna
appointed from 15 May 2006 until 19 May 2008
- Member of the Board of Directors of SCOR, Paris

**Georg Winckler**, Vienna
appointed from 17 September 1999 until the 12th AGM in 2011
- First Vice Chairman of the Supervisory Board of Erste Group Bank AG, Vienna

### Second Vice Chairman
**Walter Rothensteiner**, Vienna
appointed from 3 July 1995 until the 12th AGM in 2011
- 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 10th AGM in 2009
- Chairman of the Supervisory Board of Erste Group Bank AG, Vienna
- Vice Chairman of the Supervisory Board of Rath Aktiengesellschaft, Vienna

### Fourth Vice Chairman
**Karl Waltle**, Bregenz
appointed from 25 June 1996 until 18 December 1996, and from 17 September 1999 until 19 May 2008

**Günther Reibersdorfer**, Salzburg
appointed from 23 May 2005 until the 12th AGM in 2011

### Fifth Vice Chairman
**Ewald Wetscherek**, Vienna
appointed from 17 September 1999 until the 12th AGM in 2011

### Members

**Konrad Fuchs**, Maria Enzersdorf
appointed from 17 September 1999 until the 10th AGM in 2009

**Erwin Hameseder**, Vienna
appointed from 21 May 2007 until the 12th AGM in 2011
- Vice Chairman of the Supervisory Board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna
- Vice Chairman of the Supervisory Board of STRABAG SE, Villach
- Vice Chairman of the Supervisory Board of VK Mühlen Aktiengesellschaft, Hamburg
- Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft, Vienna
- Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim

**Christian Kuhn**, Vienna
appointed from 15 May 2006 until the 12th AGM in 2011

**Markus Mair**, Graz
appointed from 15 May 2006 until the 12th AGM in 2011

### Assigned by the Central Employee Council

**Johann-Anton Auer**, Ruprechtshofen
(since 18 February 2008)
**Doris Böhm**, Strasshof
**Hans Hahnen**, Absam
(until 21 May 2008 and since 1 September 2008)
**Franz Michael Koller**, Graz
**Friedrich Lehner**, Gunskirchen
(until 1 September 2008)
**Walter Vock**, Gumpoldskirchen
(until 18 February 2008)
**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

### Committee for Board Affairs

**Christian Konrad** (Chairman)
**Herbert Schimetschek** (until 19 May 2008)
**Georg Winckler** (since 19 May 2008)
**Walter Rothensteiner**
**Heinz Kessler**

### Working Committee

**Christian Konrad** (Chairman)
**Herbert Schimetschek** (until 19 May 2008)
**Georg Winckler** (since 19 May 2008)
**Walter Rothensteiner**
**Heinz Kessler**
**Karl Waltle** (until 19 May 2008)
**Günther Reibersdorfer** (since 19 May 2008)
**Ewald Wetscherek**

**Doris Böhm** (assigned by the Central Employee Council)
**Franz Michael Koller** (assigned by the Central Employee Council)
**Walter Zwiauer** (assigned by the Central Employee Council)

### Audit Committee

**Christian Konrad** (Chairman)
**Herbert Schimetschek** (until 19 May 2008)
**Georg Winckler** (since 19 May 2008)
**Walter Rothensteiner**
**Heinz Kessler**
**Karl Waltle** (until 19 May 2008)
**Günther Reibersdorfer** (since 19 May 2008)
**Ewald Wetscherek**

**Doris Böhm** (assigned by the Central Employee Council)
**Franz Michael Koller** (assigned by the Central Employee Council)
**Walter Zwiauer** (assigned by the Central Employee Council)

### Investment Committee

**Erwin Hameseder** (Chairman)
**Konrad Fuchs** (Vice Chairman)
**Karl Waltle** (until 19 May 2008)
**Günther Reibersdorfer** (since 19 May 2008)
**Georg Winckler**

**Doris Böhm** (assigned by the Central Employee Council)
**Walter Zwiauer** (assigned by the Central Employee Council)

## 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 additional 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 of the UNIQA Group in Austria. All Group companies in which UNIQA has a participating interest of more than 50% have been integrated into this risk management process since the end of 2007.

The risk management process of the UNIQA Group is centrally controlled.

Each subsidiary has a responsible risk manager who operates the risk management process and reports to the Group risk management team.

The company's risk situation in terms of market risks, technical risks and operational risks is evaluated and reported on in the half-yearly report. Measures to minimise risks are developed on this basis of this report.

The Group's actuarial office/risk management team consolidates the results of the half-yearly risk assessment in a Group Risk Report, which is made available to the Group management for the purpose of controlling risk.

The UNIQA Group places particular emphasis on the topic of risk management and is preparing the Group for Solvency 2. In 2009, the future standard approach to calculating solvency capital (Quantitative Impact Study 4) will be calculated Group-wide within the scope of these activities and all of the Group's insurance companies will participate in this.

### Management of actuarial and financial risks

**1 Actuarial and financial 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 |
|---|---|
| 2008 | 4,961,169 |
| 2007 | 4,489,647 |
| 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 discount given for household/own home, accident, motor vehicle liability and comprehensive insurance has been linked to risk and customer criteria since April 2007. The objective of this measure is for discounts offered outside of normal rates to be adapted to the risk situation and justified based on the risk level. The amount of the discount, linked to risk and customer criteria, is subject to an annual check.

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) | % |
|---|---|
| 2008 | 61.6 |
| 2007 | 68.1 |
| 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 contracts also considerably reduce the level at which any losses occur. 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 program and future developments. Detailed information regarding the future development of mass, major and catastrophic damages calculated based on 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 act as sole risk bearer for UNIQA companies abroad. One exception is the cover against losses due to natural disasters suffered by Austrian companies. In this case, the Austrian companies assign claims to UNIQA Re.

Between 50% and 60% of the entire portfolio are covered by these reinsurance policies. Ratio figures, which reach between 25% and 90% depending upon the volatility of the respective insurance branch, 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 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 claim ratio in retained earnings can be seen in the following table:

| Claims ratio (retained earnings) | % |
|---|---|
| 2008 | 64.2 |
| 2007 | 67.6 |
| 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. 2008<br>€ 000 |
|---|---|
| AAA | 8,485 |
| AA | 105,188 |
| A | 78,917 |
| BBB | 72 |
| Not rated | 2,503 |

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. In the UNIQA Group, this is divided 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 risks with high hazards 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 paid by the policyholder. 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: The costs are calculated in such a way that the costs incurred by the policy can be permanently covered by the premium.

Carefully selecting the bases of calculation gives rise to scheduled profits, an appropriate amount of which is credited to the policyholders as part of profit sharing.

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 roughly 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 sum categories; included here are the policies of the companies UNIQA Personenversicherung, Raiffeisen Versicherung, Salzburger Landes-Versicherung and CALL DIRECT Versicherung AG.

| Number of insurance policies as at 31 Dec. 2008 Category[1] | Capital insurance | Retirement annuity | Risk insurance |
|---|---|---|---|
| €0 to €20,000 | 900,492 | 99,235 | 157,471 |
| €20,000 to €40,000 | 175,680 | 39,779 | 38,244 |
| €40,000 to €100,000 | 71,255 | 23,430 | 129,620 |
| €100,000 to €200,000 | 8,127 | 4,749 | 67,917 |
| More than €200,000 | 1,930 | 1,556 | 9,193 |

[1] 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 gradual 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, as not only could the calculated mortality probabilities prove to be too low, 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 Holding operates with a retained risk of €200,000 per insured life; the excesses are mostly reinsured with Swiss Re, Munich Re 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 the premiums in case of a (less probable) worsening of the mortality behaviour. However, this presents the danger of possible antiselection behaviour, meaning that 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 gradual 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 only exist for the Austrian population, and 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.

*Antiselection*

The right to choose annuity pensions for deferred retirement annuities also results in antiselection. Only those policyholders who feel very healthy choose the annuity payment; all others choose partial or full capital payment. In this way, the pension portfolio tends to consist of mostly healthier people, i.e. worse risks 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 2.81%.

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 received in the future must be invested at an interest rate guaranteed at the time the policy was taken out. However, it is entirely possible that no corresponding titles are available at the time the premium is received. 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 the assets is 3.9 years, while for liabilities it is considerably longer. This creates a duration gap, which means that the ratio of assets to liabilities reduces as interest rates fall.

*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 or for classic life insurance the value of the insured sum including profit-sharing) in accordance with a mortality table (the risk involved is not exclusively financial) and an interest rate set at the time the policy is taken out.

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

**1.3 Health insurance**
Health insurance is a loss insurance which is calculated under consideration of biometric risks and is operated in Austria "depending on the type of life insurance". 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 the premiums 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 risks, the existing risk of the individual 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 cover ("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, for instance, 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 that sharply reduce the income opportunities. Developments in this area will be observed by the insurance association, and an attempt will be made where necessary to react to negative developments from the perspective of the private health insurer.

The EU Directive on the equal treatment of men and women in insurance, which is implemented in Austria by the Insurance Amendment Act 2006 (VersRÄG 2006), was also taken into account in the calculation of premiums in the last quarter of 2007. As the differences between men and women can be proven, only the childbirth costs had to be shared between men and women; these costs were explicitly defined in the EU Directive and VersRÄG as an exception to the risk-based calculation. No negative effects have been observed on business results to date.

**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

Model risks also exist with regard to the valuation of ABS securities ("Asset-Backed Securities") and the valuation of the participating interest in STRABAG SE; these are presented as an excursus to the risk report.

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 main accounting groups generated by the various product categories.

| Investments | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Long-term life insurance policies with guaranteed interest and profit sharing | 13,346,319 | 13,779,745 |
| Long-term unit-linked and index-linked life insurance policies | 2,642,462 | 2,470,340 |
| Long-term health insurance policies | 2,409,993 | 2,245,370 |
| Short-term property and casualty insurance policies | 3,511,571 | 3,695,766 |
| **Total** | **21,910,345** | **22,191,221** |

These values refer to the following balance sheet items:
A.I. Self-used land and buildings
B. Land and buildings held as financial investments
D. Shares in associated companies
E. Investments
F. Investments in unit-linked and index-linked life insurance policies
L. Liquid funds

| Technical provisions and liabilities (retained) | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Long-term life insurance policies with guaranteed interest and profit sharing | 13,377,737 | 13,463,170 |
| Long-term unit-linked and index-linked life insurance policies | 2,579,997 | 2,412,937 |
| Long-term health insurance policies | 2,463,975 | 2,347,571 |
| Short-term property and casualty insurance policies | 2,252,755 | 2,097,404 |
| Total | 20,674,464 | 20,321,082 |

These values refer to the following balance sheet items:
C. Technical provisions
D. Technical provisions in unit-linked and index-linked life insurance policies
G.I. Reinsurance liabilities (only deposit liabilities held under reinsurance business ceded)
G. Share of reinsurance in the technical provisions
H. Share of reinsurance in technical provisions in unit-linked and index-linked life insurance policies

### 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 | € | | USD | | Other | |
|---|---|---|---|---|---|---|
| % | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| **Fixed interest securities** | | | | | | |
| High-grade loans | 4.30 | 4.05 | 5.31 | 5.22 | 5.22 | 5.31 |
| Bank/company loans | 5.16 | 4.74 | 8.51 | 7.75 | 3.87 | 3.80 |
| Emerging markets loans | 6.82 | 7.06 | 13.33 | 6.29 | 13.59 | 7.87 |
| High-yield loans | 7.10 | 6.68 | 12.97 | 8.71 | 7.98 | 7.92 |
| Other investments | 3.27 | 3.87 | – | – | 3.40 | 7.90 |
| | | | | | | |
| **Fixed interest liabilities** | | | | | | |
| Subordinated liabilities | 5.34 | 5.34 | | | | |
| Guaranteed interest life insurance | 2.81 | 2.86 | | | | |
| 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. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Annuities | 7,557,839 | 9,931,822 |
| Shares | 313,784 | 1,170,286 |
| Alternatives | 805,285 | 867,749 |
| Holdings | 577,484 | 82,040 |
| Loans | 2,129,470 | 232,801 |
| Real estate | 762,866 | 686,939 |
| Liquidity | 1,083,197 | 701,803 |
| Deposits receivable | 116,394 | 106,306 |
| **Total** | **13,346,319** | **13,779,745** |
| Difference between book value and market value | | |
| Real estate | 394,791 | 168,648 |
| Loans | –193,171 | 822 |

| Provisions and liabilities from long-term life insurance policies with guaranteed interest and profit sharing | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Actuarial provision | 12,902,136 | 12,614,575 |
| Provision for profit-unrelated premium refunds | 86,899 | 75 |
| Provision for profit-related premium refunds and profit sharing | 731 | 323,478 |
| Other technical provisions | 59,558 | 18,004 |
| Provision for outstanding claims | 24,532 | 106,159 |
| Deposits payable | 422,997 | 400,879 |
| **Total** | **13,377,737** | **13,463,170** |

The following table shows the structure of the remaining terms of interest bearing securities and loans.

| Remaining term | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Up to 1 year | 832,864 | 828,204 |
| Of more than 1 year up to 3 years | 1,809,756 | 1,226,330 |
| Of more than 3 years up to 5 years | 1,100,915 | 1,154,581 |
| Of more than 5 years up to 7 years | 1,273,377 | 1,629,882 |
| Of more than 7 years up to 10 years | 2,013,252 | 2,228,364 |
| Of more than 10 years up to 15 years | 1,089,007 | 1,063,760 |
| More than 15 years | 1,568,138 | 2,033,502 |
| Total | 9,687,309 | 10,164,623 |

The capital-weighted average remaining term of technical liabilities is around 8.2 years (2007: 8.3 years).

### *Long-term unit-linked and index-linked life insurance policies*

In the segment of unit-linked 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 liabilities arising from unit-linked and index-linked life insurance policies.

| Investments in unit-linked and index-linked life insurance policies | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Share-based funds | 555,066 | 825,456 |
| Bond funds | 1,970,756 | 1,551,188 |
| Liquidity | 101,294 | 92,882 |
| Other investments | 15,347 | 814 |
| Total | 2,642,462 | 2,470,340 |

### *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. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Annuities | 1,055,277 | 1,130,606 |
| Shares | 58,456 | 191,601 |
| Alternatives | 109,241 | 111,703 |
| Holdings | 110,545 | 65,812 |
| Loans | 555,465 | 332,223 |
| Real estate | 199,048 | 193,687 |
| Liquidity | 321,961 | 219,737 |
| Total | 2,409,993 | 2,245,370 |
| Difference between book value and market value | | |
| Real estate | 111,941 | 259,996 |
| Loans | –19,156 | –2,376 |

| Provisions and liabilities from long-term health insurance policies | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Actuarial provision | 13,614 | 2,098,989 |
| Provision for profit-unrelated premium refunds | 2,225,819 | 22,199 |
| Provision for profit-related premium refunds or profit sharing | 156,396 | 58,904 |
| Other technical provisions | 19,477 | 694 |
| Provision for unearned premiums | 46,529 | 13,395 |
| Provision for outstanding claims | 564 | 151,683 |
| Deposits payable | 1,576 | 1,708 |
| Total | 2,463,975 | 2,347,571 |

### *Property and casualty insurance policies*

Most property/casualty insurance policies are short-term. The technical provisions are not discounted, meaning that no interest is calculated for the short-term investment. The average terms of interest bearing securities and loans invested to cover technical provisions are shown in the following table:

| Remaining term | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Up to 1 year | 184,216 | 162,102 |
| More than 1 year up to 3 years | 299,698 | 276,714 |
| More than 3 years up to 5 years | 373,621 | 223,488 |
| More than 5 years up to 7 years | 334,836 | 521,462 |
| More than 7 years up to 10 years | 367,359 | 298,433 |
| More than 10 years up to 15 years | 111,648 | 128,853 |
| More than 15 years | 162,944 | 157,516 |
| Total | 1,834,322 | 1,768,569 |

The investment structure in the property and casualty insurance is as follows.

| Investments for short-term property and casualty insurance policies | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Annuities | 1,317,379 | 1,351,113 |
| Shares | 237,170 | 179,428 |
| Alternatives | 60,720 | 67,429 |
| Holdings | 289,335 | 866,147 |
| Loans | 516,882 | 417,456 |
| Real estate | 457,081 | 426,685 |
| Liquidity | 619,993 | 374,906 |
| Deposits receivable | 13,011 | 12,602 |
| Total | 3,511,571 | 3,695,766 |
| Difference between book value and market value | | |
| Real estate | 214,617 | 180,553 |
| Loans | –604 | –5,695 |

| Provisions and liabilities from short-term property and casualty insurance policies | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Provision for unearned premiums | 481,171 | 408,688 |
| Actuarial provision | 42,283 | 44,482 |
| Provision for outstanding claims | 1,666,703 | 1,582,211 |
| Provision for profit-unrelated premium refunds | 25,702 | 25,591 |
| Provision for profit-related premium refunds or profit sharing | 7,800 | 7,315 |
| Other technical provisions | 18,827 | 16,765 |
| Deposits payable | 10,270 | 12,351 |
| Total | 2,252,755 | 2,097,404 |

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, benchmark-oriented or value growth approach, fundamental or industry-/region-specific 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. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Shares in Europe | 186,693 | 623,775 |
| Shares in America | 9,049 | 65,374 |
| Shares in Asia | 3,890 | 187,428 |
| Shares international[1] | 1,457 | 3,089 |
| Shares in emerging markets | 6,708 | 127,480 |
| Shares total return[2] | 171,959 | 496,507 |
| Other shares | 229,592 | 37,662 |
| Total | 609,348 | 1,541,315 |

[1] Share-based funds with globally diversified investments.
[2] 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. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| AAA | 3,447,058 | 3,345,244 |
| AA | 2,942,667 | 3,600,801 |
| A | 2,908,069 | 2,852,518 |
| BBB | 1,762,681 | 975,652 |
| BB | 793,953 | 976,920 |
| B | 76,110 | 424,227 |
| CCC | 20,645 | 30,366 |
| Not rated | 82,077 | 207,813 |
| Total | 12,033,260 | 12,413,541 |

The values as at 31 December 2008 also include the securities reclassified to the category of loans in the 3rd quarter with a value of €2,102,704,000.

