



Spot on.

Annual Financial Report 2017 according to section 124(1)
of the Austrian Stock Exchange Act
UNIQA Insurance Group AG

Contents

Consolidated Corporate Governance Report	4
Report of the Supervisory Board	16
Group Management Report	20
Consolidated Financial Statements	40
Segment Reporting	49
Notes to the Consolidated Financial Statements	60
Risk Report	112
Audit Opinion	131

Consolidated Corporate Governance Report

UNIQA has been committed to compliance with the Austrian Code of Corporate Governance since 2004 and publishes the declaration of conformity both in the Group report and on www.uniqagroup.com in the Investor Relations section. The Austrian Code of Corporate Governance is also publicly available at www.uniqagroup.com and www.corporate-governance.at.

The Corporate Governance Report and the Consolidated Corporate Governance Report of the UNIQA Insurance Group AG are summarised in this report in accordance with Section 267b in conjunction with Section 251(3) of the Austrian Commercial Code.

Implementation and compliance with the individual rules in the Austrian Code of Corporate Governance, with the exception of Rules 77 to 83, are evaluated annually by PwC Wirtschaftsprüfung GmbH. Rules 77 to 83 of the Austrian Code of Corporate Governance are evaluated by the law firm Schönherr Rechtsanwälte GmbH. The evaluation is largely based on the questionnaire concerning the evaluation of compliance with the Code, which is published by the Austrian Working Group for Corporate Governance. The reports on the external evaluation in accordance with Rule 62 of the Austrian Code of Corporate Governance can also be found at www.uniqagroup.com.

UNIQA also declares its continued willingness to comply with the Austrian Code of Corporate Governance as currently amended. However, UNIQA deviates from the provisions of the Code as amended with regard to the following C rules (comply or explain rules) and the explanations are set out below.

Rule 49 of the Austrian Code of Corporate Governance

Due to the growth of UNIQA's shareholder structure and the special nature of the insurance business with regard to the investment of assets, there are a number of contracts with individual members of the Supervisory Boards of related companies, in which these Supervisory Board members discharge duties as members of governing bodies. If such contracts require approval by the Supervisory Board in accordance with Section 95(5)(12) of the Austrian Stock Corporation Act (Rule 48 of the Austrian Code of Corporate Governance), the details of these contracts cannot be made public for reasons of company policy and competition law. All transactions are in any case entered into and processed on an arm's length basis.

Members of the Management Board

Name	Responsible for	Supervisory Board appointments or comparable functions in other domestic and foreign companies not included in the consolidated financial statements
Andreas Brandstetter , Chief Executive and Investment Officer (CEO/CIO) * 1969, appointed 1 January 2002 until 30 June 2020	Innovation, Investor Relations, Digital Services/ Digital Data Management, Group Communication, Group Marketing, Group Human Resources, Group Internal Audit, Group Asset Management, Group General Secretary	
Erik Leyers , Chief Operating Officer (COO) * 1969, appointed 1 June 2016 until 30 June 2020	Strategic Business Organisation, Group IT, OPEX (Operational Excellence), Group Service Center Slovakia	Member of the Supervisory Board of Raiffeisen Informatik GmbH, Vienna
Kurt Svoboda , Chief Financial and Risk Officer (CFO/CRO) * 1967, appointed 1 July 2011 until 30 June 2020	Group Finance – Accounting, Group Finance – Controlling, Group Actuarial and Risk Manage- ment, Group Reinsurance, Regulatory & Public Affairs, Legal & Compliance, Group Internal Audit	

The work of the Management Board

The work of the members of the Management Board of UNIQA Insurance Group AG is regulated by the rules of procedure. The division of the business responsibility as decided by the entire Management Board is approved by the Supervisory Board. The rules of procedure govern the obligations of the members of the Management Board to provide the Supervisory Board and each other with information and approve each other's activities. The rules of procedure also specify a list of activities that require consent from the Supervisory Board. The Management Board generally holds meetings every two weeks in which the members of the Management Board report on the current course of business, determine what steps should be taken and make strategic corporate decisions. The meetings of the Management Boards for UNIQA Österreich Versicherungen AG and UNIQA International AG are usually scheduled in between the meetings of UNIQA Insurance Group AG. In addition, there is a continuous exchange of information between the members of the Management Board regarding relevant activities and events.

The Management Board of UNIQA Insurance Group AG meets, whenever possible, every 14 days as a Group Executive Board together with the respective chairmen of the Management Boards of UNIQA Österreich Versicherungen AG and UNIQA International AG, along with the member of the Management Board of UNIQA Österreich Versicherungen AG responsible for Raiffeisen Austria bank sales, and with the member of the Management Board of UNIQA Österreich Versicherungen AG and UNIQA International AG responsible for digitalisation, each of whom has an advisory vote.

The Management Board informs the Supervisory Board at regular intervals, in a timely and comprehensive manner, about all relevant questions of business development, including the risk situation and the risk management of the Group. In addition, the Chairman of the Supervisory Board is in regular contact with the CEO to discuss the Company's strategy, business performance and risk management.

Management and monitoring functions in significant subsidiaries	Number of UNIQA shares held
<ul style="list-style-type: none"> ▪ Chairman of the Supervisory Board of SIGAL UNIQA Group AUSTRIA sh.a., Tirana ▪ Chairman of the Supervisory Board of SIGAL LIFE UNIQA Group AUSTRIA sh.a., Tirana ▪ President of the Board of Directors of UNIQA Re AG, Zurich 	as at 31 December 2017: 25,219 shares
<ul style="list-style-type: none"> ▪ Member of the Management Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Management Board of UNIQA International AG, Vienna ▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz ▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest ▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague ▪ Chairman of the Supervisory Board of UNIQA Group Service Center Slovakia, spol. s r.o., Nitra ▪ Chairman of the Supervisory Board of sTech d.o.o., Belgrade (since 2 March 2017) 	as at 31 December 2017: 4,590 shares
<ul style="list-style-type: none"> ▪ Chairman of the Management Board of UNIQA Österreich Versicherungen AG, Vienna (since 18 December 2017) ▪ Member of the Management Board of UNIQA Österreich Versicherungen AG, Vienna (until 18 December 2017) ▪ Member of the Management Board of UNIQA International AG, Vienna ▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna ▪ Member of the Supervisory Board of PremiQaMed Holding GmbH, Vienna (until 10 February 2018) ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń na Życie S.A., Lodz ▪ Member of the Supervisory Board of UNIQA poisťovňa a.s., Bratislava ▪ Member of the Supervisory Board of UNIQA Insurance Company, Private Joint Stock Company, Kiev ▪ Member of the Supervisory Board of UNIQA Life Insurance Company, Private Joint Stock Company, Kiev ▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest ▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague ▪ Chairman of the Board of Directors of UNIQA Versicherung AG, Vaduz ▪ Vice President of the Board of Directors of UNIQA Re AG, Zurich 	as at 31 December 2017: 14,597 shares

Members of the Supervisory Board

Name	Supervisory Board appointments in domestic and foreign listed companies	Monitoring duties in significant subsidiaries	Number of UNIQA shares held
Walter Rothensteiner, Chairman * 1953, appointed 3 July 1995 until the 20 th AGM (2019)	<ul style="list-style-type: none"> ▪ Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna (until 22 June 2017) 		
Christian Kuhn, 1st Vice Chairman * 1954, appointed 15 May 2006 until the 20 th AGM (2019)	<ul style="list-style-type: none"> ▪ Chairman of the Supervisory Board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna ▪ Vice Chairman of the Supervisory Board of STRABAG SE, Villach ▪ 1st Vice Chairman of the Supervisory Board of Flughafen Wien Aktiengesellschaft, Vienna Airport (until 31 May 2017) ▪ 1st Vice Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna (until 22 June 2017) ▪ Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna (since 29 June 2017) ▪ 2nd Vice Chairman of the Supervisory Board of Südzucker AG, Mannheim 		
Eduard Lechner, 3rd Vice Chairman * 1956, appointed 25 May 2009 until the 20 th AGM (2019)			
Markus Andréewitch, Member * 1955, appointed 26 May 2014 until the 20 th AGM (2019)			
Klemens Breuer (since 29 May 2017), Member * 1967, appointed 29 May 2017 until the 20 th AGM (2019)			
Ernst Burger (until 29 May 2017), Member * 1948, appointed 25 May 2009 to 29 May 2017	<ul style="list-style-type: none"> ▪ Vice Chairman of the Supervisory Board of Josef Manner & Comp. Aktiengesellschaft, Vienna (until 30 May 2017) ▪ Chairman of the Supervisory Board of Josef Manner & Comp. Aktiengesellschaft, Vienna (since 30 May 2017) 		
Burkhard Gantenbein (since 29 May 2017), Member * 1963, appointed 29 May 2017 until the 20 th AGM (2019)		<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna (since 17 May 2017) ▪ Member of the Supervisory Board of UNIQA International AG, Vienna (since 17 May 2017) 	as at 31 December 2017: 10,250 shares
Jutta Kath, Member * 1960, appointed 30 May 2016 until the 20 th AGM (2019)		<ul style="list-style-type: none"> ▪ Member of the Board of Directors of UNIQA Re AG, Zurich 	
Rudolf Könighofer, Member * 1962, appointed 30 May 2016 until the 20 th AGM (2019)	<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna (since 22 June 2017) 		
Johannes Schuster (until 29 May 2017), Member * 1970, appointed 29 May 2012 to 29 May 2017	<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of Raiffeisen International AG, Vienna (until 18 March 2017) 		
Kory Sorenson, Member * 1968, appointed 26 May 2014 until the 20 th AGM (2019)	<ul style="list-style-type: none"> ▪ Member of the Board of Directors of SCOR SE, Paris ▪ Member of the Board of Directors of Phoenix Group Holdings, Cayman Islands ▪ Member of the Board of Directors of Pernod Ricard, Paris 		as at 31 December 2017: 10,000 shares

Delegated by the Central Works Council

Peter Gattinger * 1976, from 10 April 2013 to 26 May 2015 and since 30 May 2016	
Heinrich Kames * 1962, since 10 April 2013	as at 31 December 2017: 56 shares
Harald Kindermann * 1969, since 26 May 2015	as at 31 December 2017: 750 shares
Franz-Michael Koller * 1956, since 17 September 1999	as at 31 December 2017: 912 shares
Friedrich Lehner * 1952, from 31 May 2000 to 1 September 2008 and since 15 April 2009	as at 31 December 2017: 1,162 shares

Committees of the Supervisory Board

Committee	Chairman	Vice Chairman	Members	Delegated by the Central Works Council
Committee for Board Affairs	Walter Rothensteiner	Christian Kuhn	Erwin Hameseder, Eduard Lechner	
Working Committee	Walter Rothensteiner	Christian Kuhn	Klemens Breuer (since 29 May 2017), Ernst Burger (until 29 May 2017), Burkhard Gantenbein (since 29 May 2017), Erwin Hameseder, Eduard Lechner, Johannes Schuster (until 29 May 2017)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Audit Committee	Walter Rothensteiner	Christian Kuhn	Erwin Hameseder, Jutta Kath, Eduard Lechner, Kory Sorenson	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Investment Committee	Klemens Breuer (since 29 May 2017), Erwin Hameseder (until 29 May 2017)	Christian Kuhn	Jutta Kath, Rudolf Könighofer, Eduard Lechner, Kory Sorenson	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
IT Committee	Markus Andréewitch	Jutta Kath (since 27 June 2017), Johannes Schuster (until 29 May 2017)	Jutta Kath (until 27 June 2017), Rudolf Könighofer	Heinrich Kames, Franz-Michael Koller

The work of the Supervisory Board and its committees

The Supervisory Board advises the Management Board in its strategic planning and projects. It decides on the matters assigned to it by law, the Articles of Association and its rules of procedure. The Supervisory Board is responsible for supervising the management of the Company by the Management Board. It is comprised of ten shareholder representatives, and it convened for seven meetings in 2017. Two decisions were made by way of circular resolution.

A **Committee for Board Affairs** has been appointed to handle the relationship between the Company and the members of its Management Board relating to employment and salary; this committee also acts as the **Nominating and Remuneration Committee**. The Committee for Board Affairs dealt with legal employment formalities concerning the members of the Management Board and with questions relating to remuneration policy and succession planning at its four meetings in 2017. One decision was made by way of circular resolution.

The **Working Committee** of the Supervisory Board is called upon to make decisions only if the urgency of the matter means that the decision cannot wait until the next meeting of the Supervisory Board. It is the Chairman's responsibility to assess the urgency of the matter. The resolutions passed must be reported in the next meeting of the Supervisory Board. Generally, the Working Committee can make decisions on any issue that is the responsibility of the Supervisory Board, but this does not include issues of particular importance or matters that must be decided upon by the full Supervisory Board by law. The Working Committee did not convene for any meetings in 2017.

The **Audit Committee** of the Supervisory Board performs the duties assigned to it by law. The Audit Committee convened for three meetings, which were also attended by the auditor of the (consolidated) financial statements. The meetings dealt with all the documents relating to the financial statements, the Corporate Governance Report and the appropriation of profit proposed by the Management Board. Furthermore, the audit of the 2017 financial statements of the companies of the consolidated group was planned, and the auditor reported on the results of preliminary audits. Discussions were held on the strategic focus of the audit work and the Committee's working methods in view of new legal requirements. In particular, the Audit Committee received quarterly reports from Internal Auditing concerning audit areas

and material findings based on the audits conducted. The tasks of an audit committee are also performed for UNIQA International AG.

The **Investment Committee** advises the Management Board with regard to its investment policy; it has no decision-making authority. The Investment Committee held four meetings at which the members discussed the capital investment strategy, questions concerning capital structure and the focus of risk management and asset liability management.

Over the course of four meetings, **IT Committee** dealt with the ongoing monitoring of the progress of the project implementing UNIQA's Insurance Platform (new IT core system), especially in relation to compliance with the financial framework.

The chairmen of the respective committees informed the entire Supervisory Board about the meetings and their committees' work.

For information concerning the activities of the Supervisory Board and its committees, please also refer to the details in the Report of the Supervisory Board.