### 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.

| 31 Dec. 2008 € 000 | € | USD | Other | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments | 19,862,084 | 442,885 | 1,605,376 | 21,910,345 |
| Other tangible assets | 97,421 | | 15,991 | 113,412 |
| Intangible assets | 1,326,277 | | 81,119 | 1,407,396 |
| Share of reinsurance in the technical provisions | 1,043,733 | | 99,717 | 1,143,450 |
| Other assets | 806,685 | | 248,781 | 1,055,466 |
| Total assets | 23,136,200 | 442,885 | 2,050,984 | 25,630,069 |
| | | | | |
| **Provisions and liabilities** | | | | |
| Subordinated liabilities | 575,000 | | 5,544 | 580,544 |
| Technical provisions | 19,627,159 | | 1,373,432 | 21,000,591 |
| Other provisions | 608,255 | | 36,142 | 644,397 |
| Liabilities | 1,773,051 | | 172,709 | 1,945,760 |
| Total liabilities | 22,583,464 | | 1,587,828 | 24,171,292 |

| 31 Dec. 2007 € 000 | € | USD | Other | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments | 20,133,079 | 233,523 | 1,824,619 | 22,191,221 |
| Other tangible assets | 125,686 | | 12,345 | 138,030 |
| Intangible assets | 1,123,946 | | 82,246 | 1,206,193 |
| Share of reinsurance in the technical provisions | 1,044,013 | | 74,521 | 1,118,534 |
| Other assets | 771,964 | | 162,721 | 934,685 |
| Total assets | 23,198,688 | 233,523 | 2,156,452 | 25,588,664 |
| | | | | |
| **Provisions and liabilities** | | | | |
| Subordinated liabilities | 575,000 | | | 575,000 |
| Technical provisions | 19,552,675 | | 1,125,136 | 20,677,811 |
| Other provisions | 679,162 | | 24,651 | 703,813 |
| Liabilities | 1,966,855 | | 132,962 | 2,099,817 |
| Total liabilities | 22,773,693 | | 1,282,748 | 24,056,441 |

The fair value of securities investments in USD amounted to €1,347 million as at 31 December 2008. The exchange rate risk was reduced using derivative financial instruments to €443 million, while the safeguard ratio was 67.1%. The safeguard was maintained in a range of between 63% and 93% during the financial year.

### 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. In addition, a majority of the securities portfolio is listed on liquid stock exchanges and can be sold quickly in the case of liquidity burdens.

Additional underwriting obligations exist for private equity investments in the amount of €206.7 million. Obligations of €30.0 million result from multitranche 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 level of the strategic asset allocation with tactical weighting of the individual asset classes based 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; the information is presented as available on the reporting date, meaning that only rough figures can be offered 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 | 31 Dec. 2008 | | 31 Dec. 2007 | |
|---|---|---|---|---|
| € 000 | +100 basis points | –100 basis points | +100 basis points | –100 basis points |
| High-grade loans | –253,473 | 266,813 | –235,989 | 248,409 |
| Bank/company loans | –78,404 | 82,531 | –120,139 | 126,462 |
| Emerging markets loans | –22,902 | 24,108 | –42,859 | 45,114 |
| High-yield loans | –1,174 | 1,236 | –2,862 | 3,013 |
| Total | –355,953 | 374,688 | –401,849 | 422,998 |

| Share risk | 31 Dec. 2008 | | 31 Dec. 2007 | |
|---|---|---|---|---|
| € 000 | +10% | –10% | +10% | –10% |
| Shares in Europe | 17,607 | –17,607 | 57,295 | –57,295 |
| Shares in America | 651 | –651 | 8,717 | –8,717 |
| Shares in Asia | 1,518 | –1,518 | 19,770 | –19,770 |
| International shares | 1,117 | –1,117 | 3,579 | –3,579 |
| Shares in emerging markets | 920 | –920 | 12,848 | –12,848 |
| Shares total return | 15,897 | –15,897 | 47,879 | –47,879 |
| Derivative financial instruments and other shares | 4,386 | –4,581 | 2,729 | –2,084 |
| Total | 42,096 | –42,291 | 152,817 | –152,172 |

| Currency risk | 31 Dec. 2008 | | 31 Dec. 2007 | |
|---|---|---|---|---|
| € 000 | +10% | –10% | +10% | –10% |
| € | 0 | 0 | 0 | 0 |
| USD | 46,670 | –46,670 | 23,837 | –23,837 |
| Other | 138,833 | –138,833 | 153,465 | –153,465 |
| Total | 185,503 | –185,503 | 177,302 | –177,302 |

| Quality risk | | 31 Dec. 2008 | | 31 Dec. 2007 | |
|---|---|---|---|---|---|
| € 000 | Change to spread | + | – | + | – |
| AAA | 0 basis points | 0 | 0 | 0 | 0 |
| AA | 25 basis points | –21,193 | 21,193 | –38,845 | 38,845 |
| A | 50 basis points | –64,090 | 64,090 | –68,413 | 68,413 |
| BAA | 75 basis points | –54,524 | 54,524 | –45,329 | 45,329 |
| BA | 100 basis points | –37,323 | 37,323 | –46,665 | 46,665 |
| B | 125 basis points | –2,102 | 2,102 | –24,830 | 24,830 |
| CAA | 150 basis points | –805 | 805 | –1,376 | 1,376 |
| Not rated | 100 basis points | –4,331 | 4,331 | –15,243 | 15,243 |
| Total | | –184,368 | 184,368 | –240,701 | 240,701 |

### 2.7 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 with 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. 2008 | 799,466 | 408,289 | 110,635 | 802,303 | –521,760 |
| 31 Dec. 2007 | 522,197 | 311,935 | 97,538 | 470,240 | –357,516 |
| Lowest | 477,435 | 242,436 | 65,550 | 495,363 | –334,325 |
| Average | 576,302 | 302,386 | 93,945 | 609,306 | –396,431 |
| Highest | 799,466 | 411,813 | 149,332 | 802,303 | –539,782 |

*Evaluation of the stock of Asset-Backed Securities*
The UNIQA Group has placed a portion of its investments in Asset-Backed Securities (ABS).

The securities held in the direct portfolio and in the fund portfolio have been valued using a mark-to-model method. The proportion of investments valued under this model corresponds to 5.93% of total investments.

Within each of these variants, the individual transactions vary with regard to structure, risk profile, interest claims, rating and other parameters.

UNIQA is of the view that it will not be possible to ascertain a fair value for these securities on the basis of market prices or market transactions for the second half of 2008 due to the sharp fall in liquidity and the crisis on the financial markets. So-called market prices, insofar as these can even be identified in individual cases, pertain only in the rarest of cases to securities that are held directly in the portfolio, or even to securities from the same issuer, but rather generally to another paper that is similar in terms of rating and securitisation category. Direct transfer of such prices does not appropriately take into account either the complexity or the heterogeneity of the different structures. Moreover, the available prices regularly originate from distress sales, in which an investor is forced to sell larger quantities of similar securities under time pressure, mostly due to tight liquidity. For both reasons, UNIQA has decided to set the fair value of the specified papers by means of a model approach.

ABS papers are noted for being highly complex and are therefore extensively documented. Due to its longstanding activity in the area of securitisation, UNIQA has developed various models on its own or with others that permit analyses of high quality at acceptable expense.

The main parameters of the model for assessing the estimate of the future development of the (financial) economic environment are the speed of repayment, the failure frequency, the failure severity and the discount rate.

All parameters refer to the assets used to collateralise the transaction, i.e. to the corporate credits, bonds, preferential shares, etc.

UNIQA uses two objectively defined parameters to portray the failure risk when ascertaining the fair value. The future payments are calculated using the long-term average failure rates and severities.

The modelling system of Intex Solutions, Inc., which represents a widely accepted market standard, serves as the basis for the analysis. With regard to the choice of scenario, especially for the frequency of failure, information on corporate failures published by the rating agency Moody's Investors Service and extending back to 1920 is used. In addition, reference is made to the publicly accessible data of the Federal Deposit Insurance Corporation ("FDIC").

To this extent, the losses expected by a rational investor in a transaction over a longer period of holding are already taken into consideration when generating the payment streams. In order to take account of the current economic crisis, a risk premium was additionally added to the applied discount rate. This premium corresponds to the surcharge originally applied on execution of the individual transaction.

The sensitivity analysis of the ABS portfolio with regard to a rise in the failure rates in the investments underlying the ABS structures shows the following effects on the valuation of the ABS portfolio:

- **Scenario 1:** A 50% rise in the failure rates compared to the model leads to a drop of the model value by 8.03%.
- **Scenario 2:** A 100% rise in the failure rates compared to the model leads to a drop of the model value by 15.63%.

*Valuation of STRABAG SE*
UNIQA had a 13.74% share in STRABAG SE as at the reporting date of 31 December 2008 (31 Dec. 2007: 12.50%). Even following the entry of a new major investor, UNIQA retains a significant influence over the business activity of STRABAG SE. UNIQA is therefore continuing the participating interest in STRABAG SE as an associated share. The book value of the shareholding amounted to €531.7 million as at 31 December 2008. Following examination and valuation of the entire STRABAG SE group, UNIQA is convinced that the valuation of the investment is covered by the proportional value of STRAGAB SE and therefore no depreciation to the stock market price of the reporting date is required. The development of the group equity of STRAGAB SE anticipated by UNIQA also supports a similar conclusion.

It must be noted here that UNIQA assumes that STRABAG will benefit particularly well from the comprehensive stimulus packages due to a good equity base and broad diversification and will therefore survive the current economic crisis largely unscathed. Should this not turn out to be the case, depreciations will be required, which could lead to a reduction in the proportional equity of STRABAG SE.

# Supplementary information on the Consolidated Balance Sheet

## Development of asset items

| | Balance sheet values previous year € 000 | Currency differences € 000 | Additions € 000 | Unrealised capital gains and losses € 000 |
|---|---|---|---|---|
| **A. Tangible assets** | | | | |
| I. Self-used land and buildings | 227,187 | 17 | 19,205 | 0 |
| II. Other tangible assets | | | | |
| 1. Tangible assets | 43,425 | –272 | 15,807 | 0 |
| 2. Inventories | 4,269 | 0 | 27 | 0 |
| 3. Other assets | 90,336 | 0 | 0 | 0 |
| **Total A. II.** | **138,030** | **–272** | **15,834** | **0** |
| **Total A.** | **365,218** | **–254** | **35,039** | **0** |
| **B. Land and buildings held as financial investments** | **1,014,259** | **–4,708** | **202,460** | **0** |
| **C. Intangible assets** | | | | |
| I. Deferred acquisition costs | 873,462 | –2,129 | 224,958 | 0 |
| II. Goodwill | | | | |
| 1. Purchased positive goodwill | 0 | 0 | 4,696 | 0 |
| 2. Positive goodwill | 226,632 | –28,490 | 241,835 | 0 |
| 3. Value of insurance policies | 66,826 | 26 | 0 | 0 |
| **Total C. II.** | **293,458** | **–28,463** | **246,531** | **0** |
| III. Other intangible assets | | | | |
| 1. Self-produced software | 3,796 | 0 | 0 | 0 |
| 2. Acquired intangible assets | 35,477 | –134 | 10,805 | 0 |
| **Total C. III.** | **39,273** | **–134** | **10,805** | **0** |
| **Total C.** | **1,206,193** | **–30,726** | **482,293** | **0** |
| **D. Shares in associated companies** | **506,654** | **0** | **637,599** | **–3,943** |
| **E. Investments** | | | | |
| I. Variable-yield interest securities | | | | |
| 1. Shares, investment shares and other variable-yield securities, including holdings and shares in associated companies | 3,969,512 | –223 | 1,194,596 | –327,052 |
| 2. At fair value through profit or loss | 975,953 | 0 | 985,409 | 0 |
| **Total E. I.** | **4,945,465** | **–223** | **2,180,005** | **–327,052** |
| II. Fixed interest securities | | | | |
| 1. Fixed interest securities, held to maturity | 0 | 0 | 450,000 | 0 |
| 2. Debt securities and other fixed interest securities | 10,072,617 | 5,493 | 7,091,181 | –22,962 |
| 3. At fair value through profit or loss | 496,638 | –1,582 | 59,336 | 0 |
| **Total E. II.** | **10,569,255** | **3,911** | **7,600,517** | **–22,962** |
| III. Loans and other investments | | | | |
| 1. Loans | | | | |
| a) Debt securities issued by and loans to associated companies | 14,495 | 0 | 305 | 0 |
| b) Debt securities issued by and loans to participating interests | 552 | 0 | 0 | 0 |
| c) Mortgage loans | 172,784 | 0 | 10,653 | 0 |
| d) Loans and advance payments on policies | 14,274 | –12 | 3,588 | 0 |
| e) Other loan receivables and registered bonds | 780,374 | 1,829 | 183,851 | 20,811 |
| **Total E. III. 1.** | **982,480** | **1,817** | **198,397** | **20,811** |
| 2. Cash at credit institutions | 649,313 | –88 | 987,612 | 0 |
| 3. Deposits with ceding companies | 118,908 | 0 | 13,217 | 0 |
| **Total E. III.** | **1,750,700** | **1,729** | **1,199,225** | **20,811** |
| IV. Derivatives | 60,228 | 4 | 36,126 | 0 |
| **Total E.** | **17,325,648** | **5,421** | **11,015,873** | **–329,202** |
| **F. Investments held on account and at risk of life insurance policyholders** | **2,470,340** | **–6,017** | **2,095,966** | **–257,722** |
| Aggregate total | 22,888,312 | –36,284 | 14,469,231 | –590,868 |

| Amortisation<br>€ 000 | Transfers<br>€ 000 | Disposals<br>€ 000 | Appreciation<br>€ 000 | Depreciation<br>€ 000 | Book values financial year<br>€ 000 |
|---:|---:|---:|---:|---:|---:|
| | | | | | |
| 0 | 353 | 18,801 | 0 | 7,397 | 220,565 |
| | | | | | |
| 0 | 60 | 2,833 | 36 | 13,323 | 42,900 |
| 0 | 0 | 0 | 0 | 0 | 4,296 |
| 0 | 0 | 24,121 | 0 | 0 | 66,216 |
| **0** | **60** | **26,954** | **36** | **13,323** | **113,412** |
| **0** | **414** | **45,754** | **36** | **20,720** | **333,977** |
| **0** | **–316** | **32,653** | **0** | **31,409** | **1,147,634** |
| | | | | | |
| 0 | 0 | 0 | 0 | 224,288 | 872,003 |
| | | | | | |
| 0 | 0 | 0 | 0 | 0 | 4,696 |
| 0 | 0 | 0 | 0 | 0 | 439,977 |
| 0 | 0 | 0 | 0 | 10,556 | 56,296 |
| **0** | **0** | **0** | **0** | **10,556** | **500,969** |
| | | | | | |
| 0 | 0 | 0 | 0 | 2,708 | 1,088 |
| 0 | –98 | 1,493 | 0 | 11,221 | 33,336 |
| **0** | **–98** | **1,493** | **0** | **13,929** | **34,424** |
| **0** | **–98** | **1,493** | **0** | **248,773** | **1,407,396** |
| **0** | **–29,051** | **287,805** | **29,219** | **1,290** | **851,382** |
| | | | | | |
| | | | | | |
| 0 | 29,759 | 2,313,992 | 32,781 | 342,225 | 2,243,156 |
| –1 | 0 | 829,275 | 124,501 | 307,589 | 948,998 |
| **–1** | **29,759** | **3,143,267** | **157,282** | **649,813** | **3,192,154** |
| | | | | | |
| 57 | 0 | 1,100 | 0 | 0 | 448,957 |
| –1,010 | –2,132,581 | 7,055,598 | 65,574 | 262,441 | 7,760,272 |
| –211 | 0 | 242,631 | 13,523 | 53,605 | 271,468 |
| **–1,164** | **–2,132,581** | **7,299,329** | **79,097** | **316,046** | **8,480,698** |
| | | | | | |
| | | | | | |
| 0 | 0 | 14,309 | 0 | 0 | 491 |
| 0 | 0 | 0 | 0 | 0 | 552 |
| 0 | –19,210 | 16,036 | 705 | 8,333 | 140,563 |
| 0 | 0 | 4,180 | 0 | 0 | 13,670 |
| –67 | 2,148,808 | 82,709 | 958 | 7,315 | 3,046,540 |
| **–67** | **2,129,599** | **117,234** | **1,662** | **15,648** | **3,201,817** |
| 0 | 0 | 180,600 | 2,527 | 1,465 | 1,457,298 |
| 0 | 0 | 2,720 | 0 | 0 | 129,405 |
| **–67** | **2,129,599** | **300,554** | **4,189** | **17,113** | **4,788,519** |
| 0 | 0 | 113,480 | 119,880 | 83,681 | 19,077 |
| **–1,232** | **26,776** | **10,856,630** | **360,448** | **1,066,654** | **16,480,448** |
| **65** | **2,274** | **1,562,050** | **3,861** | **104,255** | **2,642,462** |
| | | | | | |
| **–1,166** | **0** | **12,786,386** | **393,563** | **1,473,101** | **22,863,300** |

## 1 | Self-used land and buildings

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Book values for** | | |
| Property and casualty insurance | 102,560 | 95,344 |
| Life insurance | 12,261 | 13,276 |
| Health insurance | 105,744 | 118,568 |
| | **220,565** | **227,187** |
| **Market values for** | | |
| Property and casualty insurance | 129,237 | 123,217 |
| Life insurance | 13,913 | 17,870 |
| Health insurance | 122,391 | 140,332 |
| | **265,542** | **281,419** |
| Acquisition values | 318,820 | 323,285 |
| Cumulative depreciation | –98,255 | –96,098 |
| **Book values** | **220,565** | **227,187** |
| | | |
| Useful life for land and buildings | 10–80 years | 10–80 years |

| **Additions from company acquisition** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Self-used land and buildings | 14,444 | 0 |

The market values are derived from expert reports.

## 2 | Other tangible assets

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Tangible assets | 42,900 | 43,425 |
| Inventories | 4,296 | 4,269 |
| Other assets | 66,216 | 90,336 |
| **Total** | **113,412** | **138,030** |

| **Tangible assets Development in financial year** | € 000 |
|---|---|
| Acquisition values as at 31 Dec. 2007 | 159,608 |
| Cumulative depreciation up to 31 Dec. 2007 | –116,183 |
| **Book values as at 31 Dec. 2007** | **43,425** |
| | |
| Currency translation changes | –272 |
| Additions | 15,807 |
| Disposals | –2,833 |
| Transfers | 60 |
| Appreciation and depreciation | –13,288 |
| **Book values as at 31 Dec. 2008** | **42,900** |
| | |
| Acquisition values as at 31 Dec. 2008 | 158,956 |
| Cumulative depreciation up to 31 Dec. 2008 | –116,057 |
| **Book values as at 31 Dec. 2008** | **42,900** |

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.

| **Additions from company acquisitions** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Tangible assets | 12,735 | 56 |

## 3 | Land and buildings held as financial investments

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Book values for** | | |
| Property and casualty insurance | 354,144 | 329,023 |
| Health insurance | 186,666 | 179,540 |
| Life insurance | 606,823 | 505,697 |
| | **1,147,634** | **1,014,259** |
| **Market values for** | | |
| Property and casualty insurance | 542,084 | 481,703 |
| Health insurance | 296,955 | 434,941 |
| Life insurance | 984,967 | 652,581 |
| | **1,824,006** | **1,569,225** |
| Acquisition values | 1,543,413 | 1,398,800 |
| Cumulative depreciation | –395,779 | –384,541 |
| **Book values** | **1,147,634** | **1,014,259** |
| | | |
| Useful life for land and buildings | 10–80 years | 10–80 years |

| **Additions from company acquisition** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Land and buildings used by third parties | 66,474 | 42,879 |

The market values are derived from expert reports.

| | 31 Dec. 2008 € 000 |
|---|---|
| Change on impairment for current year | 1,004 |
| of which reallocation | 1,004 |

## 4 | Deferred acquisition costs

| | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|
| **Property and casualty insurance** | | |
| **As at 1 Jan.** | **121,671** | **110,050** |
| Currency translation changes | –1,602 | 1,030 |
| Changes to scope of consolidation | 5,854 | 0 |
| Capitalisation | 68,044 | 60,583 |
| Depreciation | –58,837 | –49,992 |
| **As at 31 Dec.** | **135,129** | **121,671** |
| | | |
| **Health insurance** | | |
| **As at 1 Jan.** | **214,665** | **213,952** |
| Currency translation changes | –26 | 1 |
| Capitalisation | 13,582 | 14,924 |
| Interest surcharge | 9,237 | 9,182 |
| Depreciation | –21,602 | –23,395 |
| **As at 31 Dec.** | **215,855** | **214,665** |
| | | |
| **Life insurance** | | |
| **As at 1 Jan.** | **537,126** | **539,428** |
| Currency translation changes | –500 | 259 |
| Capitalisation | 113,082 | 104,734 |
| Interest surcharge | 15,159 | 18,750 |
| Transfers | 0 | –10,126 |
| Depreciation | –143,848 | –115,920 |
| **As at 31 Dec.** | **521,019** | **537,126** |
| | | |
| **Consolidated financial statements** | | |
| **As at 1 Jan.** | **873,462** | **863,430** |
| Currency translation changes | –2,129 | 1,291 |
| Changes to scope of consolidation | 5,854 | 0 |
| Capitalisation | 194,708 | 180,241 |
| Interest surcharge | 24,396 | 27,932 |
| Transfers | 0 | –10,126 |
| Depreciation | –224,288 | –189,307 |
| **As at 31 Dec.** | **872,003** | **873,462** |

## 5 | Goodwill

| | € 000 |
|---|---|
| Acquisition values as at 31 Dec. 2007 | 414,487 |
| Cumulative depreciation up to 31 Dec. 2007 | –121,029 |
| **Book values as at 31 Dec. 2007** | **293,458** |
| | |
| Acquisition values as at 31 Dec. 2008 | 633,479 |
| Cumulative depreciation up to 31 Dec. 2008 | –132,510 |
| **Book values as at 31 Dec. 2008** | **500,969** |

Main additions: Credo-Classic and UNITA S.A. – see also the information on the scope of consolidation on pages 58/59.

| | € 000 |
|---|---|
| Cumulative depreciation up to 31 Dec. 2008 | 132,510 |
| of which relating to impairment | 21,337 |
| of which current depreciation | 111,174 |

| | 31 Dec. 2008<br>€ 000 |
|---|---|
| Change in impairment for current year | 0 |
| of which reallocation | 0 |

The above values include the goodwill as well as the purchase price paid for the total insurance policies acquired.

| **Company acquisitions 2008** | Amounts placed at the time of acquisition<br>€ 000 | Book values of the acquired companies<br>€ 000 |
|---|---|---|
| **Assets** | **314,036** | **314,036** |
| Tangible assets | 26,062 | 26,062 |
| Land and buildings held as financial investments | 66,417 | 66,417 |
| Intangible assets | 6,759 | 6,759 |
| Shares in associated companies | 0 | 0 |
| Investments | 78,251 | 78,251 |
| Investments held on account and at risk of life insurance policyholders | 0 | 0 |
| Share of reinsurance in the technical provisions | 36,267 | 36,267 |
| Receivables incl. receivables under insurance business | 86,964 | 86,964 |
| Receivables from income tax | 346 | 346 |
| Deferred tax assets | 0 | 0 |
| Liquid funds | 12,971 | 12,971 |
| | | |
| **Equity and liabilities** | **314,036** | **314,036** |
| Total equity | 90,473 | 90,473 |
| Subordinated liabilities | 5,881 | 5,881 |
| Technical provisions | 145,550 | 145,550 |
| Technical provisions held on account and at risk of life insurance policyholders | 0 | 0 |
| Financial liabilities | 0 | 0 |
| Other provisions | 223 | 223 |
| Payables and other liabilities | 66,189 | 66,189 |
| Liabilities from income tax | 187 | 187 |
| Deferred tax liabilities | 5,429 | 5,429 |
| Currency differences | 105 | 105 |

## 6 | Other intangible assets

| | Self-produced software € 000 | Acquired intangible assets € 000 |
|---|---|---|
| Acquisition values as at 31 Dec. 2007 | 35,536 | 154,575 |
| Cumulative depreciation up to 31 Dec. 2007 | –31,740 | –119,098 |
| **Book values as at 31 Dec. 2007** | **3,796** | **35,477** |
| | | |
| Acquisition values as at 31 Dec. 2008 | 35,536 | 161,916 |
| Cumulative depreciation up to 31 Dec. 2008 | –34,448 | –128,580 |
| **Book values as at 31 Dec. 2008** | **1,088** | **33,336** |

The other intangible assets are composed of:

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| | | |
| Computer software | 30,129 | 34,361 |
| Copyrights | 0 | 30 |
| Licences | 1,271 | 1,844 |
| Other intangible assets | 3,024 | 3,039 |
| | 34,424 | 39,273 |
| | | |
| **Useful life** | | |
| Self-produced software | 2–5 years | 2–5 years |
| Acquired intangible assets | 2–5 years | 2–5 years |

The intangible assets include paid-for and self-produced computer software as well as licences and copyrights.

The depreciation of the other intangible assets was recognised in the income statement on the basis of allocated operating expenses under the items of insurance benefits, operating expenses and net investment income.

The intangible assets are depreciated using the straight-line method.

| **Additions from company acquisition** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Self-produced software | 0 | 0 |
| Acquired intangible assets | 906 | 1 |

| | 2008 € 000 |
|---|---|
| Research and development expenditures recorded as an expense during the period under review | 5,512 |

## 7 | Shares in affiliated companies valued at equity

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Current market values for** | | |
| Shares in affiliated companies of minor importance[1] | 20,480 | 20,044 |
| Shares in associated companies of minor importance | 3,474 | 17,326 |
| | | |
| **Book values for** | | |
| Shares in associated companies valued at equity | 847,908 | 489,328 |
| | | |
| **Equity for** | | |
| Shares in affiliated companies of minor importance | 10,093 | 13,303 |
| | | |
| **Annual net profit/loss for the year** | | |
| Shares in affiliated companies of minor importance | 909 | 936 |

[1] The shares in affiliated companies of minor importance are shown on the balance sheet as available for sale at any time under variable-yield securities (Assets E. I. 1.).

The increase in the shares in associated companies is mainly due to the increases in shares held in Leipnik-Lundenburger Invest Beteiligungs AG and STRABAG SE.

| **Shares in associated companies** | 31 Dec. 2008 € 000 |
|---|---|
| | |
| Current market value of associated companies listed on a public stock exchange | 547,132 |
| Profits/losses for the period | 29,488 |
| 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 |

## 8 | Fixed interest securities, held to maturity

| | Book values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Corporate bonds of domestic financial institutions | 340,000 | 0 |
| Other securities | 108,957 | 0 |
| **Total** | **448,957** | **0** |

For the issue of Rasperia Trading Ltd. shown under other securities, UNIQA was pledged 6,815,218 shares in STRABAG SE as collateral.

| | Market values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Corporate bonds of domestic financial institutions | 340,000 | 0 |
| Other securities | 110,000 | 0 |
| **Total** | **450,000** | **0** |

| **Contractual remaining term** | Book values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Up to 1 year | 108,957 | 0 |
| More than 1 year up to 5 years | 340,000 | 0 |
| **Total** | **448,957** | **0** |

| **Contractual remaining term** | Market values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Up to 1 year | 110,000 | 0 |
| More than 1 year up to 5 years | 340,000 | 0 |
| **Total** | **450,000** | **0** |

## 9 | Securities available for sale

| Type of investment | Acquisition costs | | Fluctuation in value not affecting income | | Accumulated value adjustments | | Foreign currency differences affecting income | | Market values | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Shares in affiliated companies | 20,480 | 20,044 | 0 | 0 | 0 | 0 | 0 | 0 | 20,480 | 20,044 |
| Shares | 643,486 | 869,012 | 170,795 | 26,810 | –185,297 | –29,449 | 0 | 0 | 628,984 | 866,373 |
| Equity funds | 232,785 | 825,940 | –15,611 | –28,623 | –28,767 | –7,869 | 0 | 0 | 188,408 | 789,449 |
| Debenture bonds not capital-guaranteed | 381,800 | 648,635 | 6,011 | 35,675 | –67,964 | 0 | –11,529 | –38,612 | 308,318 | 645,699 |
| Other variable-yield securities | 1,062,174 | 1,139,130 | –142,860 | –40,257 | 0 | 0 | 5,574 | 0 | 924,888 | 1,098,873 |
| Participating interests and other investments | 170,857 | 249,205 | 21,944 | 316,570 | –20,724 | –16,700 | 0 | 0 | 172,078 | 549,075 |
| Fixed-interest securities | 8,455,630 | 10,765,259 | –181,654 | –325,920 | –372,951 | –235,797 | –140,753 | –130,926 | 7,760,272 | 10,072,617 |
| **Total** | **10,967,213** | **14,517,225** | **–141,374** | **–15,745** | **–675,702** | **–289,815** | **–146,708** | **–169,538** | **10,003,428** | **14,042,129** |

The market values listed for participating interests contain participating interest valuations, resulting in an appreciation in the amount of €117,877,000 in 2007. In 2008, it was decided to sell this participating interest (shares of Raiffeisen Zentralbank AG) and a recategorisation to the Shares category was therefore carried out. The effect of the internal valuation results in a value reduction not affecting income in the amount of €133,311,000 in 2008.

| Type of investment | Accumulated value adjustments | | of which accumulated from previous years | | of which from current year | |
|---|---|---|---|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Shares in affiliated companies | 0 | 0 | 0 | 0 | 0 | 0 |
| Shares | –185,297 | –29,449 | 30,019 | 4,534 | –215,316 | –33,982 |
| Equity funds | –28,767 | –7,869 | 7,486 | –2,442 | –36,252 | –5,427 |
| Debenture bonds not capital-guaranteed | –67,964 | 0 | 0 | 0 | –67,964 | 0 |
| Other variable-yield securities | 0 | 0 | 0 | –2,254 | 0 | 2,254 |
| Participating interests and other investments | –20,724 | –16,700 | –16,483 | –13,023 | –4,241 | –3,677 |
| Fixed-interest securities | –372,951 | –235,797 | –215,425 | –95,785 | –157,526 | –140,012 |
| **Total** | **–675,702** | **–289,815** | **–194,404** | **–108,970** | **–481,298** | **–180,844** |

| Type of investment | Change in value adjustment current year | of which write-down/ write-up affecting income | of which changes due to disposal | Write-up of equity |
|---|---|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2008 € 000 |
| Shares in affiliated companies | 0 | 0 | 0 | 0 |
| Shares | –155,849 | –215,316 | 59,467 | 0 |
| Equity funds | –20,898 | –36,252 | 15,354 | 0 |
| Debenture bonds not capital-guaranteed | –67,964 | –67,964 | 0 | 0 |
| Other variable-yield securities | 0 | 0 | 0 | 0 |
| Participating interests and other investments | –4,023 | –4,241 | 217 | 0 |
| Fixed-interest securities | –137,154 | –157,526 | 20,372 | 0 |
| **Total** | **–385,888** | **–481,298** | **95,410** | **0** |

| Change in equity as at 31 Dec. 2008 | Allocation not affecting income | | Withdrawal[1] due to disposals affecting income | | Change in unrealised gains/losses | |
|---|---|---|---|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| **Other securities – available for sale[2]** | | | | | | |
| Gross | –329,202 | –277,967 | 121,172 | –94,982 | –208,030 | –372,949 |
| Deferred tax | 90,846 | 52,640 | –39,476 | –43,667 | 51,371 | 8,973 |
| Deferred profit participation | –31,516 | 70,182 | 8,555 | 278,388 | –22,961 | 348,570 |
| Minority interests | 5,298 | 2,656 | 1,386 | 15,274 | 6,684 | 17,930 |
| **Net** | **–264,575** | **–152,488** | **91,638** | **155,013** | **–172,937** | **2,524** |

[1] Withdrawals affecting the income statement due to disposals and impairments.
[2] Incl. reclassified securities.

| Remaining contractual term | Acquisition costs | | Market values | |
|---|---|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Infinite | 33,595 | 24,002 | 31,819 | 24,637 |
| Up to 1 year | 1,720,797 | 2,702,664 | 1,492,853 | 2,499,159 |
| More than 1 year up to 5 years | 3,277,055 | 3,185,270 | 3,110,079 | 3,090,701 |
| More than 5 years up to 10 years | 3,102,648 | 4,554,791 | 2,857,533 | 4,389,110 |
| More than 10 years | 1,765,507 | 2,086,297 | 1,501,195 | 1,813,582 |
| Total | 9,899,603 | 12,553,024 | 8,993,478 | 11,817,188 |

The remaining maturities stipulated by contract refer to fixed-interest securities, other variable yield securities and bonds without capital guarantee.

| Risk of default rating | 31 Dec. 2008 € 000 |
|---|---|
| **Fixed-interest securities** | |
| Rating AAA | 3,047,365 |
| Rating AA | 1,530,123 |
| Rating A | 2,312,366 |
| Rating BBB | 1,126,691 |
| Rating <BBB | 764,584 |
| Not assigned | 212,349 |
| Rating total of fixed-interest securities | 8,993,478 |
| | |
| **Issuer countries** | |
| **Share securities** | |
| IE, NL, UK, US | 216,489 |
| AT, BE, CH, DE, DK, FR, IT | 530,725 |
| ES, FI, NO, SE | 3,724 |
| Remaining EU | 44,254 |
| Other countries | 127,257 |
| **Issuer countries total of share securities** | **922,449** |
| Other shareholdings | 67,021 |
| Total variable-yield securities | 989,470 |

## 10 | Derivative financial instruments

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Market values** | | |
| Share risk | 8,428 | 14,793 |
| Interest rate change risk | 1,083 | 536 |
| Currency risk | –23,134 | 38,847 |
| Structured risk | 25,613 | –6,289 |
| Total | 11,990 | 47,887 |
| Structured risk – of which: | | |
| Share risk | –13,552 | 6,903 |
| Interest rate change risk | 16,808 | –15,612 |
| Currency risk | 22,357 | 2,420 |
| Credit risk | 0 | 0 |
| **Balance sheet values** | | |
| Investments | 19,077 | 60,228 |
| Financial liabilities | –7,087 | –12,342 |

## 11 | Loans

| | Book values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Loans to affiliated companies | 491 | 14,495 |
| Loans to participating interests | 552 | 552 |
| Mortgage loans | 140,563 | 172,784 |
| Loans and advance payments on policies | 13,670 | 14,274 |
| Other loans | 641,551 | 529,874 |
| Registered bonds | 302,285 | 250,500 |
| Reclassified bonds | 2,102,704 | 0 |
| Total | 3,201,817 | 982,480 |

On 1 July 2008, securities previously available for sale were reclassified according to IAS 39/50E as other loans. Overall, fixed-interest securities with a book value of €2,129,552,000 were reclassified. The corresponding revaluation reserve as at 30 June 2008 was €–98,208,000. The current market value as at 31 December 2008 is €1,889,108,000, which corresponds to a change in market value of €213,596,000 since 1 July 2008. In addition, an amortisation expense of €61,000 was posted in the income statement.