Independence of the Supervisory Board

All elected members of the Supervisory Board have declared their independence under Rule 53 of the Austrian Code of Corporate Governance. Kory Sorenson and Jutta Kath satisfy the criteria in Rule 54 of the Austrian Code of Corporate Governance.

A Supervisory Board member is considered independent if he or she is not in any business or personal relationship with the Company or its Management Board that represents a material conflict of interests and is therefore capable of influencing the behaviour of the member concerned.

UNIQA has established the following points as additional criteria for determining the independence of a Supervisory Board member:

- The Supervisory Board member should not have been a member of the Management Board or a senior executive of the Company or a subsidiary of the Company in the past five years.

- The Supervisory Board member should not maintain or have maintained within the last year any business relationship with the Company or a subsidiary of the Company that is material for the Supervisory Board member concerned. This also applies to business relationships with companies in which the Supervisory Board member has a significant economic interest but does not apply to functions performed on decision-making bodies in the Group.
- The Supervisory Board member should not have been an auditor of the Company or a shareholder or salaried employee of the auditing company within the last three years.
- The Supervisory Board member should not be a member of the Management Board of another company in which a Management Board member of the Company is a member of the other company's Supervisory Board unless one of the companies is a member of the other company's group or holds an investment in the other company.
- The Supervisory Board member should not be a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with a business investment or who are representing the interests of such a shareholder.
- The Supervisory Board member should not be a close family relative (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, niece or nephew) of a Management Board member or of persons who are in one of the positions described in the above points.

Measures to promote women on the Management Board, the Supervisory Board and in executive positions

UNIQA is convinced that a high degree of diversity can enhance its success on a sustainable basis. Diversity at management levels has a positive impact on corporate culture. We understand diversity as different nationalities, cultures and a collective of men and women.

In 2016, Jutta Kath became the second woman appointed to the Supervisory Board of UNIQA Insurance Group AG, thereby increasing the percentage of female Supervisory Board members to 20 per cent.

Over the course of 2017, the proportion of women on Management Boards and in senior executive positions throughout the Group remained constant at 25 per cent. The proportion of female managers in top positions in Austria, below the Management Board level, stands at precisely 20 per cent, while the proportion of women in Management Board functions in the international field is over 27 per cent.

UNIQA organises various group-wide leadership development programmes in which female executives too are prepared for future tasks and further career steps. Women make up 28 per cent of the participants in the SHAPE programme for leading managers, and even 42 per cent of the NEXT International programme for management talent of the next hierarchical level. In our executive programme for all Austrian managers NEXT AT, the proportion of female participants is 26 per cent.

Enabling employees to achieve a work-life balance and providing them with easy access to services that make everyday life easier, especially for mothers, are key factors in promoting women. UNIQA has created a comprehensive range of services known as "Freiraum" (Latitude) that addresses these needs.

Together with an external partner (Team Alice Pichler), the Company offers comprehensive childcare services even on "bridge days" (between a public holiday and the weekend). Within the scope of the mental health hotline "Keep Balance", a cooperation with Hilfswerk Austria, anonymous advice and support is offered for all professional and private problems.

UNIQA also supports flexible working hours and offers the option of teleworking. In 2017, 22 per cent of administrative employees in Austria made use of part-time working, while 14 per cent opted for teleworking. A pilot project on mobile working was launched in 2017, which is intended to provide even greater flexibility.

Diversity concept

UNIQA Group does not currently pursue any diversity concept. Work is being done, however, on the development of such.

Remuneration Report

Remuneration of the Management Board and Supervisory Board

The members of the Management Board receive their remuneration exclusively from UNIQA Insurance Group AG, the Group holding company.

In € thousand	2017	2016
The remuneration of the members of the Management Board for the financial year in question amounted to:		
Fixed remuneration ¹⁾	1,570	2,379
Variable remuneration	1,220	2,242
Current remuneration	2,790	4,621
Termination benefit entitlements	0	2,513
Total	2,790	7,134
of which proportionately recharged to operating subsidiaries:	1,387	3,883
Former members of the Management Board and their surviving dependants received:	2,648	2,815

¹⁾The fixed salary components included remuneration in kind equivalent to €40,656 (2016: €68,940).

The breakdown of the total Management Board remuneration among the individual members of the Management Board was as follows:

Name of Management Board member In € thousand	Fixed remuneration	Variable remuneration (STI) ¹⁾	Multi-year share-based remuneration (LTI) ²⁾	Total current remuneration	Termination benefit entitlements	Total for the year
Andreas Brandstetter	672	447	96	1,214	0	1,214
Erik Leyers	390	257	0	648	0	648
Kurt Svoboda	508	348	72	928	0	928
Total 2017	1,570	1,052	167	2,790	0	2,790
Total 2016	2,379	2,242	0	4,621	2,513	7,134

¹⁾The Short-Term Incentive (STI) includes the variable remuneration for the 2016 financial year, paid out in 2017.

²⁾The Long-Term Incentive (LTI) corresponds with a share-based remuneration agreement first introduced in 2013, with the beneficiary entitled to receive a cash settlement following a four-year term. Details can be found in the notes to the consolidated financial statements.

In 2018, it is expected that the members of the Management Board of the UNIQA Insurance Group AG will be paid variable remuneration (STI) in the amount of €1.7 million for the 2017 financial year. As part of the long-term incentive (LTI) 2013–2016, a total of €382,673 was paid out in 2017. Payments in the amount of €693,786 are expected to be made in 2018 to cover the 2014 allocation of a long-term incentive (LTI) with a term to 2017.

In addition to the abovementioned employee benefits, the following pension fund contributions were made for the existing pension commitments to the members of the Management Board during the financial year. The compensation payments arise if a member of the Management Board steps down before the age of 65 because pension entitlements are generally funded in full until the age of 65 to avoid over-financing.

Pension funds contributions In € thousand	Current contributions	Compensations	Total for the year
Andreas Brandstetter	84	0	84
Erik Leyers	170	0	170
Kurt Svoboda	105	0	105
Total 2017	359	0	359
Total 2016	478	2,830	3,308

The remuneration paid to the members of the Supervisory Board for their work in the 2016 financial year amounted to €470,000. Provisions of €481,875 have been set aside for the

remuneration to be paid for work completed in 2017. In 2017, employee representatives were paid total €61,400 to cover attendance fees and out-of-pocket expenses (2016: €77,000).

In € thousand	2017	2016
Current financial year (provision)	482	470
Attendance fees and out-of-pocket expenses	61	77
Total	543	547

The breakdown of the total remuneration (including attendance fees and out-of-pocket expenses to employee

representatives) paid to the individual members of the Supervisory Board was as follows:

Member of the Supervisory Board In € thousand	2017	2016
Walter Rothensteiner	74	75
Christian Kuhn	66	67
Erwin Hameseder	60	67
Eduard Lechner	65	66
Markus Andréewitch	40	40
Klemens Breuer	27	0
Ernst Burger	14	39
Burkhard Gantenbein	24	0
Jutta Kath	50	33
Rudolf Könighofer	44	29
Johannes Schuster	17	45
Kory Sorenson	44	46
Out-of-pocket expenses to employee representatives	21	26
Total	543	547

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

The disclosures in accordance with Section 239(1) of the Austrian Commercial Code in conjunction with Section 80b of the Austrian Insurance Supervision Act must be included in the notes to the consolidated financial statements for the financial statements to be in accordance with IFRSs and to release the Company from the requirement to prepare financial statements in accordance

with the Austrian Commercial Code. The disclosures are defined more broadly for the separate financial statements in accordance with the provisions of the Austrian Commercial Code. The separate financial statements include not only the remuneration for the decision-making functions (Management Board) of UNIQA Insurance Group AG, but also the remuneration paid to the Management Boards of the subsidiaries if such remuneration is based on a contract with UNIQA Insurance Group AG.

Principles of profit sharing for the Management Board

A short-term incentive (STI) is offered in which a one-off payment is made based on the relevant earnings situation if the specified individual objectives for the payment of the incentive have been met. Beginning with the 2017 financial year, the STI shall be paid out in annual partial payments. A long-term incentive (LTI) is also provided in parallel as a share-based payment arrangement with cash settlement, and this provides for one-off payments after a period of four years in each case based on virtual investments in UNIQA shares each year and the performance of UNIQA shares, the P&C Net Combined Ratio, and the return on risk capital over the period. Maximum limits are agreed. This LTI is subject to an obligation on the members of the Management Board to make an annual investment in UNIQA shares with a holding period of four years in each case. The system complies with Rule 27 of the Austrian Code of Corporate Governance.

Following the Solvency II requirements for remuneration policy for board members, payment of the STI shall be made in two stages. Part will be paid out directly after the determination of earnings, and the remainder will be allocated. Upon a positive sustainability audit for the vesting period, this amount will be paid out three years later. The STI is thereby designed to ensure an appropriate balance between fixed and variable remuneration elements.

Principles and requirements for the Company pension scheme provided for the Management Board

UNIQA has agreed retirement pensions, occupational disability benefits and surviving dependants' pensions for the members of the Management Board. The beneficiaries' actual pension entitlements are a contractual arrangement with Valida Pension AG, which is responsible for managing the pensions. The retirement pension generally becomes due for payment when the beneficiary reaches 65 years of age. The pension entitlement is reduced in the event of an earlier retirement, with the pension eligible for payment once the beneficiary reaches the age of 60 at the earliest. In the case of the occupational disability pension and survivor's benefits, basic amounts are provided as a minimum pension.

The pension fund at Valida Pension AG is funded by UNIQA through ongoing contributions from management board members. Compensation payments to Valida Pension AG are mandatory if members of the Management Board resign before reaching 65 years of age (calculated duration of premium payments to avoid over-financing).

Principles for vested rights and entitlements of the Management Board of the Company in the event of termination of their position

Termination payments have been agreed based on the former provisions of the Austrian Salaried Employee Act. These termination payments, which are made if the employment contract of a member of the Management Board is terminated prematurely, comply with the criteria set out in Rule 27a of the Austrian Code of Corporate Governance. The member of the Management Board generally retains his or her pension entitlements if his or her function is terminated, but the entitlements are subject to curtailment rules.

Essential principles of remuneration policy for the companies included in the consolidation (UNIQA Österreich Versicherungen AG, UNIQA International AG and all international insurance subsidiaries)

Bearing in mind the UNIQA business strategy, as well as legal and regulatory requirements, UNIQA's remuneration policy aims to create a direct connection between the Company's economic goals and board member remuneration. Thus, in addition to the base salary, there is a performance-based, variable remuneration component (STI) which is regularly compared with the external market. This is a bonus payment that depends on the attainment of agreed qualitative and quantitative objectives in the relevant financial year. An essential criterion for determining and formulating the objectives is that they support UNIQA's Group strategy and are therefore in harmony with the overall strategic orientation. The structure of the total remuneration – the ratio of the basic salary to the variable salary – depends on the respective position. In principle, the variable portion of the total remuneration increases with the size of the area of responsibility. The sustainability of the business activity and its contribution to sustainable corporate growth is an essential component. This is incentivised in part by delaying the payment of a portion of the STI.

The Solvency II requirements for remuneration policy for board members are met by the above. Furthermore, the Management Boards for UNIQA Österreich Versicherungen AG and UNIQA International AG (insofar as they do not have a claim as an identical board member of UNIQA Insurance Group AG) are included in the long-term incentive programme described above.

Supervisory Board Remuneration

The remuneration paid to the Supervisory Board is approved at the Annual General Meeting as a total amount for the work in the previous financial year. The remuneration applicable to the individual Supervisory Board members is based on their position within the Supervisory Board and the number of committee positions held.

D&O insurance, POSI insurance

UNIQA has taken out directors' & officers' (D&O) insurance and, in connection with the implementation of the re-IPO in 2013, public offering of securities insurance (POSI) for the members of the Management Board, Supervisory Board and senior executives (including Group companies). The costs are borne by UNIQA.

Risk report, directors' dealings

A comprehensive risk report (Rules 69 and 70 of the Austrian Code of Corporate Governance) is included in the notes to the consolidated financial statements. The notifications concerning directors' dealings in the year under review (Rule 73 of the Austrian Code of Corporate Governance) can be found in the Investor Relations section of the Group website at www.uniqagroup.com

External evaluation

Implementation of, and compliance with, the individual rules in the Austrian Code of Corporate Governance were evaluated by PwC Wirtschaftsprüfung GmbH for the 2017 financial year – with the exception of Rules 77 to 83. Rules 77 to 83 of the Austrian Code of Corporate Governance are evaluated by the law firm Schönherr Rechtsanwälte GmbH. The evaluation is carried out based mainly on the questionnaire for the evaluation of compliance with the Code that is published by the Austrian Working Group for Corporate Governance.

The evaluation by PwC Wirtschaftsprüfung GmbH and Schönherr Rechtsanwälte GmbH confirming that UNIQA had complied with the rules of the Austrian Code of Corporate Governance in 2017 – to the extent that these rules were covered by UNIQA's declaration of conformity – will be published simultaneously with the annual financial report for the 2017 financial year. Some of the rules were not applicable to UNIQA in the evaluation period.

Vienna, 9 March 2018



Andreas Brandstetter
Chairman of the Management Board



Erik Leyers
Member of the Management Board



Kurt Svoboda
Member of the Management Board

Report of the Supervisory Board

Dear shareholders,

The Report of the Supervisory Board for the 2017 financial year is divided into four sections:

1. How we see our role as the Supervisory Board of UNIQA Insurance Group AG

Just like management, the Supervisory Board of UNIQA Insurance Group AG sees the European Solvency II Directive and further regulatory reforms, such as the Insurance Distribution Directive (IDD) and the EU General Data Protection Regulation, as an opportunity for the further development required in the global insurance industry: as a result, for shareholders, business partners and customers of insurance companies, the transparency of “their” company and the opportunities for more effective comparison between banks will increase considerably.