| Remaining contractual term | Book values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Infinite | 1,474 | 1,683 |
| Up to 1 year | 1,110,926 | 61,906 |
| More than 1 year up to 5 years | 740,557 | 224,772 |
| More than 5 years up to 10 years | 1,015,364 | 476,410 |
| More than 10 years | 333,495 | 217,709 |
| Total | 3,201,817 | 982,480 |

| | Market values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Loans to affiliated companies | 491 | 14,495 |
| Loans to participating interests | 552 | 552 |
| Mortgage loans | 140,563 | 172,784 |
| Loans and advance payments on policies | 13,670 | 14,274 |
| Other loans | 642,216 | 522,624 |
| Registered bonds | 302,285 | 250,500 |
| Reclassified bonds | 1,889,108 | 0 |
| Total | 2,988,886 | 975,230 |

| Remaining contractual term | Market values | |
|---|---|---|
| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
| Infinite | 1,474 | 1,683 |
| Up to 1 year | 979,700 | 61,733 |
| More than 1 year up to 5 years | 744,552 | 225,566 |
| More than 5 years up to 10 years | 933,883 | 470,536 |
| More than 10 years | 329,277 | 215,713 |
| Total | 2,988,886 | 975,230 |

## 12 | Other investments

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Deposits with credit institutions | 1,457,298 | 649,313 |
| Deposits with ceding companies | 129,405 | 118,908 |
| Total | 1,586,702 | 768,221 |

## 13 | Receivables incl. receivables under insurance business

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **I. Reinsurance receivables** | | |
| 1. Accounts receivable under reinsurance operations | 46,766 | 67,795 |
| | **46,766** | **67,795** |
| **II. Other receivables** | | |
| Receivables under the insurance business | | |
| 1. from policyholders | 277,514 | 219,145 |
| 2. from intermediaries | 72,864 | 62,285 |
| 3. from insurance companies | 4,985 | 6,828 |
| | **355,363** | **288,258** |
| **Other receivables** | | |
| Accrued interest and rent | 239,538 | 205,764 |
| Other tax refund claims | 41,551 | 42,126 |
| Receivables due from employees | 3,552 | 3,614 |
| Other receivables | 195,117 | 155,437 |
| | **479,756** | **406,940** |
| **Total other receivables** | **835,119** | **695,198** |
| | | |
| **Subtotal** | **881,885** | **762,993** |
| of which receivables with a remaining term of | | |
| up to 1 year | 862,485 | 746,927 |
| more than 1 year | 19,376 | 16,067 |
| | **881,861** | **762,993** |
| of which receivables with values not yet adjusted | | |
| up to 3 months overdue | 57,021 | 48,590 |
| more than 3 months overdue | 9,692 | 5,961 |
| | | |
| **III. Other assets** | | |
| Accruals | 50,432 | 43,383 |
| | **50,432** | **43,383** |
| **Total receivables incl. receivables under insurance business** | **932,317** | **806,377** |

## 14 | Receivables from income tax

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Receivables from income tax | 54,077 | 51,253 |
| of which receivables with a remaining term of | | |
| up to 1 year | 41,113 | 38,533 |
| more than 1 year | 12,964 | 12,720 |

## 15 | Deferred tax assets

| **Cause of origin** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Actuarial items | 2,986 | 9,158 |
| Social capital | 32,228 | 45,901 |
| Investments | 1,276 | 2,636 |
| Loss carried forward | 6,986 | 3,514 |
| Other | 25,621 | 15,846 |
| **Total** | **69,096** | **77,055** |

## 16 | Subscribed capital

| | 31 Dec. 2008 | 31 Dec. 2007 |
|---|---|---|
| Number of authorised and issued no-par shares | 131,673,000 | 119,777,808 |
| of which fully paid up | 131,673,000 | 119,777,808 |

The subscribed capital and capital reserves correspond to values from the individual financial statements of UNIQA Versicherungen AG.

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.

The share capital was increased in the financial year in partial use of this authorisation by €11,895,192,000 to €131,673,000,000 (2007: €119,777,808,000).

Furthermore, the Management Board made use of its authorisation to buy back shares in accordance with the resolution of the 9th Annual General Meeting of 19 May 2008 and resolved on 19 May 2008 that UNIQA would buy back its own shares. The Supervisory Board of the company confirmed the decision of the Management Board in its meeting on 19 May 2008. In this regard, the ongoing resale programme was ended. The programme for the repurchase of shares entered into effect on 22 May 2008. During the financial year, 469,650 of the company's own shares were acquired through the stock exchange.

### Capital requirement

The business development due to organic growth and acquisitions influences the capital requirement of the UNIQA Group. In the context of Group controlling, the appropriate coverage of the solvency requirement on a consolidated basis is constantly monitored.

As at 31 December 2008, adjusted equity amounted to €1,694,988,000 (2007: €1,329,697,000). In ascertaining the adjusted equity, non-tangible economic goods (especially goodwill) and participating interests in banks and insurance companies are deducted from the equity and various forms of hybrid capital (especially supplementary capital) and latent reserves in investments (especially in real estate) are added. With a statutory requirement for adjusted equity of €1,028,992,000 (2007: €973,847,000), the statutory requirements were exceeded by €666,006,000 (2007: €355,851,000), resulting in a coverage rate of 164.7% (2007: 136.6%). With the change to Section 81h paragraph 2 of the Insurance Supervision Act, the volatility reserve was added as part of the available capital as of the 3rd quarter of 2008. This increased the adjusted equity by €203,473,000.

The adjusted equity base is ascertained on the basis of consolidated financial statements produced in accordance with Section 80b of the Insurance Supervision Act.

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Adjusted equity without deduction acc. to Section 86h paragraph 5 of the Insurance Supervision Act | 1,694,998 | 1,520,247 |
| Adjusted equity with deduction acc. to Section 86h paragraph 5 of the Insurance Supervision Act | 1,491,525 | 1,329,697 |

At the reporting date, own shares are accounted for as follows:

| | 31 Dec. 2008 | 31 Dec. 2007 |
|---|---|---|
| Shares held by: | | |
| UNIQA Versicherungen AG | | |
| Acquisition costs in € 000 | 10,857 | 2,561 |
| Number of shares | 819,650 | 350,000 |
| Share of subscribed capital in % | 0.68 | 0.29 |

In the performance figure "earnings per share", the consolidated profit is set against the average number of ordinary shares in circulation.

| Earnings per share | 2008 | 2007 |
|---|---|---|
| Consolidated profit in € 000 | 53,308 | 247,103 |
| of which accounts for ordinary shares in € 000 | 53,308 | 247,103 |
| Own shares as at 31 Dec. | 819,650 | 350,000 |
| Average number of shares in circulation | 121,064,534 | 119,427,808 |
| Earnings per share in €[1] | 0.44 | 2.07 |
| Earnings before taxes per share in €[1] | 0.63 | 2.67 |
| Earnings per share[1], adjusted for goodwill amortisation in € | 0.53 | 2.23 |
| Profit from ordinary activities per share, adjusted for goodwill amortisation in € | 0.83 | 3.01 |
| Dividend per share[2] | 0.40 | 0.50 |
| Dividend payment in € 000[2] | 52,341 | 59,714 |

[1] Calculated on the basis of the consolidated profit for the year.
[2] Subject to the decision to be taken in the AGM.

The diluted earnings per share is equal to the undiluted earnings 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. 2008 € 000 |
|---|---|
| Effective tax | 0 |
| Deferred tax | 48,346 |
| Total | 48,346 |

## 17 | Minority interests

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| In revaluation reserve | –30,288 | –14,796 |
| In net income for the year | 13,440 | 21,889 |
| In other equity | 210,956 | 188,749 |
| Total | 194,108 | 195,843 |

## 18 | Subordinated liabilities

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Supplementary capital | 580,544 | 575,000 |

Partial debentures with a nominal value of €325 million for paid up supplementary capital were issued by Raiffeisen Versicherung AG in December 2002 and by UNIQA Versicherungen AG, UNIQA Personenversicherung AG and UNIQA Sachversicherung AG in July 2003 according to Section 73c paragraph 2 of the Austrian Insurance Supervision 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 Section 73c paragraph 2 of the Austrian Insurance Supervision 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%.

In January 2007, UNIQA Versicherungen AG issued additional bearer debentures with a face value of €100 million for deposited supplementary capital according to Section 73c 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 5.342%.

## 19 | Unearned premiums

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Property and casualty insurance** | | |
| Gross | 509,876 | 416,518 |
| Reinsurers' share | –28,705 | –7,830 |
| | **481,171** | **408,688** |
| **Health insurance** | | |
| Gross | 13,685 | 13,467 |
| Reinsurers' share | –71 | –72 |
| | **13,614** | **13,395** |
| **Consolidated financial statements** | | |
| Gross | 523,561 | 429,985 |
| Reinsurers' share | –28,776 | –7,902 |
| **Total (fully consolidated values)** | **494,785** | **422,083** |

## 20 | Actuarial provision

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Property and casualty insurance** | | |
| Gross | 42,501 | 44,727 |
| Reinsurers' share | –218 | –244 |
| | **42,283** | **44,482** |
| **Health insurance** | | |
| Gross | 2,227,395 | 2,100,697 |
| Reinsurers' share | –1,576 | –1,708 |
| | **2,225,819** | **2,098,989** |
| **Life insurance** | | |
| Gross | 13,331,729 | 13,021,276 |
| Reinsurers' share | –429,593 | –406,701 |
| | **12,902,136** | **12,614,575** |
| **Consolidated financial statements** | | |
| Gross | 15,601,625 | 15,166,700 |
| Reinsurers' share | –431,387 | –408,653 |
| **Total (fully consolidated values)** | **15,170,238** | **14,758,046** |

The interest rates used as an accounting basis were as follows:

| For | Health insurance acc. to SFAS 60 % | Life insurance acc. to SFAS 120 % |
|---|---|---|
| **2008** | | |
| For actuarial provision | 4.50 or 5.50 | 1.75–4.00 |
| For deferred acquisition costs | 4.50 or 5.50 | 4.70 |
| **2007** | | |
| For actuarial provision | 4.50 or 5.50 | 1.75–4.00 |
| For deferred acquisition costs | 4.50 or 5.50 | 4.70 |

## 21 | Provision for outstanding claims

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Property and casualty insurance** | | |
| Gross | 1,948,996 | 1,921,373 |
| Reinsurers' share | –282,293 | –339,161 |
| | **1,666,703** | **1,582,211** |
| **Health insurance** | | |
| Gross | 157,017 | 152,385 |
| Reinsurers' share | –621 | –702 |
| | **156,396** | **151,683** |
| **Life insurance** | | |
| Gross | 98,937 | 117,913 |
| Reinsurers' share | –12,038 | –11,754 |
| | **86,899** | **106,159** |
| **Consolidated financial statements** | | |
| Gross | 2,204,950 | 2,191,671 |
| Reinsurers' share | –294,952 | –351,617 |
| **Total (fully consolidated values)** | **1,909,998** | **1,840,054** |

The provision for outstanding claims developed in the property and casualty insurance as follows:

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| **1. Provisions for outstanding claims as at 1 Jan.** | | |
| a. Gross | 1,921,373 | 1,770,640 |
| b. Reinsurers' share | –339,161 | –312,033 |
| c. **Retention** | **1,582,211** | **1,458,607** |
| **2. Plus (retained) claims expenditures** | | |
| a. Losses of the current year | 1,519,780 | 1,285,246 |
| b. Losses of the previous year | –130,572 | –73,252 |
| c. **Total** | **1,389,208** | **1,211,994** |
| **3. Less (retained) losses paid** | | |
| a. Losses of the current year | –801,099 | –642,759 |
| b. Losses of the previous year | –520,701 | –453,194 |
| c. **Total** | **–1,321,800** | **–1,095,953** |
| **4. Foreign currency translation** | **–14,216** | **7,615** |
| **5. Change in consolidation scope** | **35,604** | **1,720** |
| **6. Other changes** | **–4,305** | **–1,771** |
| **7. Provisions for outstanding claims as at 31 Dec.** | | |
| a. Gross | 1,948,996 | 1,921,373 |
| b. Reinsurers' share | –282,293 | –339,161 |
| c. **Retention** | **1,666,703** | **1,582,211** |

| **Claims payments** | 2003 € 000 | 2004 € 000 | 2005 € 000 | 2006 € 000 | 2007 € 000 | 2008 € 000 | Total € 000 |
|---|---|---|---|---|---|---|---|
| Financial year | 543,803 | 553,145 | 599,941 | 649,881 | 707,965 | 786,435 | |
| 1 year later | 833,341 | 858,620 | 929,990 | 987,438 | 1,098,378 | | |
| 2 years later | 897,309 | 934,490 | 1,009,898 | 1,078,898 | | | |
| 3 years later | 926,464 | 967,315 | 1,047,823 | | | | |
| 4 years later | 943,778 | 986,079 | | | | | |
| 5 years later | 956,777 | | | | | | |
| | | | | | | | |
| Accumulated payments | 956,777 | 986,079 | 1,047,823 | 1,078,898 | 1,098,378 | 786,435 | |
| Estimated final claims payments | 1,003,489 | 1,043,265 | 1,218,152 | 1,247,508 | 1,370,109 | 1,467,246 | |
| Current balance sheet reserve | 46,713 | 57,186 | 170,329 | 168,610 | 271,731 | 680,811 | 1,395,380 |
| | | | | | | | |
| Balance sheet reserve for the claims years 2002 and before | | | | | | | 440,202 |
| | | | | | | | **1,835,582** |
| Plus other reserve components (internal claims regulation costs, etc.) | | | | | | | 113,414 |
| **Provisions for outstanding claims (gross) as at 31 Dec. 2008** | | | | | | | **1,948,996** |

## 22 | Provision for premium refunds

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Property and casualty insurance** | | |
| Gross | 33,568 | 33,271 |
| Reinsurers' share | –65 | –365 |
| | **33,502** | **32,906** |
| **Health insurance** | | |
| Gross | 66,006 | 81,103 |
| Reinsurers' share | 0 | 0 |
| | **66,006** | **81,103** |
| **Life insurance** | | |
| Gross | –58,568 | 323,653 |
| Reinsurers' share | -259 | –100 |
| | **–58,827** | **323,553** |
| **Consolidated financial statements** | | |
| Gross | 41,006 | 438,027 |
| Reinsurers' share | –325 | –465 |
| **Total (fully consolidated values)** | **40,681** | **437,562** |
| of which profit-unrelated (retention) | 45,911 | 47,865 |
| of which profit-related (retention) | –5,229 | 389,696 |

| Gross | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **a) Provision for profit-unrelated premium refunds** | **46,135** | **48,231** |
| of which property and casualty insurance | 25,768 | 25,957 |
| of which health insurance | 19,477 | 22,199 |
| of which life insurance | 890 | 75 |
| | | |
| **b) Provision for profit-related premium refunds and/or policyholder profit participation** | **211,545** | **271,588** |
| of which property and casualty insurance | 7,800 | 7,315 |
| of which health insurance | 46,529 | 58,904 |
| of which life insurance | 157,216 | 205,370 |
| | | |
| **Deferred profit participation** | **–216,675** | **118,208** |
| **Total (fully consolidated values)** | **41,006** | **438,027** |

| Gross | 2008 € 000 | 2007 € 000 |
|---|---|---|
| a) Provision for profit-unrelated premium refunds, profit-related premium refunds and policyholder profit participation | | |
| **As at 1 Jan.** | **319,819** | **387,165** |
| Changes for: | | |
| other changes | –62,139 | –67,346 |
| **As at 31 Dec.** | **257,680** | **319,819** |
| | | |
| b) Deferred profit participation | | |
| **As at 1 Jan.** | **118,208** | **413,510** |
| Changes for: | | |
| fluctuation in value, securities available for sale | 22,961 | –348,570 |
| revaluations affecting income | –357,844 | 53,268 |
| **As at 31 Dec.** | **–216,675** | **118,208** |

The latent profit sharing was changed to an asset item in financial year 2008. On the basis of the business model used in life insurance and the management rules applied in the Group, this asset item will be reduced against the technical liabilities over the term of the policy. The appropriateness of the entire technical liability will also be regularly checked under a discounted cashflow model ("liability adequacy test").

## 23 | Actuarial provisions

| Gross | Unearned premiums € 000 | Actuarial provision € 000 | Provision for outstanding claims € 000 | Provision for profit-unrelated premium refunds € 000 | Provision for profit-related premium refunds and/or policyholder profit participation € 000 | Other actuarial provisions € 000 | Group total € 000 |
|---|---|---|---|---|---|---|---|
| **Property and casualty insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **416,518** | **44,727** | **1,921,373** | **25,957** | **7,315** | **19,974** | **2,435,863** |
| Exchange rate differences | –13,647 | –274 | –16,306 | 106 | –1 | –3 | –30,126 |
| Changes in consolidation scope | 68,006 | | 43,438 | | | 1,185 | 112,629 |
| Portfolio changes | –26 | | –4,305 | | | –214 | –4,544 |
| Additions | | 1,644 | | 1,280 | 712 | 9,109 | 12,745 |
| Disposals | | –3,595 | | –1,575 | –226 | –5,557 | –10,953 |
| Premiums written | 1,772,493 | | | | | | 1,772,493 |
| Premiums earned | –1,733,468 | | | | | | –1,733,468 |
| Claims in reporting year | | | 1,600,635 | | | | 1,600,635 |
| Claims payments in reporting year | | | –835,614 | | | | –835,614 |
| Change in claims from previous years | | | –154,070 | | | | –154,070 |
| Claims payments in previous years | | | –606,157 | | | | –606,157 |
| **As at 31 Dec. 2008** | **509,876** | **42,501** | **1,948,996** | **25,768** | **7,800** | **24,494** | **2,559,435** |
| | | | | | | | |
| **Health insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **13,467** | **2,100,697** | **152,385** | **22,199** | **58,904** | **694** | **2,348,345** |
| Exchange rate differences | –42 | 15 | –88 | –4 | | –1 | –120 |
| Changes in consolidation scope | 566 | | 191 | | | | 757 |
| Portfolio changes | –4 | | –27 | | | –4 | –35 |
| Additions | | 150,664 | | 4,482 | 2,625 | 10 | 157,781 |
| Disposals | | –23,980 | | –7,199 | –15,000 | –134 | –46,314 |
| Premiums written | 793,842 | | | | | | 793,842 |
| Premiums earned | –794,145 | | | | | | –794,145 |
| Claims in reporting year | | | 649,538 | | | | 649,538 |
| Claims payments in reporting year | | | –514,418 | | | | –514,418 |
| Change in claims from previous years | | | 8,065 | | | | 8,065 |
| Claims payments in previous years | | | –138,628 | | | | –138,628 |
| **As at 31 Dec. 2008** | **13,685** | **2,227,395** | **157,017** | **19,477** | **46,529** | **564** | **2,464,667** |
| | | | | | | | |
| **Life insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **0** | **13,021,276** | **117,913** | **75** | **323,578** | **17,824** | **13,480,666** |
| Exchange rate differences | | 5,732 | –78 | –4 | –464 | 52 | 5,238 |
| Changes in consolidation scope | | | | | | | 0 |
| Portfolio changes | | –49,045 | 4 | 286 | 1 | 3,265 | –45,488 |
| Additions | | 446,684 | | 532 | 123,059 | 3,477 | 573,752 |
| Disposals | | –92,919 | | | –505,632 | –225 | –598,776 |
| Claims in reporting year | | | 1,455,107 | | | | 1,455,107 |
| Claims payments in reporting year | | | –1,389,595 | | | | –1,389,595 |
| Change in claims from previous years | | | 34,881 | | | | 34,881 |
| Claims payments in previous years | | | –119,294 | | | | –119,294 |
| **As at 31 Dec. 2008** | **0** | **13,331,729** | **98,937** | **890** | **–59,458** | **24,393** | **13,396,492** |
| | | | | | | | |
| **Group total** | | | | | | | |
| **As at 31 Dec. 2007** | **429,985** | **15,166,700** | **2,191,670** | **48,231** | **389,797** | **38,491** | **18,264,873** |
| Exchange rate differences | –13,689 | 5,473 | –16,472 | 98 | –465 | 48 | –25,008 |
| Changes in consolidation scope | 68,571 | | 43,630 | | | 1,185 | 113,386 |
| Portfolio changes | –29 | –49,045 | –4,327 | 286 | 1 | 3,047 | –50,067 |
| Additions | | 598,992 | | 6,295 | 126,396 | 12,596 | 744,279 |
| Disposals | | –120,494 | | –8,774 | –520,858 | –5,916 | –656,042 |
| Premiums written | 2,566,335 | | | | | | 2,566,335 |
| Premiums earned | –2,527,612 | | | | | | –2,527,612 |
| Claims in reporting year | | | 3,705,280 | | | | 3,705,280 |
| Claims payments in reporting year | | | –2,739,627 | | | | –2,739,627 |
| Change in claims from previous years | | | –111,125 | | | | –111,125 |
| Claims payments in previous years | | | –864,079 | | | | –864,079 |
| **As at 31 Dec. 2008** | **523,561** | **15,601,625** | **2,204,950** | **46,135** | **–5,129** | **49,451** | **18,420,594** |

| Reinsurers' share | Unearned premiums € 000 | Actuarial provision € 000 | Provision for outstanding claims € 000 | Provision for profit-unrelated premium refunds € 000 | Provision for profit-related premium refunds and/or policyholder profit participation € 000 | Other actuarial provisions € 000 | Group total € 000 |
|---|---|---|---|---|---|---|---|
| **Property and casualty insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **7,830** | **244** | **339,161** | **365** | **0** | **3,209** | **350,810** |
| Exchange rate differences | –58 | –12 | –2,089 | | | –75 | –2,234 |
| Changes in consolidation scope | 19,288 | | 7,834 | | | 521 | 27,644 |
| Portfolio changes | | | –3,462 | | | | –3,462 |
| Additions | | | | | | 2,091 | 2,091 |
| Disposals | | –14 | | –300 | | –78 | –393 |
| Premiums written | 105,089 | | | | | | 105,089 |
| Premiums earned | –103,445 | | | | | | –103,445 |
| Claims in reporting year | | | 84,317 | | | | 84,317 |
| Claims payments in reporting year | | | –34,515 | | | | –34,515 |
| Change in claims from previous years | | | –23,498 | | | | –23,498 |
| Claims payments in previous years | | | –85,456 | | | | –85,456 |
| **As at 31 Dec. 2008** | **28,705** | **218** | **282,293** | **65** | **0** | **5,668** | **316,949** |
| | | | | | | | |
| **Health insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **72** | **1,708** | **702** | **0** | **0** | **0** | **2,482** |
| Exchange rate differences | | | –5 | | | | –5 |
| Changes in consolidation scope | 1 | | | | | | 1 |
| Portfolio changes | | | | | | | 0 |
| Additions | | | | | | | 0 |
| Disposals | | –132 | | | | | –132 |
| Premiums written | 557 | | | | | | 557 |
| Premiums earned | –559 | | | | | | –559 |
| Claims in reporting year | | | 187 | | | | 187 |
| Claims payments in reporting year | | | –203 | | | | –203 |
| Change in claims from previous years | | | –6 | | | | –6 |
| Claims payments in previous years | | | –54 | | | | –54 |
| **As at 31 Dec. 2008** | **71** | **1,576** | **621** | **0** | **0** | **0** | **2,268** |
| | | | | | | | |
| **Life insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **0** | **406,701** | **11,754** | **0** | **100** | **–180** | **418,374** |
| Exchange rate differences | | 10 | –5 | | | | 5 |
| Changes in consolidation scope | | | | | | | 0 |
| Portfolio changes | | 4,329 | –1,274 | | | | 3,055 |
| Additions | | 18,918 | | 159 | | 42 | 19,119 |
| Disposals | | –364 | | | | | –364 |
| Claims in reporting year | | | 19,407 | | | | 19,407 |
| Claims payments in reporting year | | | –12,394 | | | | –12,394 |
| Change in claims from previous years | | | –1,056 | | | | –1,056 |
| Claims payments in previous years | | | –4,393 | | | | –4,393 |
| **As at 31 Dec. 2008** | **0** | **429,593** | **12,038** | **159** | **100** | **–139** | **441,752** |
| | | | | | | | |
| **Group total** | | | | | | | |
| **As at 31 Dec. 2007** | **7,902** | **408,653** | **351,616** | **365** | **100** | **3,029** | **771,666** |
| Exchange rate differences | –58 | –2 | –2,099 | | | –75 | –2,234 |
| Changes in consolidation scope | 19,290 | | 7,834 | | | 521 | 27,645 |
| Portfolio changes | | 4,329 | –4,736 | | | | –407 |
| Additions | | 18,918 | | 159 | | 2,132 | 21,209 |
| Disposals | | –511 | | –300 | | –78 | –889 |
| Premiums written | 105,646 | | | | | | 105,646 |
| Premiums earned | –104,004 | | | | | | –104,004 |
| Claims in reporting year | | | 103,911 | | | | 103,911 |
| Claims payments in reporting year | | | –47,111 | | | | –47,111 |
| Change in claims from previous years | | | –24,559 | | | | –24,559 |
| Claims payments in previous years | | | –89,904 | | | | –89,904 |
| **As at 31 Dec. 2008** | **28,776** | **431,387** | **294,952** | **225** | **100** | **5,529** | **760,969** |

| Retention | Unearned premiums € 000 | Actuarial provision € 000 | Provision for outstanding claims € 000 | Provision for profit-unrelated premium refunds € 000 | Provision for profit-related premium refunds and/or policyholder profit participation € 000 | Other actuarial provisions € 000 | Group total € 000 |
|---|---|---|---|---|---|---|---|
| **Property and casualty insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **408,688** | **44,482** | **1,582,211** | **25,591** | **7,315** | **16,765** | **2,085,053** |
| Exchange rate differences | –13,589 | –262 | –14,216 | 106 | –1 | 72 | –27,891 |
| Changes in consolidation scope | 48,717 | | 35,604 | | | 664 | 84,985 |
| Portfolio changes | –26 | | –843 | | | –214 | –1,083 |
| Additions | | 1,644 | | 1,280 | 712 | 7,018 | 10,655 |
| Disposals | | –3,581 | | –1,275 | –226 | –5,478 | –10,560 |
| Premiums written | 1,667,403 | | | | | | 1,667,403 |
| Premiums earned | –1,630,023 | | | | | | –1,630,023 |
| Claims in reporting year | | | 1,516,318 | | | | 1,516,318 |
| Claims payments in reporting year | | | –801,099 | | | | –801,099 |
| Change in claims from previous years | | | –130,572 | | | | –130,572 |
| Claims payments in previous years | | | –520,701 | | | | –520,701 |
| **As at 31 Dec. 2008** | **481,172** | **42,283** | **1,666,703** | **25,702** | **7,800** | **18,826** | **2,242,486** |
| | | | | | | | |
| **Health insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **13,395** | **2,098,989** | **151,683** | **22,199** | **58,904** | **694** | **2,345,863** |
| Exchange rate differences | –42 | 15 | –83 | –4 | | –1 | –115 |
| Changes in consolidation scope | 564 | | 191 | | | | 756 |
| Portfolio changes | –4 | | –27 | | | –4 | –35 |
| Additions | | 150,664 | | 4,482 | 2,625 | 10 | 157,781 |
| Disposals | | –23,849 | | –7,199 | –15,000 | –134 | –46,182 |
| Premiums written | 793,286 | | | | | | 793,286 |
| Premiums earned | –793,586 | | | | | | –793,586 |
| Claims in reporting year | | | 649,351 | | | | 649,351 |
| Claims payments in reporting year | | | –514,216 | | | | –514,216 |
| Change in claims from previous years | | | 8,070 | | | | 8,070 |
| Claims payments in previous years | | | –138,574 | | | | –138,574 |
| **As at 31 Dec. 2008** | **13,614** | **2,225,819** | **156,396** | **19,477** | **46,529** | **564** | **2,462,399** |
| | | | | | | | |
| **Life insurance** | | | | | | | |
| **As at 31 Dec. 2007** | **0** | **12,614,575** | **106,159** | **75** | **323,478** | **18,004** | **13,062,292** |
| Exchange rate differences | | 5,722 | –73 | –4 | –464 | 52 | 5,233 |
| Changes in consolidation scope | | | | | | | 0 |
| Portfolio changes | | –53,374 | 1,278 | 286 | 1 | 3,265 | –48,543 |
| Additions | | 427,766 | | 373 | 123,059 | 3,436 | 554,634 |
| Disposals | | –92,554 | | | –505,632 | –225 | –598,411 |
| Claims in reporting year | | | 1,435,700 | | | | 1,435,700 |
| Claims payments in reporting year | | | –1,377,202 | | | | –1,377,202 |
| Change in claims from previous years | | | 35,937 | | | | 35,937 |
| Claims payments in previous years | | | –114,900 | | | | –114,900 |
| **As at 31 Dec. 2008** | **0** | **12,902,136** | **86,899** | **731** | **–59,558** | **24,532** | **12,954,740** |
| | | | | | | | |
| **Group total** | | | | | | | |
| **As at 31 Dec. 2007** | **422,083** | **14,758,046** | **1,840,054** | **47,866** | **389,697** | **35,462** | **17,493,208** |
| Exchange rate differences | –13,631 | 5,475 | –14,373 | 98 | –465 | 123 | –22,773 |
| Changes in consolidation scope | 49,282 | | 35,796 | | | 664 | 85,741 |
| Portfolio changes | –29 | –53,374 | 408 | 286 | 1 | 3,047 | –49,660 |
| Additions | | 580,075 | | 6,135 | 126,396 | 10,464 | 723,069 |
| Disposals | | –119,984 | | –8,474 | –520,858 | –5,838 | –655,153 |
| Premiums written | 2,460,689 | | | | | | 2,460,689 |
| Premiums earned | –2,423,609 | | | | | | –2,423,609 |
| Claims in reporting year | | | 3,601,369 | | | | 3,601,369 |
| Claims payments in reporting year | | | –2,692,516 | | | | –2,692,516 |
| Change in claims from previous years | | | –86,565 | | | | –86,565 |
| Claims payments in previous years | | | –774,175 | | | | –774,175 |
| **As at 31 Dec. 2008** | **494,784** | **15,170,238** | **1,909,998** | **45,911** | **–5,229** | **43,923** | **17,659,624** |

## 24 | Technical provisions held on account and at risk of life insurance policyholders

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Gross | 2,579,997 | 2,412,937 |
| Reinsurers' share | –382,480 | –346,868 |
| **Total** | **2,197,518** | **2,066,069** |

As a general rule, the valuation of the technical provisions for unit- and index-linked life insurance policies corresponds to the investments in unit- and index-linked life insurance policies reported at current market values. The reinsurers' share is offset by deposits payable in the same amount.

## 25 | Liabilities from loans

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Liabilities under issued debenture bonds | | |
| UNIQA Versicherungen AG, Vienna | | |
| 4.00%, €150 million, bond 2004/2009 | 150,000 | 150,000 |
| | | |
| Loan liabilities | 39,053 | 35,900 |
| up to 1 year | 27 | 88 |
| more than 1 year up to 5 years | 10,483 | 6,969 |
| more than 5 years | 28,543 | 28,842 |
| **Total** | **189,053** | **185,900** |

## 26 | Provisions for pensions and similar commitments

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Provisions for pensions | 316,784 | 383,543 |
| Provision for severance payments | 119,693 | 125,998 |
| **Total** | **436,478** | **509,541** |

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| **As at 1 Jan.** | **509,541** | **542,418** |
| Changes from foreign currency translation | –246 | 15 |
| Withdrawal for pension payments | –60,867 | –29,705 |
| Expenditure in the financial year | –11,950 | –3,187 |
| **As at 31 Dec.** | **436,478** | **509,541** |

Active special policyholders with direct assurances to pension benefits, including members of the Management Board and leading executives in accordance with Section 80 paragraph 1 of the Stock Corporation Act, as well as active employees with direct assurances to pension benefits according to the "trade association recommendation for in-house and field sales staff" who approved the offer to transfer existing vested pension rights to ÖPAG Pensionskassen AG on the basis of concluded works agreements, are included in a contribution-based pension fund. The corresponding transfer amounts (the assurance cover) were paid to the ÖPAG Pensionskassen AG in 2008 in accordance with Section 48 of the Pension Fund Act. For the purpose of guaranteeing the level of the pension fund pension according to the previous direct assurances to pension benefits, those entitled to vested rights have a claim to payment of a (one-time) final pension fund contribution at the time of pension eligibility. No contributions are made for the benefit phase.

| **Calculation factors applied** | |
|---|---|
| **2008** | |
| Technical rate of interest | 6.00% |
| Valorisation of wages and salaries | 3.00% |
| Valorisation of pensions | 2.00% |
| Employee turnover rate | dependent on years of service |
| Accounting principles | AVÖ 2008 P – Pagler & Pagler/employees |
| | |
| **2007** | |
| Technical rate of interest | 5.00% |
| 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/employees |

| **Specification of pension expenditures for pensions and similar commitments included in the income statement** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Current service cost | 14,371 | 16,929 |
| Interest cost | 25,447 | 24,434 |
| Actuarial profit and loss | –51,738 | –44,737 |
| Income and expenditures from budget changes | –29 | 188 |
| **Total** | **–11,950** | **–3,187** |

Under the contribution-orientated company pension scheme, the employer pays the fixed amounts into company pension funds. The employer has satisfied its obligation by making these contributions.

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Contributions to company pension funds | 1,318 | 1,134 |

## 27 | Other provisions

| | Balance sheet figures previous year € 000 | Currency translation changes € 000 | Change in consolidation scope € 000 | Utilisation € 000 | Reversals € 000 | Reclassifications € 000 | Additions € 000 | Balance sheet figures financial year € 000 |
|---|---|---|---|---|---|---|---|---|
| Provisions for unconsumed holidays | 35,242 | 2 | –66 | –1,583 | –73 | 0 | 3,458 | 36,980 |
| Provisions for anniversary payments | 14,959 | 0 | 0 | –23 | –596 | 0 | 429 | 14,769 |
| | **50,201** | **2** | **–66** | **–1,606** | **–669** | **0** | **3,886** | **51,748** |
| Other personnel provisions | 16,209 | 32 | 31 | –4,428 | –7,234 | 0 | 10,925 | 15,534 |
| Provisions for customer relations and marketing | 31,365 | –104 | 0 | –27,767 | –2,172 | 0 | 30,783 | 32,106 |
| Provision for variable components of remuneration | 16,193 | 15 | –231 | –14,726 | –1,260 | 0 | 16,081 | 16,073 |
| Provision for legal and consulting expenses | 4,998 | 6 | 1 | –3,723 | –350 | 0 | 3,400 | 4,332 |
| Provision for premium adjustment from reinsurance contracts | 10,675 | 235 | 0 | –8,923 | 182 | 0 | 14,829 | 16,998 |
| Provision for portfolio maintenance commission | 2,535 | –5 | 0 | –2,015 | –381 | 0 | 3,690 | 3,824 |
| Other provisions | 62,096 | –225 | –75 | –33,287 | –16,674 | 0 | 55,470 | 67,304 |
| | **144,071** | **–46** | **–274** | **–94,869** | **–27,889** | **0** | **135,177** | **156,171** |
| **Total** | **194,272** | **–44** | **–340** | **–96,475** | **–28,558** | **0** | **139,063** | **207,919** |

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Other provisions[1] with a high probability of utilisation (more than 90%) | | |
| in up to 1 year | 73,701 | 72,351 |
| in more than 1 year up to 5 years | 4,532 | 3,735 |
| in more than 5 years | 9,310 | 10,408 |
| | **87,543** | **86,494** |
| Other provisions[1] with a lower probability of consumption (less than 90%) | | |
| in up to 1 year | 64,736 | 55,629 |
| in more than 1 year up to 5 years | 3,618 | 1,621 |
| in more than 5 years | 274 | 327 |
| | **68,628** | **57,577** |
| **Total** | **156,171** | **144,071** |

[1] Excl. unconsumed holidays and anniversary benefits.