It also means that, to live up to the conception we have of our role as Supervisory Board, we must continuously work on developing our own qualifications, particularly through in-depth training. We therefore paid particular attention to this in 2017 and will consistently do so going forward. The Supervisory Board must have complementary knowledge regarding the entire industry, the insurance and capital markets and the trends that will have a significant influence on the future of insurance companies – such as digitalisation. Achieving considerably higher representation by women in the Supervisory Board is a natural concern for the shareholder representatives.

At the same time we are working continuously on closer collaboration with each other, with the Group Management Board and the auditor. We have dedicated significant effort over the past year to the Supervisory Board’s understanding of its role in implementing the statutory requirements.

2. 2017 and its most crucial challenges

The 2017 financial year was once again characterised by challenging conditions overall for the European insurance industry. While the low-interest rate environment did relax further over the course of the year, it still undisputedly remains the industry’s biggest challenge.

On a positive note, we have put the all-time lows on returns for long-term investments behind us, and interest rates are starting to rise again, slowly but steadily. Economic growth, and with it the demand for insurance products, has also gained momentum once again in CEE. On the negative side, the claim load from natural disasters was well above the levels of the last few years.

We are pleased that despite these influences, UNIQA was on schedule with its further steps towards implementing the long-term strategic programme UNIQA 2.0 in the sixth full year (2011 to 2020).

I would like to highlight three points here:

- The investment programme decided on at the start of 2016, the redesign of the business model associated with this, and the required update to the IT systems were all advanced further.
- The Group also continued to concentrate on its core insurance business as a direct insurer in Austria as well as in Central and Eastern Europe, and sold its Italian subsidiaries.
- In December, the Austrian Financial Market Authority (FMA) finally approved UNIQA’s partial internal model in the area of property and casualty insurance. As a result of this step in particular, the regulatory capital ratio under Solvency II (SCR ratio) of 202 per cent so far, which is already a very good figure when compared internationally, rose to 250 per cent (as at the end of 2017). This means UNIQA is on very solid ground. This strength on the capital side, combined with the readiness to make relevant investments to actively shape the future, makes

the Supervisory Board confident that UNIQA is very well positioned in a challenging environment.

3. Activities of the Supervisory Board in detail

During 2017, the Supervisory Board was regularly informed by the Group Management Board about the business performance and position of UNIQA Insurance Group AG and the Group as a whole. It also supervised the Management Board's management of the business and fulfilled all the tasks assigned to the Supervisory Board by law and the Articles of Association. At the Supervisory Board meetings, the Group Management Board presented detailed quarterly reports and provided additional oral as well as written reports. The Supervisory Board was given timely and comprehensive information about those measures requiring its approval.

The members of the Supervisory Board are regularly invited to participate in information events on relevant topics. Two special seminars were held in 2017 on the topics of "Property insurance & sales" and "Investments". An all-day seminar was also held for the first time on the two major topics of "Controlling insurance companies" and "Governance under Solvency II".

Focus of the deliberations

The Supervisory Board met on six occasions in 2017. The meetings focused on the respective earnings situation within the Group and its further strategic development. It also adopted two decisions by circulating a written resolution.

- On **3 January** the Supervisory Board approved the sale of the 29.63 per cent holding in Casinos Austria Aktiengesellschaft by circulating a written resolution. The legal aspects of the sale were finally completed in January 2018.
- At a meeting held on **8 March**, the Supervisory Board mainly discussed the Group's preliminary results for 2016 and the trends so far in the 2017 financial year.
- The Supervisory Board meeting on **20 April** focused on the audit of the annual financial statements and consolidated financial statements for the year ended 31 December 2016 and on the reports from the Management Board with up-to-date information on the performance of the Group in the first quarter of 2017. The Supervisory Board also discussed the agenda for the 18th Annual General Meeting held on 29 May 2017. The report by auditors PwC Wirtschaftsprüfung GmbH and lawyers Schönherr Rechtsanwälte GmbH, regarding compliance with the provisions of the Austrian Code of Corporate Governance (ÖCGK) in the 2016 financial year, was acknowledged.
- The meeting of the Supervisory Board held on **24 May** was dedicated to a discussion of the Group's earnings situation in the first quarter of 2017 and also discussions on the Solvency and Financial Condition Report (SFCR) 2016. It also approved the transfer of the employment contracts for UNIQA Insurance Group AG employees working for UNIQA Österreich Versicherungen AG to UNIQA Österreich Versicherungen AG effective 1 July 2017.
- The Supervisory Board was constituted in the meeting on **29 May** based on the exit of Ernst Burger and Johannes Schuster and the new election of Klemens Breuer and Burkhard Gantenbein.
- At its meeting on **17 August**, the Supervisory Board discussed the Group's earnings situation in the first half of 2017 and the latest developments in the third quarter of 2017.
- In addition to receiving reports on the results of the Group in the first three quarters of 2017 and the latest information on performance in the fourth quarter of 2017, the Supervisory Board meeting on **15 November** involved discussions on the forecast for the 2017 financial year, intensive planning for the 2018 financial year and the medium-term planning up to 2022. The Supervisory Board also evaluated its activities in accordance with the Austrian Code of Corporate Governance (ÖCGK) and discussed the 2017 Own Risk and Solvency Assessment (ORSA). The appointments of Sabine Usaty-Seewald and Alexander Bockelmann to the Group Management Board of UNIQA Österreich Versicherungen AG effective 1 January 2018 were supplemented with the approval for Alexander Bockelmann's appointment to the Group Management Board of UNIQA International AG, also effective 1 January 2018.
- As a result of Hartwig Löger leaving the Management Board of UNIQA Österreich Versicherungen AG effective 18 December 2017, the Supervisory Board provided its approval for Kurt Svoboda's appointment as chairman of the Management Board on **17 December** by way of circular resolution. The Supervisory Board also approved Peter Humer's appointment to the UNIQA Österreich Versicherungen AG Management Board effective 18 December 2017.

Committees of the Supervisory Board

Four other committees have been set up in addition to the mandatory financial Audit Committee in order to ensure that the work of the Supervisory Board is structured effectively.

- The **Working Committee** did not hold any meetings in the past financial year.

- The **Committee for Board Affairs**, which also exercises the functions of the Nominating and Remuneration Committee, dealt with legal employment formalities concerning the members of the Management Board and with questions relating to remuneration strategy and succession planning at four separate meetings. One decision was made by way of circular resolution.
- The **Investment Committee** held four meetings at which the members discussed the capital investment strategy, questions concerning capital structure and the focus of risk and asset liability management.
- The **IT Committee** dealt in the course of four meetings with the ongoing monitoring of the progress of the project implementing UNIQA's Insurance Platform, i.e. the new IT core system.
- Lastly the **Audit Committee** held three meetings in 2017 and these meetings were also attended by the auditors of the (consolidated) financial statements. All of the documents relating to the financial statements and the appropriation of profit proposed by the Group Management Board were discussed at the meeting on 20 April, with the Compliance Manager's annual activity report for 2016 also submitted and acknowledged in particular. At the meeting held on 24 May, the auditor presented the planning for the audits of the 2017 financial statements prepared by the companies in the UNIQA Group and coordinated this planning and strategy with the committee. The committee also discussed its exercise of the responsibilities assigned to it under the Stock Corporation Act and the Insurance Supervision Act along with the Solvency and Financial Condition Report (SFCR) 2016. At the meeting held on 15 November, the auditor informed the committee about the findings from its preliminary audits to date. The future strategic focus and content-related direction of the Audit Committee were also discussed. In addition, the Committee received quarterly reports from Internal Audit on the areas audited by this department and any material findings that arose from these audits.