## 28 | Payables and other liabilities

| | | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|---|
| **I.** | **Reinsurance liabilities** | | |
| | 1. Deposits held under reinsurance business ceded | 817,323 | 761,805 |
| | 2. Accounts payable under reinsurance operations | 51,934 | 34,975 |
| | | **869,258** | **796,780** |
| **II.** | **Other liabilities** | | |
| | **Liabilities under insurance business** | | |
| | Liabilities under direct insurance business | | |
| | to policyholders | 128,245 | 139,318 |
| | to intermediaries | 93,026 | 123,603 |
| | to insurance companies | 8,515 | 8,791 |
| | | **229,786** | **271,712** |
| | **Liabilities to credit institutions** | **4,071** | **3,582** |
| | **Other liabilities** | **333,272** | **445,484** |
| | of which for taxes | 48,821 | 46,379 |
| | of which for social security | 10,370 | 10,381 |
| | of which from fund consolidation | 142,560 | 260,874 |
| | **Total other liabilities** | **567,129** | **720,778** |
| | | | |
| **Subtotal** | | **1,436,387** | **1,517,558** |
| | of which liabilities with a remaining term of | | |
| | up to 1 year | 766,578 | 885,731 |
| | more than 1 year up to 5 years | 6,997 | 9,053 |
| | more than 5 years | 662,812 | 622,774 |
| | | **1,436,387** | **1,517,558** |
| **III.** | **Other liabilities** | | |
| | **Deferred income** | **11,122** | **9,483** |
| | | | |
| **Total payables and other liabilities** | | **1,447,509** | **1,527,041** |

The item "Deferred income" basically comprises the balance of the deferred income regarding the indirect business settlement.

## 29 | Liabilities from income tax

| | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Liabilities from income tax** | **57,294** | **41,618** |
| of which liabilities with a remaining term of | | |
| up to 1 year | 2,423 | 3,853 |
| more than 1 year up to 5 years | 54,871 | 37,281 |
| more than 5 years | 0 | 483 |

## 30 | Deferred tax liabilities

| **Cause of origin** | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| Actuarial items | 172,747 | 142,052 |
| Untaxed reserves | 25,895 | 27,385 |
| Shares in affiliated companies | 28,425 | 28,425 |
| Investments | 2,702 | 120,952 |
| Other | 15,072 | 14,101 |
| **Total** | **244,841** | **332,916** |
| of which not affecting income | 6,891 | 55,238 |

# Notes to the Consolidated Income Statement

## 31 | Premiums written

| Direct business | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Property and casualty insurance | 2,363,371 | 2,157,697 |
| Health insurance | 947,151 | 907,375 |
| Life insurance | 1,626,169 | 1,393,344 |
| **Total (fully consolidated values)** | **4,936,692** | **4,458,416** |
| Of which written in: | | |
| Austria | 3,005,433 | 3,036,834 |
| other member states of the EU and other signatory states of the Treaty on the European Economic Area | 1,684,410 | 1,271,167 |
| other countries | 246,849 | 150,415 |
| Total (fully consolidated values) | 4,936,692 | 4,458,416 |

| Indirect business | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Property and casualty insurance | 38,107 | 40,052 |
| Health insurance | 420 | 384 |
| Life insurance | 27,144 | 29,037 |
| Total (fully consolidated values) | 65,672 | 69,473 |

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Total (fully consolidated values) | 5,002,364 | 4,527,889 |

| Premiums written in property and casualty insurance | 2008 € 000 | 2007 € 000 |
|---|---|---|
| **Direct business** | | |
| Fire and business interruption insurance | 198,175 | 179,233 |
| Household insurance | 177,946 | 166,501 |
| Other property insurance | 223,432 | 203,727 |
| Motor TPL insurance | 594,114 | 554,404 |
| Other motor insurance | 448,189 | 373,768 |
| Casualty insurance | 259,533 | 240,664 |
| Liability insurance | 229,254 | 219,831 |
| Legal expenses insurance | 54,084 | 49,568 |
| Marine, aviation and transport insurance | 108,659 | 102,136 |
| Other insurance | 69,985 | 67,865 |
| **Total** | **2,363,371** | **2,157,697** |
| | | |
| **Indirect business** | | |
| Marine, aviation and transport insurance | 2,856 | 2,407 |
| Other insurance | 35,252 | 37,645 |
| **Total** | **38,107** | **40,052** |
| | | |
| Total direct and indirect business (fully consolidated values) | 2,401,479 | 2,197,749 |

| Reinsurance premiums ceded | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Property and casualty insurance | 149,660 | 307,547 |
| Health insurance | 1,461 | 1,397 |
| Life insurance | 79,833 | 79,505 |
| Total (fully consolidated values) | 230,954 | 388,449 |

The decrease in issued reinsurance premiums is due to the termination of the quota agreements on 31 December 2007.

## 32 | Premiums earned

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| **Property and casualty insurance** | **2,213,783** | **1,858,355** |
| Gross | 2,363,326 | 2,160,721 |
| Reinsurers' share | –149,542 | –302,366 |
| **Health insurance** | **946,419** | **905,623** |
| Gross | 947,882 | 907,028 |
| Reinsurers' share | –1,463 | –1,405 |
| **Life insurance** | **1,570,170** | **1,342,399** |
| Gross | 1,649,961 | 1,421,897 |
| Reinsurers' share | –79,791 | –79,498 |
| Total (fully consolidated values) | 4,730,372 | 4,106,377 |

| Premiums earned in indirect business | 2008 € 000 | 2007 € 000 |
|---|---|---|
| posted immediately | 10,004 | 10,457 |
| posted after up to 1 year | 28,022 | 29,512 |
| posted after more than 1 year | 0 | 0 |
| **Property and casualty insurance** | **38,026** | **39,969** |
| posted immediately | 420 | 384 |
| posted after up to 1 year | 0 | 0 |
| posted after more than 1 year | 0 | 0 |
| **Health insurance** | **420** | **384** |
| posted immediately | 3,859 | 4,131 |
| posted after up to 1 year | 23,285 | 24,906 |
| posted after more than 1 year | 0 | 0 |
| **Life insurance** | **27,144** | **29,037** |
| Total (fully consolidated values) | 65,590 | 69,391 |

| Earnings from indirect business | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Property and casualty insurance | –327 | 7,880 |
| Health insurance | –33 | –52 |
| Life insurance | 4,667 | 1,391 |
| Total (fully consolidated values) | 4,308 | 9,218 |

## 33 | Income from fees and provisions

| Reinsurance commission and profit shares from reinsurance business ceded | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Property and casualty insurance | 13,626 | 59,842 |
| Health insurance | 116 | 106 |
| Life insurance | 5,657 | 11,478 |
| Total (fully consolidated values) | 19,399 | 71,426 |

## 34 | Net investment income

| By segment | Property and casualty insurance 2008 € 000 | Property and casualty insurance 2007 € 000 | Health insurance 2008 € 000 | Health insurance 2007 € 000 |
|---|---|---|---|---|
| **I. Properties held as financial investments** | **5,547** | **–19,336** | **21,922** | **8,399** |
| **II. Shares in associated companies** | **4,605** | **201,148** | **2,054** | **64,383** |
| **III. Variable-yield securities** | **–27,300** | **50,086** | **–45,839** | **14,454** |
| 1. Available for sale | –20,283 | 45,460 | –23,191 | 9,886 |
| 2. At fair value through profit or loss | –7,017 | 4,626 | –22,648 | 4,568 |
| **IV. Fixed interest securities** | **19,193** | **31,721** | **10,999** | **15,050** |
| 1. Held to maturity | 494 | 0 | 1,129 | 0 |
| 2. Available for sale | 20,535 | 31,509 | 15,807 | 14,570 |
| 3. At fair value through profit or loss | –1,836 | 212 | –5,937 | 480 |
| **V. Loans and other investments** | **69,468** | **20,684** | **28,515** | **17,690** |
| 1. Loans | 13,952 | 10,259 | 18,753 | 13,770 |
| 2. Other investments | 55,516 | 10,425 | 9,762 | 3,920 |
| **VI. Derivative financial instruments (held for trading)** | **335** | **14,170** | **–1,068** | **14,851** |
| **VII. Expenditures for asset management, interest expenditures and other** | **–5,416** | **–16,777** | **–2,783** | **–1,306** |
| Total (fully consolidated values) | 66,432 | 281,696 | 13,799 | 133,521 |

The exceptionally high income from shares in associated companies resulted in the financial year from capital gains (€115,140,000), in the previous year from capital gains (€72,937,000) and gains from dilution (€211,416,000) during the capital increases and floatation of STRABAG SE.

| By income type | Ordinary income 2008 € 000 | Ordinary income 2007 € 000 | Write-ups and unrealised capital gains 2008 € 000 | Write-ups and unrealised capital gains 2007 € 000 | Realised capital gains 2008 € 000 | Realised capital gains 2007 € 000 |
|---|---|---|---|---|---|---|
| **I. Properties held as financial investments** | **51,546** | **48,223** | **0** | **0** | **35,539** | **1,516** |
| **II. Shares in associated companies** | **29,488** | **18,288** | **0** | **211,416** | **115,140** | **73,593** |
| **III. Variable-yield securities** | **135,794** | **129,863** | **157,282** | **107,174** | **183,123** | **318,192** |
| 1. Available for sale | 105,338 | 109,757 | 32,781 | 8,178 | 84,611 | 265,103 |
| 2. At fair value through profit or loss | 30,457 | 20,106 | 124,501 | 98,996 | 98,512 | 53,089 |
| **IV. Fixed interest securities** | **498,573** | **518,154** | **81,154** | **75,851** | **5,014** | **38,099** |
| 1. Held to maturity | 9,343 | 0 | 0 | 0 | 0 | 0 |
| 2. Available for sale | 471,617 | 488,146 | 67,631 | 66,638 | 4,520 | 35,578 |
| 3. At fair value through profit or loss | 17,612 | 30,008 | 13,523 | 9,213 | 494 | 2,521 |
| **V. Loans and other investments** | **195,952** | **62,171** | **4,518** | **162** | **295** | **0** |
| 1. Loans | 79,092 | 39,703 | 1,662 | 0 | 279 | 0 |
| 2. Other investments | 116,860 | 22,468 | 2,855 | 162 | 17 | 0 |
| **VI. Derivative financial instruments (held for trading)** | **–22,600** | **–22,707** | **157,681** | **117,997** | **19,798** | **153,434** |
| **VII. Expenditures for asset management, interest expenditures and other** | **–18,289** | **–27,152** | **0** | **0** | **0** | **0** |
| Total (fully consolidated values) | 870,464 | 726,840 | 400,635 | 512,601 | 358,909 | 584,834 |

The updating of the value adjustment concerns both appreciation and depreciation of financial assets, excluding assets held for trading and financial assets at fair value through profit or loss. Interest income from impaired assets amounts to €55,097,000 (2007: €42,415,000). The net investment income of €227,596,000 includes realised and unrealised profits and losses amounting to €–642,868,000, which includes currency losses of €–64,089,000. In addition, positive currency effects amounting to €58,656,000 were recorded directly under equity. The effects are mainly the result of investments in USD and GBP.

| Of which securities, available for sale<br>Type of investment | Ordinary income 2008 € 000 | Ordinary income 2007 € 000 | Write-ups and unrealised capital gains 2008 € 000 | Write-ups and unrealised capital gains 2007 € 000 | Realised capital gains 2008 € 000 | Realised capital gains 2007 € 000 |
|---|---|---|---|---|---|---|
| **III. Variable-yield securities** | | | | | | |
| 1. Available for sale | 105,338 | 109,757 | 32,781 | 8,178 | 84,611 | 265,103 |
| Shares in associated companies | 3,398 | 1,709 | 0 | 0 | 29,123 | 3,984 |
| Shares | 13,688 | 17,107 | 317 | 597 | 4,671 | 132,013 |
| Equity fonds | 8,628 | 12,513 | 1,144 | 0 | 43 | 67,280 |
| Debenture bonds, not capital-guaranteed | 17,519 | 21,636 | 25,248 | 129 | 31,583 | 42,731 |
| Other variable-yield securities | 51,435 | 51,353 | 6,072 | 7,452 | 985 | 347 |
| Participating interests and other investments | 10,670 | 5,439 | 0 | 0 | 18,206 | 18,749 |
| **IV. Fixed-interest securities** | | | | | | |
| 2. Available for sale | | | | | | |
| Fixed interests | 471,617 | 488,146 | 67,631 | 66,638 | 4,520 | 35,578 |

| Life insurance | | Group total | |
|---|---|---|---|
| 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 |
| **25,597** | **6,344** | **53,065** | **–4,593** |
| **136,483** | **37,544** | **143,142** | **303,075** |
| **–307,631** | **222,522** | **–380,770** | **287,062** |
| –226,558 | 168,165 | –270,032 | 223,511 |
| –81,072 | 54,357 | –110,738 | 63,551 |
| **192,968** | **180,141** | **223,159** | **226,912** |
| 7,721 | 0 | 9,343 | 0 |
| 204,070 | 172,587 | 240,411 | 218,666 |
| –18,823 | 7,554 | –26,595 | 8,247 |
| **84,036** | **11,543** | **182,018** | **49,917** |
| 30,817 | 11,426 | 63,522 | 35,455 |
| 53,219 | 117 | 118,496 | 14,462 |
| **26,003** | **128,762** | **25,270** | **157,783** |
| **–10,090** | **–9,068** | **–18,289** | **–27,152** |
| 147,364 | 577,788 | 227,596 | 993,005 |

| Write-offs and unrealised capital losses | | Realised capital losses | | Group total | | of which value adjustment | |
|---|---|---|---|---|---|---|---|
| 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 |
| **–31,352** | **–54,251** | **–2,668** | **–81** | **53,065** | **–4,593** | **–1,004** | **–25,000** |
| **–1,000** | **0** | **–485** | **–222** | **143,142** | **303,075** | **0** | **0** |
| **–650,759** | **–192,286** | **–206,211** | **–75,881** | **–380,770** | **287,062** | **–323,773** | **–40,832** |
| –343,170 | –94,063 | –149,591 | –65,465 | –270,032 | 223,511 | –323,773 | –40,832 |
| –307,589 | –98,223 | –56,620 | –10,416 | –110,738 | 63,551 | 0 | 0 |
| **–316,891** | **–358,301** | **–44,691** | **–46,891** | **223,159** | **226,912** | **–157,526** | **–140,012** |
| 0 | 0 | 0 | 0 | 9,343 | 0 | 0 | 0 |
| –263,861 | –327,715 | –39,495 | –43,982 | 240,411 | 218,666 | –157,526 | –140,012 |
| –53,030 | –30,587 | –5,195 | –2,909 | –26,595 | 8,247 | 0 | 0 |
| **–16,871** | **–12,414** | **–1,876** | **–3** | **182,018** | **49,917** | **0** | **0** |
| –15,648 | –4,245 | –1,863 | –3 | 63,522 | 35,455 | 0 | 0 |
| –1,223 | –8,169 | –13 | 0 | 118,496 | 14,462 | 0 | 0 |
| **–118,508** | **–66,217** | **–11,102** | **–24,724** | **25,270** | **157,783** | **0** | **0** |
| **0** | **0** | **0** | **0** | **–18,289** | **–27,152** | **0** | **0** |
| –1,135,380 | –683,469 | –267,032 | –147,801 | 227,596 | 993,005 | –482,302 | –205,844 |

| Write-offs and unrealised capital losses | | Realised capital losses | | Group total | | of which value adjustment | |
|---|---|---|---|---|---|---|---|
| 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 | 2008 € 000 | 2007 € 000 |
| | | | | | | | |
| –343,170 | –94,063 | –149,591 | –65,465 | –270,032 | 223,511 | –323,773 | –40,832 |
| 0 | 0 | –10 | –31 | 32,511 | 5,662 | 0 | 0 |
| –224,615 | –45,166 | –38,165 | –42,935 | –244,104 | 61,615 | –215,316 | –33,982 |
| –27,123 | –8,501 | –73,298 | –12,174 | –90,605 | 59,119 | –36,252 | –5,427 |
| –80,773 | –31,776 | –4,910 | –1,646 | –11,334 | 31,075 | –67,964 | 0 |
| –6,840 | –4,942 | –32,304 | –8,202 | 19,348 | 46,007 | 0 | 2,254 |
| –3,820 | –3,677 | –905 | –476 | 24,152 | 20,035 | –4,241 | –3,677 |
| | | | | | | | |
| | | | | | | | |
| –263,861 | –327,715 | –39,495 | –43,982 | 240,411 | 218,666 | –157,526 | –140,012 |

## 35 | Other income

| | | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|---|
| a) | **Other actuarial income** | **19,585** | **13,247** |
| | Property and casualty insurance | 14,849 | 10,858 |
| | Health insurance | 448 | 516 |
| | Life insurance | 4,288 | 1,874 |
| b) | **Other non-actuarial income** | **43,518** | **22,263** |
| | Property and casualty insurance | 32,818 | 16,461 |
| | Health insurance | 737 | 530 |
| | Life insurance | 9,963 | 5,272 |
| | of which | | |
| | services rendered | 13,009 | 7,619 |
| | changes in exchange rates | 22,586 | 4,350 |
| | other | 7,924 | 10,294 |
| c) | **Other income** | **16,905** | **1,621** |
| | From foreign currency conversion | 1,211 | 1,629 |
| | From other[1)] | 15,693 | –9 |
| Total (fully consolidated values) | | 80,008 | 37,131 |

[1)] This item contains an income of €5,010,000 from the derecognition of the deferred difference due to the initial consolidation of Asena CJSC.

## 36 | Insurance benefits

| | Gross | | Reinsurers' share | | Retention | |
|---|---|---|---|---|---|---|
| | 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 | 2008<br>€ 000 | 2007<br>€ 000 |
| **Property and casualty insurance** | | | | | | |
| Expenditure for claims | | | | | | |
| Claims paid | 1,454,635 | 1,296,433 | –120,073 | –183,900 | 1,334,562 | 1,112,534 |
| Change in provision for outstanding claims | –11,110 | 147,397 | 61,375 | –32,660 | 50,265 | 114,737 |
| **Total** | **1,443,525** | **1,443,830** | **–58,698** | **–216,559** | **1,384,827** | **1,227,271** |
| Change in actuarial provision | –1,890 | –104 | 15 | 5 | –1,874 | –99 |
| Change in other actuarial provisions | –460 | –1,672 | –401 | –9 | –862 | –1,681 |
| Expenditure for profit-unrelated and profit-related premium refunds | 29,963 | 26,082 | –77 | –188 | 29,886 | 25,894 |
| **Total amount of benefits** | **1,471,138** | **1,468,136** | **–59,161** | **–216,751** | **1,411,977** | **1,251,385** |
| | | | | | | |
| **Health insurance** | | | | | | |
| Expenditure for claims | | | | | | |
| Claims paid | 671,886 | 653,484 | –1,091 | –968 | 670,795 | 652,516 |
| Change in provision for outstanding claims | 4,719 | 996 | 57 | 58 | 4,776 | 1,053 |
| **Total** | **676,606** | **654,480** | **–1,034** | **–910** | **675,571** | **653,570** |
| Change in actuarial provision | 126,686 | 126,213 | 132 | 134 | 126,818 | 126,347 |
| Change in other actuarial provisions | –4 | 0 | 0 | 0 | –4 | 0 |
| Expenditure for profit-unrelated and profit-related premium refunds | 19,622 | 31,336 | –3 | –3 | 19,619 | 31,333 |
| **Total amount of benefits** | **822,910** | **812,028** | **–905** | **–779** | **822,005** | **811,250** |
| | | | | | | |
| **Life insurance** | | | | | | |
| Expenditure for claims | | | | | | |
| Claims paid | 1,506,420 | 1,532,342 | –69,965 | –60,214 | 1,436,454 | 1,472,128 |
| Change in provision for outstanding claims | –18,692 | 17,050 | –296 | –1,975 | –18,987 | 15,074 |
| **Total** | **1,487,728** | **1,549,392** | **–70,261** | **–62,190** | **1,417,467** | **1,487,202** |
| Change in actuarial provision | 120,080 | –144,232 | –11,786 | –15,136 | 108,294 | –159,368 |
| Change in other actuarial provisions | 3,193 | 253 | –558 | –41 | 2,635 | 212 |
| Expenditure for profit-unrelated and profit-related premium refunds and/or (deferred) profit participation | –200,586 | 206,344 | –170 | 0 | –200,756 | 206,344 |
| **Total amount of benefits** | **1,410,415** | **1,611,757** | **–82,775** | **–77,367** | **1,327,640** | **1,534,390** |
| | | | | | | |
| Total (fully consolidated values) | 3,704,463 | 3,891,921 | –142,842 | –294,897 | 3,561,622 | 3,597,024 |

## 37 | Operating expenses

| | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|
| **Property and casualty insurance** | | |
| a) Acquisition costs | | |
| Payments | 507,717 | 455,648 |
| Change in deferred acquisition costs | –11,145 | –10,356 |
| b) Other operating expenses | 257,395 | 220,234 |
| | **753,967** | **665,527** |
| **Health insurance** | | |
| a) Acquisition costs | | |
| Payments | 87,879 | 86,806 |
| Change in deferred acquisition costs | –1,232 | –816 |
| b) Other operating expenses | 47,614 | 43,301 |
| | **134,262** | **129,290** |
| **Life insurance** | | |
| a) Acquisition costs | | |
| Payments | 270,769 | 269,870 |
| Change in deferred acquisition costs | 15,715 | –7,492 |
| b) Other operating expenses | 82,094 | 69,909 |
| | **368,577** | **332,287** |
| Total (fully consolidated values) | 1,256,805 | 1,127,104 |

## 38 | Other expenses

| | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|
| **a) Other actuarial expenses** | **59,121** | **58,586** |
| Property and casualty insurance | 21,016 | 20,119 |
| Health insurance | 1,440 | 2,773 |
| Life insurance | 36,665 | 35,694 |
| **b) Other non-actuarial expenses** | **28,247** | **26,875** |
| Property and casualty insurance | 21,757 | 24,316 |
| Health insurance | 354 | 513 |
| Life insurance | 6,136 | 2,047 |
| of which | | |
| services rendered | 3,882 | 1,391 |
| exchange rate losses | 4,416 | 6,703 |
| motor vehicle registration | 7,445 | 6,603 |
| other | 12,504 | 12,178 |
| **c) Other expenses** | **12,048** | **1,107** |
| For foreign currency translation | 7,991 | 469 |
| For other | 4,056 | 638 |
| Total (fully consolidated values) | 99,416 | 86,569 |

## 39 | Tax expenditure

| **Income tax** | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|
| Actual tax in reporting year | 61,735 | 33,052 |
| Actual tax in previous year | –5,586 | –9,600 |
| Deferred tax | –32,680 | 47,811 |
| Total (fully consolidated values) | 23,470 | 71,263 |

| **Reconciliation statement** | 2008<br>€ 000 | 2007<br>€ 000 |
|---|---|---|
| **A. Profit from ordinary activities** | **90,217** | **340,256** |
| **B. Anticipated tax expenditure (A. * Group tax rate)** | **23,283** | **85,206** |
| Adjusted by tax effects from | | |
| 1. Tax-free investment income | –8,222 | –7,191 |
| 2. Other | 8,409 | –6,752 |
| Amortisation of goodwill | 91 | 4,622 |
| Non-deductible expenses / other tax-exempt income | 2,559 | –3,446 |
| Changes / deviations in tax rates | 0 | –6,028 |
| Deviations in tax rates | 11,194 | 6,336 |
| Taxes previous years | –5,586 | –9,600 |
| Lapse of loss carried forward and other | 151 | 1,364 |
| **C. Income tax expenditure** | **23,470** | **71,263** |
| **Average effective tax burden in %** | **26.0** | **20.9** |

The corporate income tax rate applicable to all Group segments was 25%, as expected. To the extent that the minimum taxation is applied in life insurance at an assumed profit participation of 85%, this leads to a different corporate tax rate.

# Other disclosures

## Employees

| Personnel expenses[1] | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Salaries and wages | 333,008 | 311,133 |
| Expenses for severance payments | 9,149 | 12,894 |
| Expenses for employee pensions | –17,539 | –14,985 |
| Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions | 90,158 | 90,259 |
| Other social expenditures | 9,411 | 5,630 |
| Total | 424,188 | 404,931 |
| of which business development | 131,952 | 126,745 |
| of which administration | 272,329 | 259,310 |

[1] The data are based on an IFRS valuation.

| Average number of employees | 2008 | 2007 |
|---|---|---|
| Total | 13,674 | 10,997 |
| of which business development | 6,269 | 4,273 |
| of which administration | 7,405 | 6,724 |

| | 2008 € 000 | 2007 € 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 Act | 3,076 | 5,786 |
| Other employees | 44,027 | 37,770 |

Both figures include the expenditure for pensioners and surviving dependants (basis: Austrian Business Code valuation). The indicated expenses were charged to the Group companies based on defined company processes.

### Earnings of the Management Board and Supervisory Board

Members of the Management Board receive remunerations exclusively from UNIQA Versicherungen AG.

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| The expenses for remuneration of Management Board members attributable to the reporting year amounted to: | | |
| Regular payments | 2,370 | 2,236 |
| Performance-related remunerations | | 1,815 |
| Total | 2,370 | 4,051 |
| of which charged to operational subsidiaries | 2,252 | 3,848 |
| | | |
| Former members of the Supervisory Board did not receive any remuneration | | |
| | | |
| Former members of the Management Board and their surviving dependants were paid | 2,624 | 2,665 |
| | | |
| Because of pension commitments to these persons, the following provision was set up on 31 Dec. | 20,513 | 21,054 |

The remuneration to members of the Supervisory Board amounted to:

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| For the current financial year (provision) | 391 | 410 |
| Meeting attendance fee | 44 | 41 |
| Total | 435 | 451 |

Former members of the Supervisory Board did not receive any remuneration.

The information according to Section 239 paragraph 1 of the Austrian Business Code in connection with Section 80b of the Insurance Supervision Act, which must be included in the appendix as mandatory information for financial statements according to IFRS to release the company from the requirement to prepare financial statements in accordance with the Austrian Business Code, is 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 a legally binding basis exists 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 in the form of bonus agreements if they meet certain defined prerequisites for entitlement. This bonus will be provided as a one-time payment based on the earnings situation. The basis for determining the size of the bonus is the return on equity based on the IFRS consolidated financial statements 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 a 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 register 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 | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Receivables and liabilities with affiliated and associated companies, as well as related persons** | | |
| **Mortgage loans and other loans** | **0** | **14,264** |
| Affiliated companies | 0 | 14,264 |
| | | |
| **Receivables** | **13,027** | **5,098** |
| Other receivables | 13,027 | 5,098 |
| Affiliated companies | 11,420 | 5,085 |
| Associated companies | 1,608 | 13 |
| | | |
| **Liabilities** | **7,595** | **2,226** |
| Other liabilities | 7,595 | 2,226 |
| Affiliated companies | 7,595 | 2,226 |
| Associated companies | 0 | 0 |

| Income and expenses of affiliated companies as well as related persons | 2008 € 000 | 2007 € 000 |
|---|---|---|
| **Income** | **23,401** | **92** |
| Investment income | 23,348 | 19 |
| Affiliated companies | 0 | 19 |
| Associated companies | 23,348 | 0 |
| Other income | 53 | 73 |
| Affiliated companies | 53 | 73 |
| | | |
| **Expenses** | **53** | **69** |
| Other expenses | 53 | 69 |
| Affiliated companies | 53 | 69 |

In December 2008, UNIQA Beteiligungs-Holding GmbH sold roughly 3.1 million shares in Leipnik-Lundenburger Invest Beteiligungs AG to Raiffeisen-Invest-Gesellschaft m.b.H., which is an associated company of Raiffeisen Zentralbank AG. As UNIQA Versicherungen AG is included in the Group consolidated financial statements of Raiffeisen Zentralbank as an associated company, this concerns a business with associated companies in accordance with IAS 24. UNIQA Beteiligungs-Holding GmbH realised capital gains of €23,348,000 from this transaction. Also in December 2008, Raiffeisen Versicherung AG and UNIQA Personenversicherung AG acquired roughly 5.0 million and 3.1 million shares respectively in Leipnik-Lundenburger Invest Beteiligungs AG from Raiffeisen-Invest-Gesellschaft m.b.H. There are no outstanding balances from these transactions as at 31 December 2008.

| Other financial commitments and contingent liabilities | 31 Dec. 2008 € 000 | 31 Dec. 2007 € 000 |
|---|---|---|
| **Contingent liabilities from risks of litigation** | **5,175** | **7,981** |
| Foreign | 5,175 | 7,981 |
| **Other contingent liabilities (affiliated, not consolidated)** | **0** | **0** |
| Foreign | 0 | 0 |
| **Other contingent liabilities** | **1,389** | **1,425** |
| Foreign | 1,389 | 1,425 |
| **Total** | **6,565** | **9,405** |

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.

| | 2008 € 000 | 2007 € 000 |
|---|---|---|
| Current leasing expenses | 251 | 28 |
| | | |
| Future leasing payments due to the financing of the new UNIQA headquarters in Vienna | | |
| up to 1 year | 6,509 | 6,048 |
| more than 1 year up to 5 years | 25,226 | 24,279 |
| more than 5 years | 62,934 | 60,483 |
| **Total** | **94,668** | **90,810** |
| Income from subleasing | 479 | 489 |

UNIQA 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 2008

| Company | Type | Location | Equity € million[1] | Share in equity %[2] |
|---|---|---|---|---|
| **Domestic insurance companies** | | | | |
| UNIQA Versicherungen AG (Group Holding Company) | | 1029 Vienna | | |
| UNIQA Sachversicherung AG | Full | 1029 Vienna | 124.4 | 100.0 |
| UNIQA Personenversicherung AG | Full | 1029 Vienna | 374.0 | 63.4 |
| Salzburger Landes-Versicherung AG | Full | 5020 Salzburg | 21.4 | 100.0 |
| Raiffeisen Versicherung AG | Full | 1029 Vienna | 1.400.1 | 100.0 |
| CALL DIRECT Versicherung AG | Full | 1029 Vienna | 11.4 | 100.0 |
| FINANCE LIFE Lebensversicherung AG | Full | 1029 Vienna | 21.1 | 100.0 |
| SK Versicherung Aktiengesellschaft | Equity | 1020 Vienna | 6.9 | 25.0 |
| | | | | |
| **Foreign insurance companies** | | | | |
| UNIQA Assurances S.A. | Full | Switzerland, Geneva | 10.3 | 100.0 |
| UNIQA Re AG | Full | Switzerland, Zurich | 88.1 | 100.0 |
| UNIQA Assicurazioni S.p.A. | Full | Italy, Milan | 127.6 | 100.0 |
| UNIQA poistovňa a.s. | Full | Slovakia, Bratislava | 24.5 | 99.9 |
| UNIQA pojišťovna, a.s. | Full | Czech Republic, Prague | 32.8 | 100.0 |
| UNIQA osiguranje d.d. | Full | Croatia, Zagreb | 7.8 | 80.0 |
| UNIQA Protezione SpA | Full | Italy, Udine | 20.2 | 89.6 |
| UNIQA Towarzystwo Ubezpieczen S.A. | Full | Poland, Lodz | 71.4 | 68.5 |
| UNIQA Towarzystwo Ubezpieczen na Zycie S.A. | Full | Poland, Lodz | 11.6 | 80.1 |
| UNIQA Biztosító Zrt. | Full | Hungary, Budapest | 45.5 | 85.0 |
| UNIQA Lebensversicherung AG | Full | Liechtenstein, Vaduz | 5.1 | 100.0 |
| UNIQA Versicherung AG | Full | Liechtenstein, Vaduz | 4.0 | 100.0 |
| Mannheimer AG Holding | Full | Germany, Mannheim | 68.0 | 91.4 |
| Mannheimer Versicherung AG | Full | Germany, Mannheim | 49.1 | 100.0 |
| mamax Lebensversicherung AG | Full | Germany, Mannheim | 8.6 | 100.0 |
| Mannheimer Krankenversicherung AG | Full | Germany, Mannheim | 9.6 | 100.0 |
| UNIQA Previdenza S.p.A. | Full | Italy, Milan | 42.2 | 80.0 |
| UNIQA Osiguranje d.d. | Full | Bosnia and Herzegovina, Sarajevo | 5.9 | 99.8 |
| ASTRA S.A. | Equity | Romania, Bucharest | 29.4 | 27.0 |
| UNIQA Insurance plc | Full | Bulgaria, Sofia | 9.1 | 62.5 |
| UNIQA Life Insurance plc | Full | Bulgaria, Sofia | 5.4 | 99.7 |
| UNIQA životno osiguranje a.d. | Full | Serbia, Belgrade | 7.5 | 89.6 |
| Credo-Classic | Full | Ukraine, Kiev | 8.3 | 61.0 |
| UNIQA LIFE | Full | Ukraine, Kiev | 2.0 | 100.0 |
| UNIQA životno osiguranje a.d. | Full | Montenegro, Podgorica | 0.8 | 100.0 |
| UNIQA neživotno osiguranje a.d. | Full | Serbia, Belgrade | 10.0 | 100.0 |
| UNIQA neživotno osiguranje a.d. | Full | Montenegro, Podgorica | 2.3 | 100.0 |
| UNIQA Asigurari de Viata SA | Full | Romania, Bucharest | 4.9 | 100.0 |
| UNITA Vienna Insurance Group S.A. | Full | Romania, Bucharest | 35.7 | 100.0 |
| AGRAS Vienna Insurance Group S.A. | Full | Romania, Bucharest | 5.0 | 92.3 |
| UNIQA Health Insurance AD | Full | Bulgaria, Sofia | 0.4 | 75.0 |
| SIGAL Holding sH.A. | Equity | Albania, Tirana | 18.4 | 45.6 |