The various chairs of the committees then informed the members of the Supervisory Board in detail about the relevant meetings and their committee's work.

4. Separate and consolidated financial statements

The separate financial statements prepared by the Management Board, the Management Report of UNIQA Insurance Group AG, the consolidated financial statements prepared in accordance with International Financial Reporting Standards

(IFRSs) and the Group Management Report for 2017 were audited by PwC Wirtschaftsprüfung GmbH, which issued an unqualified audit opinion.

The Supervisory Board acknowledged and approved the findings of the audit.

The audit of the compliance of the Corporate Governance Report with Section 96(2) of the Stock Corporation Act and the evaluation of UNIQA's compliance with the rules of the Austrian Code of Corporate Governance in the 2017 financial year was carried out by PwC Wirtschaftsprüfung GmbH, whereas compliance with Rules 77 to 83 of the Austrian Code of Corporate Governance was assessed by Schönherr Rechtsanwälte GmbH. The audits found that UNIQA had complied with the rules of the Austrian Code of Corporate Governance in the 2017 financial year to the extent that the rules were included in UNIQA's declaration of conformity.

The Supervisory Board acknowledged the consolidated financial statements for 2017 and approved the 2017 annual financial statements of UNIQA Insurance Group AG. It also endorsed both the Management Report and the Group Management Report. The 2017 annual financial statements were thereby adopted in accordance with Section 96(4) of the Austrian Stock Corporation Act.

The Supervisory Board reviewed and approved the proposal for the appropriation of profit submitted by the Group Management Board. Accordingly, a dividend distribution of 51 cents per share will be proposed to the Annual General Meeting on 28 May 2018.

Finally, on behalf of the Supervisory Board, I would like to thank all the employees of UNIQA Insurance Group AG and all Group companies for their huge personal effort in the 2017 financial year and wish them every continued success for the future.

Vienna, April 2018

On behalf of the Supervisory Board



Walter Rothensteiner
Chairman of the Supervisory Board

Financial Report

Group Management Report

Economic environment

The world economy is in full swing. Both industrialised countries and emerging nations made solid contributions towards global growth in 2017. The US Congress passed a major tax reform just before the end of the year. In Europe a hard Brexit – i.e. the UK's uncontrolled exit from the European Union (EU) – is now considered to be less likely.

Most surveys in the eurozone painted a positive picture in 2017. Consumers and businesses are more confident and the unease that characterised the years following the financial crisis (2008/2009) and European sovereign debt crisis (2011/2012) seems to have been gradually overcome. Developments on the European labour markets contributed towards this: the unemployment rate throughout the entire eurozone fell to 8.7 per cent by December 2017 and is expected to reach a long-term average of around 8.5 per cent in 2018. The positive economic situation in Europe was further consolidated in the second half of 2017. Gross Domestic Product (GDP) for the entire eurozone grew 2.5 per cent in 2017. The Austrian economy is expected to see growth in GDP of 2.9 per cent for the entire year. There were also encouraging developments on the Austrian labour market. The seasonally-adjusted unemployment rate fell to 5.3 per cent in December 2017 and there was a significant upturn in employment figures.

The confidence is also reflected in the monetary policy pursued by the most important central banks. The US Federal Reserve (Fed) implemented three interest rate rises over the course of last year, with the bandwidth for the key interest rate at between 1.25 and 1.50 per cent at year end. Efforts also began to reduce the central bank's balance sheet in October 2017 following the significant increase in this as a result of the high-volume bond purchases by the Fed. Although the Fed may be one step ahead of the European Central Bank (ECB) in this regard, the latter's monetary policy also now signals a gradual return to normality. The additional monthly bond purchases (quantitative easing) were reduced as of January 2018 to

€30 billion and are expected to continue until September 2018. As a result, a cycle of key interest rate increases might take place beginning in 2019. The rate of inflation rose to 1.5 per cent in the eurozone in 2017. Wage and price developments are expected to remain restrained, and any return to a normal interest rate environment will be a slow one. The positive real economic environment and impetus provided through monetary policy are supporting the positive developments on the international financial markets as a whole.

Most national economies in Central and Eastern Europe (CEE) remained in the fast lane. Economic growth in UNIQA's core countries in CEE (excluding Russia) was 4.4 per cent on average in 2017. The economies of the Central European countries (Poland, Slovakia, Czech Republic and Hungary) caught up further with the core countries in Europe. Unemployment rates reached all-time lows last year in Poland (4.9 per cent), Slovakia (7.8 per cent), Czech Republic (3.0 per cent) and Hungary (4.2 per cent). Rising income levels and a positive mood among consumers and businesses are driving solid development in domestic demand.

The central banks in those countries that have their own currencies are beginning the process of returning their interest rates to normal levels, albeit at differing speeds. In April 2017, the Czech National Bank unpegged the koruna from the euro and began tightening monetary policy with two key interest rate rises. The National Bank of Romania implemented a first step at the key interest rate level in January 2018 with a rise of 2.0 per cent. The Romanian economy showed very high levels of GDP growth last year estimated at 7.1 per cent. Average gross wages rose in the double-digit range for the second year in a row (15.1 per cent). Poland's National Bank is expected to follow in 2019 with a cycle of increases in the key interest rate. The low rate of core inflation up until now was tempered by the inflow of labour from Ukraine. Hungary's National Bank is maintaining its loose monetary policy despite the booming economy.

The upturn in Russia and Ukraine remains somewhat subdued as compared with the region as a whole. Real GDP rose by 1.5 per cent last year in Russia, facilitated in part by the stabilisation in the raw materials markets. The restrictive monetary policy and establishment of an inflation target (4.0 per cent) helped the country achieve more stable price development (3.7 per cent) than in previous periods with high inflation.

The economic map is more varied in Southeastern Europe. Croatia enjoyed GDP growth of 3.4 per cent, primarily resulting from a boom in the tourism industry. The high structural unemployment rates are slow to fall in some countries. Infrastructure projects are generally driving economic growth in the southwestern Balkans (Albania, Montenegro). The overall economic conditions were also favourable in the Balkan countries in 2017 with economic growth of around 3.0 per cent.

Property and casualty insurance as a driver for growth in Austria

Premium revenues in Austrian property and casualty insurance were strong in 2017 with 3.0 per cent growth to €9.1 billion. The comprehensive vehicle insurance and casualty insurance lines were drivers for growth with premium increases of 4.5 per cent and 3.5 per cent respectively. The vehicle liability insurance line on the other hand only achieved a slight premium increase of 0.9 per cent.

Premium attrition weakened in life insurance as compared with the previous year. Premiums shrank by around 3.9 per cent on 2016 to just under €5.9 billion. As in the previous year, the main reason for this development was a decrease in single premiums by 19.0 per cent to €0.9 billion. The life insurance business with recurring premiums also experienced a decline; nevertheless, this was considerably more moderate at around 0.8 per cent to just under €5.0 billion.

Health insurance grew once again in 2017, even though at 3.7 per cent to €2.1 billion the growth in premiums was somewhat lower than in the previous year.

Insurance markets in Central and Eastern Europe on course for convergence

The sustained positive economic performance in Central and Eastern Europe is increasingly having an impact on growth rates for the insurance industries in these markets. Higher incomes and increased consumer spending by households also involve increased demand for insurance products.

Following many years of weak growth in premiums as a consequence of the financial crisis, the insurance markets in CEE (excluding Russia) were able to pick up significant speed last year according to the results currently available, with double-digit growth in premiums of more than 10 per cent. There was an increase both in life and in non-life insurance in all geographic segments as compared with the previous year.

Strong demand for insurance solutions in CEE is apparent primarily in property insurance, which was able to achieve the strongest growth by far since the start of the financial crisis, with an increase in premiums of around 15 per cent in 2017. All of the markets in Central and Eastern Europe reported a significant rise in premiums with this – including the markets of Ukraine and Russia, which were most recently significantly affected by political conflict. Growth stimulus in the non-life sector last year came mainly from the vehicle insurance line, in which higher vehicle inventories as a result of a significant rise in new registrations and rising average premiums for vehicle liability insurance in some of the major insurance markets (e.g. in Poland and Hungary) led to high growth in premiums.

The Central and Eastern European life insurance markets also performed positively last year, stabilising in 2017 and registering growth once again for the first time since 2012. Both the demographic developments and the shortcomings of state pension systems in some markets point to rising demand for supplementary private insurance products. Although business in classic life insurance products is also declining in these markets, unit-linked provision has seen high growth rates in some Eastern European countries (e.g. in Poland and Romania).

UNIQA Group

With a premium volume written (including savings portions from unit-linked and index-linked life insurance) of €5,293.3 million, the UNIQA Group is among the leading insurance groups in Central and Eastern Europe. Savings portions from unit-linked and index-linked life insurance in the amount of €481.6 million were set off against the change in insurance provision, pursuant to FAS 97 (US GAAP). Without taking savings portions from unit-linked and index-linked life insurance into consideration, the premium volume written amounted to €4,811.7 million.

UNIQA in Europe

UNIQA offers its products and services via all distribution channels (hired sales force, general agencies, brokers, banks and direct sales) and covers virtually the entire range of insurance lines. UNIQA is the second-largest insurance group in Austria, with a presence in 15 countries of the CEE growth region: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia and Ukraine. In addition, insurance companies in Switzerland and Liechtenstein are also part of the UNIQA Group.

The listed holding company UNIQA Insurance Group AG manages the Group and also operates the indirect insurance business concluded as active reinsurance with another insurance company. Moreover, UNIQA Insurance Group AG carries out numerous service functions for UNIQA Österreich Versicherungen AG and its international Group companies, in order to take best advantage of synergy effects and to consistently implement the Group's long-term corporate strategy.

UNIQA International AG manages the international activities of the Group. This entity is also responsible for the ongoing monitoring and analysis of the international target markets and for acquisitions and post-merger integration.

Property and casualty insurance

The property and casualty insurance line includes property insurance for private individuals and companies, as well as private casualty insurance. The UNIQA Group received premiums written in property and casualty insurance in 2017 in the amount of €2,639.7 million (2016: €2,518.4 million) – which is 49.9 per cent (2016: 49.9 per cent) of total premium volume. The largest share by far in the volume of property and casualty insurance comes from private consumer business. Most property and casualty insurance policies are taken out for a limited term of up to three years. A broad spread across the different risks of a great many customers and the relatively short terms of these contracts enable moderate capital requirements and also make this field of business attractive as a result.

Health insurance

Health insurance in Austria includes voluntary health insurance for private customers, commercial preventive healthcare and opt-out offers for certain independent contractors such as lawyers, architects, and chemists. On the other hand, the health insurance business in CEE is still at the early stage. Increased levels of prosperity in the region, however, make the long-term growth potential even greater. Group-wide in 2017, premiums written totalled €1,042.0 million (2016: €1,003.7 million) – which is 19.7 per cent (2016: 19.9 per cent) of total premium volume. UNIQA is the undisputed market leader in this strategically important line of insurance in Austria with around 46 per cent of market share. The overwhelming majority – about 94 per cent of premiums – come from Austria, with the remaining 6 per cent from international business.

Life insurance

Life insurance covers economic risks that stem from the uncertainty as to how long a customer will live. It includes savings products such as classic and unit-linked life insurance. There are also biometric products to secure against such risks as occupational disability, care needs or death. The life insurance business model is oriented towards the long term: policy terms are around 25 years on average. Life insurance is still facing major challenges, as the low-interest environment is particularly disadvantageous to all long-term forms of saving and investment, and therefore for life insurance as well. In life insurance, UNIQA reached a premium volume (including savings portions from unit-linked and index-linked life insurance) Group-wide in 2017 of €1,611.6 million (2016: €1,526.1 million) – which is 30.4 per cent (2016: 30.2 per cent) of total premium volume.

Reorganisation of the UNIQA Österreich Versicherungen AG Management Board

Following Hartwig Löger's appointment to the government of the Republic of Austria in December 2017, the Management Board of UNIQA Österreich Versicherungen AG was reorganised and restructured in line with future requirements.

In addition to taking on the Finance and Risk functions, Kurt Svoboda also took over as chair of the Management Board. Peter Humer has been responsible for Sales since December 2017. Alexander Bockelmann (Digitalisation) and Sabine Usaty-Seewald (Customers and Markets) also joined the UNIQA Österreich Versicherungen AG Group Management Board on 1 January 2018. Alexander Bockelmann also took over the Digitalisation function on the Board of UNIQA International AG.

STRABAG SE syndicate extended

The syndicate agreement was extended five years until 31 December 2022 as a result of the non-exercise by core shareholders of STRABAG SE of their right of termination by 31 December 2017. The parties to the syndicate agreement remain free to terminate the contract prematurely by mutual accord.

Rating

UNIQA has consistently been rated at least "A–" by rating agency Standard & Poor's since 2013. Standard & Poor's also confirmed the "A–" rating for UNIQA Insurance Group AG for 2017. The ratings of UNIQA Österreich Versicherungen AG and the Group's reinsurer, UNIQA Re AG in Switzerland, also remained an "A". UNIQA Versicherung AG in Liechtenstein received an "A–". Standard & Poor's rates the outlook for all the companies as stable. The UNIQA's subordinated bonds are rated "BBB".

Companies included in the IFRS consolidated financial statements

In addition to the annual financial statements of UNIQA Insurance Group AG, the consolidated financial statements include the financial statements of all subsidiaries in Austria and abroad. The basis of consolidation comprised – including UNIQA Insurance Group AG – 35 Austrian (2016: 54) and 59 international (2016: 62) subsidiaries. The associates are six domestic (2016: 6) and one international company (2016: 1) that were included in the consolidated financial statements using equity method accounting.

Details on the consolidated companies and associates are contained in the corresponding overview in the consolidated financial statements. The accounting policies are also described in the consolidated financial statements.