| Company | Type | Location | Equity € million[1] | Share in equity %[2] |
|---|---|---|---|---|
| **Group domestic service companies** | | | | |
| UNIQA Immobilien-Service GmbH | Full | 1029 Vienna | 0.3 | 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 | 1.1 | 100.0 |
| Raiffeisen Versicherungsmakler GmbH | Equity | 6900 Bregenz | 0.1 | 50.0 |
| Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H. | [4] | 1010 Vienna | | 33.3 |
| RSG – Risiko Service und Sachverständigen GmbH | [3] | 1029 Vienna | | 100.0 |
| Dr. E. Hackhofer EDV-Softwareberatung Gesellschaft m.b.H. | Full | 1070 Vienna | 0.9 | 51.0 |
| UNIQA Software-Service GmbH | Full | 1029 Vienna | 0.6 | 100.0 |
| SYNTEGRA Softwarevertrieb und Beratung GmbH | Full | 3820 Raabs | 0.3 | 100.0 |
| UNIQA Finanz-Service GmbH | Full | 1020 Vienna | 0.3 | 100.0 |
| UNIQA Alternative Investments GmbH | Full | 1020 Vienna | 1.7 | 100.0 |
| UNIQA International Versicherungs-Holding GmbH | Full | 1029 Vienna | 116.5 | 100.0 |
| UNIQA International Beteiligungs-Verwaltungs GmbH | Full | 1029 Vienna | 660.1 | 100.0 |
| Alopex Organisation von Geschäftskontakten GmbH | [3] | 1020 Vienna | | 100.0 |
| RC RISK-CONCEPT Versicherungsmakler GmbH | [3] | 1029 Vienna | | 100.0 |
| Allfinanz Versicherungs- und Finanzservice GmbH | Full | 1010 Vienna | 0.2 | 100.0 |
| Direct Versicherungsvertriebs-GesmbH | [3] | 1020 Vienna | | 100.0 |
| Assistance Beteiligungs-GmbH | Full | 1010 Vienna | 0.2 | 64.0 |
| Real Versicherungs-Makler GmbH | [3] | 1220 Vienna | | 100.0 |
| Together Internet Services GmbH | [4] | 1030 Vienna | | 24.0 |
| FL-Vertriebs- und Service GmbH | [3] | 5020 Salzburg | | 100.0 |
| UNIQA HealthService – Services im Gesundheitswesen GmbH | [3] | 1029 Vienna | | 100.0 |
| UNIQA Real Estate Beteiligungsverwaltung GmbH | Full | 1029 Vienna | 15.2 | 100.0 |
| Privatklinik Grinzing GmbH | [3] | 1190 Vienna | | 100.0 |
| Wohnen mit Service Pflegedienstleistungs GmbH | [3] | 1029 Vienna | | 100.0 |
| Versicherungsagentur Wilhelm Steiner GmbH | [3] | 1029 Vienna | | 51.0 |
| CEE Hotel Development AG | [4] | 1010 Vienna | | 50.0 |
| CEE Hotel Management und Beteiligungs GmbH | [4] | 1010 Vienna | | 50.0 |
| RHU Beteiligungsverwaltung GmbH & Co OG | [4] | 1010 Vienna | | 50.0 |
| UNIQA Real Estate Finanzierungs GmbH | Full | 1029 Vienna | 4.1 | 100.0 |
| UNIQA Group Audit GmbH, Wien | Full | 1029 Vienna | 0.0 | 100.0 |
| Vorsorge Holding AG | Equity | 1020 Vienna | 32.3 | 40.1 |
| Leipnik-Lundenburger Invest Beteiligungs AG | Equity | 1010 Vienna | 158.7 | 24.9 |
| | | | | |
| **Group foreign service companies** | | | | |
| Syntegra Szolgaltato es Tanacsado KFT | Full | Hungary, Budapest | 0.3 | 60.0 |
| Insdata spol s.r.o. | [3] | Slovakia, Nitra | | 100.0 |
| Racio s.r.o. | [3] | Czech Republic, Prague | | 100.0 |
| UNIQA partner, s.r.o | Full | Slovakia, Bratislava | 0.0 | 100.0 |
| UNIQA Pro | [3] | Czech Republic, Prague | | 100.0 |
| UNIQA InsService s.r.o. | Full | Slovakia, Bratislava | 0.3 | 100.0 |
| UNIQA Penztarszolgaltato Kft | Full | Hungary, Budapest | 9.9 | 100.0 |
| Dekra Expert Muszaki Szakertöi Kft | Full | Hungary, Budapest | 0.9 | 74.9 |
| UNIQA Szolgaltato Kft | Full | Hungary, Budapest | 6.0 | 100.0 |
| Profit-Pro Kft. | [3] | Hungary, Budapest | | 100.0 |
| RC Risk Concept Vaduz | [3] | Liechtenstein, Vaduz | | 100.0 |
| Elsö Közszolgalati Penzügyi Tanacsado Kft | [3] | Hungary, Budapest | | 92.4 |
| Millennium Oktatási és Tréning Kft | Full | Hungary, Budapest | 0.0 | 100.0 |
| verscon GmbH Versicherungs- und Finanzmakler | [3] | Germany, Mannheim | | 100.0 |
| IMD Gesellschaft für Informatik und Datenverarbeitung GmbH | [3] | Germany, Mannheim | | 100.0 |
| Mannheimer Service und Vermögensverwaltungs GmbH | [3] | Germany, Mannheim | | 100.0 |
| Carl C. Peiner GmbH | [3] | Germany, Hamburg | | 100.0 |
| Wehring & Wolfes GmbH | [3] | Germany, Hamburg | | 100.0 |
| Hans L. Grauerholz GmbH | [3] | Germany, Hamburg | | 100.0 |
| GSM Gesellschaft für Service Management mbH | [3] | Germany, Hamburg | | 100.0 |
| Skola Hotelnictivi A Gastronom | [3] | Czech Republic, Prague | | 100.0 |

[1] 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.
[2] The share in equity equals the share in voting rights before minorities, if any.
[3] Unconsolidated company.
[4] Accosiated not at equity valued company.

| Company | Type | Location | Equity € million[1] | Share in equity %[2] |
|---|---|---|---|---|
| **Group foreign service companies** | | | | |
| ITM Praha s.r.o. | [4] | Czech Republic, Prague | | 29.1 |
| ML Sicherheitszentrale GmbH | [4] | Germany, Mannheim | | 30.0 |
| Mannheimer ALLFINANZ Versicherungsvermittlung AG | [3] | Germany, Mannheim | | 100.0 |
| UFL UNIQA Finance Life Service GmbH | [3] | Germany, Mannheim | | 100.0 |
| Claris Previdenza | [3] | Italy, Milan | | 100.0 |
| UNIQA Software Service d.o.o. | [3] | Croatia, Zagreb | | 100.0 |
| Vitosha Auto OOD | Full | Bulgaria, Sofia | 0.1 | 100.0 |
| Syntegra S.R.L. | [3] | Romania, Cluj-Napoca | | 100.0 |
| Agenta-Consulting Kft. | [3] | Hungary, Budapest | | 100.0 |
| UNIQA Software Service-Polska Sp.z o.o | [3] | Poland, Lodz | | 100.0 |
| AGENTA consulting s.r.o. | [3] | Czech Republic, Prague | | 100.0 |
| AGENTA Consulting Sp z oo w organizacji | [3] | Poland, Lodz | | 100.0 |
| UNIQA Software Service Bulgaria OOD | [3] | Bulgaria, Plovdiv | | 99.0 |
| UNIQA Software Service Ukraine GmbH | [3] | Ukraine, Kiev | | 99.0 |
| | | | | |
| **Financial and strategic domestic shareholdings** | | | | |
| Medial Beteiligungs-Gesellschaft m.b.H. | Equity | 1010 Vienna | 23.1 | 29.6 |
| Medicur-Holding Gesellschaft m.b.H.*) | Equity | 1020 Vienna | 6.3 | 25.0 |
| ÖVK Holding GmbH | Equity | 1030 Vienna | 4.8 | 25.0 |
| PKB Privatkliniken Beteiligungs-GmbH*) | Equity | 1010 Vienna | 27.2 | 50.0 |
| STRABAG SE*) | Equity | 9500 Villach | 2922.7 | 13.7 |
| Humanomed Krankenhaus Management Gesellschaft m.b.H. | Equity | 1040 Vienna | 0.4 | 44.0 |
| Privatklinik Villach Gesellschaft m.b.H. & Co. KG | [4] | 9020 Klagenfurt | | 34.9 |
| call us Assistance International GmbH | Equity | 1090 Vienna | 0.5 | 61.0 |
| EBV Leasing Gesellschaft m.b.H. | Equity | 1061 Vienna | 0.2 | 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 | 274.5 | 100.0 |
| UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H. | Full | 1029 Vienna | 11.3 | 100.0 |
| Austria Hotels Betriebs-GmbH[5] | Full | 1010 Vienna | 8.2 | 100.0 |
| Wiener Kongresszentrum Hofburg Betriebsgesellschaft m.b.H. | [4] | 1010 Vienna | | 24.5 |
| JALPAK International (Austria) Ges.m.b.H. | [4] | 1010 Vienna | | 25.0 |
| Allrisk-SCS-Versicherungsdienst Gesellschaft m.b.H. | Equity | 2334 Vösendorf-Süd | 0.1 | 37.5 |
| | | | | |
| **Real-estate companies** | | | | |
| UNIQA Real Estate CZ, s.r.o. (formerly Fundus Praha s.r.o.) | Full | Czech Republic, Prague | 12.3 | 100.0 |
| UNIQA Real s.r.o. | Full | Slovakia, Bratislava | 1.2 | 100.0 |
| UNIQA Real II s.r.o. | Full | Slovakia, Bratislava | 1.1 | 100.0 |
| Steigengraben-Gut Gesellschaft m.b.H. | [3] | 1020 Vienna | | 100.0 |
| Raiffeisen evolution project development GmbH | Equity | 1030 Vienna | 190.9 | 20.0 |
| DIANA-BAD Errichtungs- und Betriebs GmbH | Equity | 1020 Vienna | 1.0 | 33.0 |
| UNIQA Real Estate AG | Full | 1029 Vienna | 144.1 | 100.0 |
| UNIQA Real Estate Zweite Beteiligungverwaltg. GmbH | Full | 1020 Vienna | 25.4 | 100.0 |
| UNIQA Praterstraße Projekterrichtungs GmbH | Full | 1029 Vienna | 53.1 | 100.0 |
| Aspernbrückengasse Errichtungs- und Betriebs GmbH | Full | 1029 Vienna | 8.6 | 99.0 |
| UNIQA Real Estate Holding GmbH | Full | 1029 Vienna | 70.5 | 100.0 |
| UNIQA Real Estate Dritte Beteiligungsverwaltung GmbH | Full | 1029 Vienna | 10.9 | 100.0 |
| UNIQA Real Estate Vierte Beteiligungsverwaltung GmbH | Full | 1029 Vienna | 4.8 | 100.0 |
| "Hotel am Bahnhof" Errichtungs GmbH & Co KG | Full | 1020 Vienna | 9.8 | 100.0 |
| GLM Errichtungs GmbH | Full | 1010 Vienna | –1.5 | 100.0 |
| UNIQA Plaza Irohadaz es Ingatlankezelö Kft | Full | Hungary, Budapest | 5.1 | 100.0 |
| MV Augustaanlage GmbH & Co. KG | Full | Germany, Mannheim | 16.0 | 100.0 |
| MV Augustaanlage Verwaltungs-GmbH | Full | Germany, Mannheim | 0.0 | 100.0 |
| AUSTRIA Hotels Liegenschaftsbesitz AG[5] | Full | 1010 Vienna | 33.9 | 99.5 |
| Passauerhof Betriebs-Ges.m.b.H.[5] | Full | 1010 Vienna | 1.3 | 100.0 |
| Austria Österreichische Hotelbetriebs s.r.o.[5] | Full | Czech Republic, Prague | 20.5 | 100.0 |
| Grupo Borona Advisors, S.L. Ad | [3] | Spain, Madrid | | 74.6 |

| **Company** | Type | Location | Equity € million[1] | Share in equity %[2] |
|---|---|---|---|---|
| **Real-estate companies** | | | | |
| MV Grundstücks GmbH & Co. Erste KG | Full | Germany, Mannheim | 4.1 | 100.0 |
| MV Grundstücks GmbH & Co. Zweite KG | Full | Germany, Mannheim | 6.1 | 100.0 |
| MV Grundstücks GmbH & Co. Dritte KG | Full | Germany, Mannheim | 5.2 | 100.0 |
| HKM Immobilien GmbH | [3] | Germany, Mannheim | | 100.0 |
| CROSS POINT, a.s. | Full | Slovakia, Bratislava | 5.2 | 100.0 |
| Floreasca Tower SRL | Full | Romania, Bucharest | 0.5 | 100.0 |
| Pretium Ingatlan Kft. | Full | Hungary, Budapest | 6.3 | 100.0 |
| UNIQA poslovni centar Korzo d.o.o. | Full | Croatia, Rijeka | 0.4 | 100.0 |
| UNIQA-Invest Kft | Full | Hungary, Budapest | 13.9 | 100.0 |
| Knesebeckstraße 8–9 Grundstücksgesellschaft mbH | Full | Germany, Berlin | 0.4 | 100.0 |
| UNIQA Real Estate Bulgaria EOOD | Full | Bulgaria, Sofia | 3.1 | 100.0 |
| UNIQA Real Estate BH nekretnine, d.o.o | Full | Bosnia and Herzegovina, Sarajevo | 3.5 | 100.0 |
| UNIQA Real Estate d.o.o | Full | Serbia, Belgrade | 2.7 | 100.0 |
| Renaissance Plaza d.o.o. | Full | Serbia, Belgrade | 0.7 | 100.0 |
| IPM International Property Management Kft | Full | Hungary, Budapest | 1.8 | 100.0 |
| UNIQA Real Estate Polska Sp. z o.o. | Full | Poland, Warsaw | 3.5 | 100.0 |
| Black Sea Investment Capital | Full | Ukraine, Kiev | 1.1 | 100.0 |
| LEGIWATON INVESTMENTS LIMITED | Full | Cyprus, Limassol | 13.0 | 100.0 |
| UNIQA Real III, spol. s.r.o. | Full | Slovakia, Bratislava | 5.4 | 100.0 |
| UNIQA Real Estate d.o.o | Full | Slovenia, Ljubljana | 0.0 | 100.0 |
| UNIQA Real Estate BV | Full | Netherlands, Hoofddorp | 15.1 | 100.0 |
| UNIQA Real Estate Bulgaria Alpha EOOD | Full | Bulgaria, Sofia | 0.0 | 100.0 |
| UNIQA Real Estate P. Volfova | Full | Slovenia, Ljubljana | 0.0 | 100.0 |
| UNIQA Real Estate Ukraine | Full | Ukraine, Kiev | 0.0 | 100.0 |
| Reytarske | Full | Ukraine, Kiev | –4.3 | 100.0 |
| Austria Hotels Betriebs CZ | Full | Czech Republic, Prague | 3.9 | 100.0 |
| UNIQA Real Estate Alpha d.o.o. | Full | Serbia, Belgrade | 0.0 | 100.0 |
| UNIQA Real Estate Beta d.o.o. | Full | Serbien, Belgrad | 0.0 | 100.0 |
| UNIQA Real Estate Albania Shpk. | Full | Albania, Tirana | 0.0 | 100.0 |
| ALBARAMA LIMITED | Full | Cyprus, Nikosia | –0.2 | 100.0 |
| AVE-PLAZA LLC | Full | Ukraine, Kharkiv | 11.9 | 50.0 |
| Asena CJSC | Full | Ukraine, Nikolaew | 2.1 | 100.0 |
| UNIQA Real Estate Poland Sp.z.o.o. | Full | Poland, Warsaw | 0.0 | 100.0 |

1) 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.
2) The share in equity equals the share in voting rights before minorities, if any.
3) Unconsolidated company.
4) Accosiated not at equity valued company.
5) 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, 15 April 2009

| | | | | |
|---|---|---|---|---|
| **Konstantin Klien** | **Hannes Bogner** | **Andreas Brandstetter** | **Karl Unger** | **Gottfried Wanitschek** |
| Chairman of the Management Board | Member of the Management Board | Member of the Management Board | Member of the Management Board | Member of the Management Board |

# 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 2008**. These Group consolidated financial statements include the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the Group cash flow statement and the statement of changes in Group equity for the financial year ending 31 December 2008, 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 2008, as well as the Group's profit situation and cash flow for the financial year from 1 January to 31 December 2008, 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.

In our opinion, the Group management report agrees with the consolidated financial statements.

Vienna, 16 April 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Georg Weinberger
Chartered Accountant

p.p. 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 2008, 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 six meetings in 2008. In the meeting on 11 March, the Supervisory Board mainly discussed the companies' 2007 results. The meeting of the Supervisory Board on 24 April focussed on a discussion of the annual financial statements and the Group's consolidated financial statements as at 31 December 2007, as well as the report of the Management Board about the development of the Group in the 1st quarter of 2008. Changes were made to the Supervisory Board at the Annual General Meeting, calling for a reorganisation of the Supervisory Board which took place on 19 May. In addition, the acquisition of treasury shares as part of the 4th buyback programme was approved and the takeover of UNITA in Romania was agreed. At the meeting on 16 September, the Supervisory Board dealt essentially with the development of the company in the 1st half of 2008 and approved the founding of a life insurance company in Russia. At the Supervisory Board meeting on 29 October, it was decided to increase the share capital by issuing 11,895,192 new shares from the approved capital. Aside from reporting on the results of the Group in the first three quarters of 2008 the Supervisory Board discussed the business plan for 2009 at its meeting on 25 November.

## 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 Audit Committee. The Working Committee mainly talked about the development of the Group's earnings and the company's long-term strategy, and made various decisions. They had five meetings in 2008, and made eight decisions by circulating them in writing. The Committee for Board Affairs met once to deal with the legal employment formalities of the members of the Management Board. The Investment Committee had four 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 profit, 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 2008, 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 2008 financial statements were thereby adopted in accordance with Section 125 of the Stock Corporation Act.

The proposed appropriation of profit submitted by the Management Board to the Supervisory Board was examined and approved by the Supervisory Board. On this basis, a dividend distribution of 40 cents per share will be proposed at the Annual General Meeting on 25 May 2009.

The Supervisory Board thanks the Management Board and all staff members for their commitment and the work they have done.

Vienna, April 2009

On behalf of the Supervisory Board

Christian Konrad

# Statement by the Legal Representatives

Pursuant to Section 82 paragraph 4 of the Austrian Stock Exchange Act the Management Board of UNIQA Versicherungen AG confirms,

that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces;

that, to the best of our knowledge. the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 15 April 2009

**Konstantin Klien**
Chairman of the
Management Board

**Hannes Bogner**
Member of the
Management Board

**Andreas Brandstetter**
Member of the
Management Board

**Karl Unger**
Member of the
Management Board

**Gottfried Wanitschek**
Member of the
Management Board

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