Risk reporting

UNIQA's comprehensive risk and opportunities report is included in the notes to the 2017 consolidated financial statements.

Corporate Governance Report

Since 2004, UNIQA has pledged to comply with the Austrian Code of Corporate Governance. UNIQA publishes its consolidated Corporate Governance Report at www.uniqagroup.com in the Investor Relations section.

Consolidated non-financial statement, consolidated non-financial report

Pursuant to Section 267a(6) of the Austrian Commercial Code, UNIQA Insurance Group AG prepares its consolidated non-financial statement as a separate consolidated non-financial report. The separate consolidated non-financial report is prepared and signed by all of the statutory corporate representatives. It is submitted to the Supervisory Board for review and published together with the Group Management Report pursuant to Section 280 of the Austrian Commercial Code.

Group business development

- Premiums written (including savings portions from unit-and index-linked life insurance) rose by 4.9 per cent to €5,293.3 million due to the positive performance in all business lines
- Combined ratio improved from 98.1 per cent to 97.5 per cent
- Earnings before taxes increased to €242.2 million
- Consolidated profit/(loss) of €161.4 million
- Proposed dividend increased by 2 cents to €0.51 per share for 2017
- A further increase in pre-tax earnings is expected for 2018.

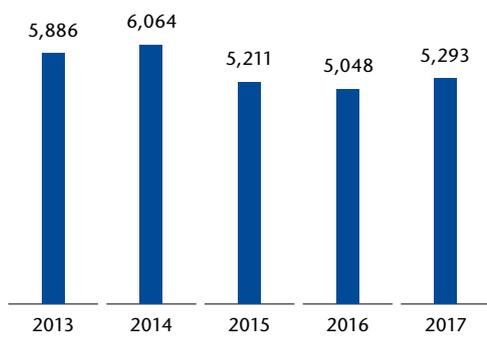
UNIQA Group In € million	2017	2016	2015
Premiums written, including savings portions from unit-linked and index-linked life insurance	5,293.3	5,048.2	5,211.0
Cost ratio (after reinsurance)	25.0%	26.6%	23.7%
Combined ratio (after reinsurance)	97.5%	98.1%	97.9%
Earnings before taxes	242.2	225.5	397.8
Consolidated profit/(loss) (proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG)	161.4	148.1	337.2

Changes in premiums

UNIQA's total premium volume, including savings portions of unit-linked and index-linked life insurance, increased in 2017, in the amount of €481.6 million (2016: €405.1 million), by 4.9 per cent to €5,293.3 million (2016: €5,048.2 million).

Premiums written including savings portions from unit-linked and index-linked life insurance

In € million



In the area of insurance policies with recurring premium payments, there was a rise of 3.3 per cent to €5,039.3 million (2016: €4,879.0 million). In the single premium business, the premium volume increased by 50.1 per cent to €254.0 million (2016: €169.2 million) due to strong growth in the single premium business in Poland.

Premiums written in property and casualty insurance increased in 2017 by 4.8 per cent to €2,639.7 million (2016: €2,518.4 million). In health insurance, premiums written in the reporting period rose by 3.8 per cent to €1,042.0 million (2016: €1,003.7 million). In life insurance, premiums written including savings portions from unit-linked and index-linked life insurance increased by 5.6 per cent to €1,611.6 million (2016: €1,526.1 million). The reason for this was the strong rise in single premiums in Poland.

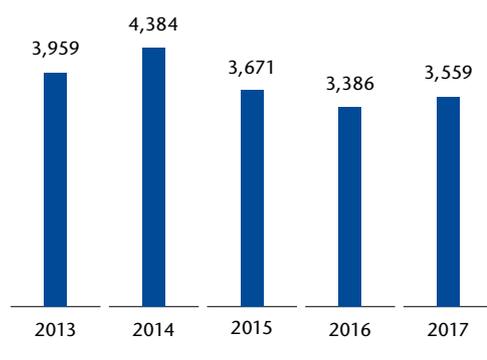
The Group premiums earned, including savings portions from unit-linked and index-linked life insurance (after reinsurance) in the amount of €476.2 million (2016: €384.7 million), rose by 5.7 per cent to €5,104.1 million (2016: €4,827.7 million). The volume of premiums earned (net, in accordance with IFRSs) increased by 4.2 per cent to €4,627.9 million (2016: €4,443.0 million).

Changes in insurance benefits

In the 2017 financial year, insurance benefits before reinsurance (see note 8 in the consolidated financial statements) rose by 4.2 per cent to €3,623.0 million (2016: €3,478.2 million). Consolidated net insurance benefits rose by 5.1 per cent to €3,558.6 million in the past year (2016: €3,385.6 million).

Insurance benefits (net)

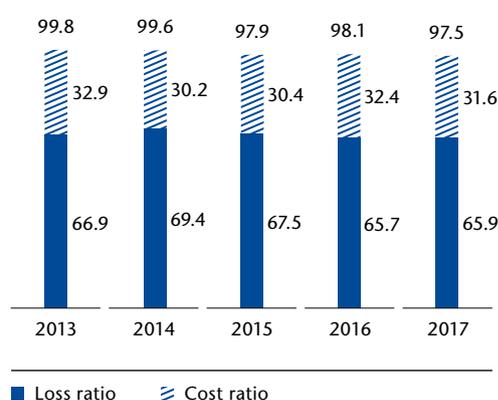
In € million



In 2017, the loss ratio after reinsurance in property and casualty insurance increased just slightly to 65.9 per cent (2016: 65.7 per cent) on account of positive settlement results and a heavy decline in the volume of major damage, despite above-average claims incurred as a result of natural disasters. In contrast, the combined ratio after reinsurance fell at the Group level to 97.5 per cent (2016: 98.1 per cent) as a result of an improved cost ratio.

Combined ratio after reinsurance

In per cent



Operating expenses

Total consolidated operating expenses (see note 9 in the consolidated financial statements) less reinsurance commission and share of profit from reinsurance ceded fell by 0.8 per cent to €1,276.0 million in the 2017 financial year (2016: €1,286.4 million). Expenses for the acquisition of insurance less reinsurance commission and share of profit from reinsurance ceded in the amount of €23.0 million (2016: €21.3 million) fell by 1.6 per cent to €855.7 million (2016: €869.4 million), despite the increase in acquisition costs in property and casualty insurance caused by the focus on higher and more profitable commissions in the property business in UNIQA International as a result of the fall in commissions in the health insurance and life insurance areas. Other operating expenses increased just minimally by 0.8 per cent to €420.3 million (2016: €417.0 million), despite expenses in the amount of around €41 million in connection with the innovation and investment programme.

Property and casualty insurance

In € million

	2017	2016	2015
Premiums written	2,639.7	2,518.4	2,439.2
Insurance benefits (net)	- 1,644.8	- 1,550.6	- 1,553.7
Claims rate (after reinsurance)	65.9%	65.7%	67.5%
Operating expenses (net)	- 788.5	- 763.2	- 699.6
Cost ratio (after reinsurance)	31.6%	32.4%	30.4%
Combined ratio (after reinsurance)	97.5%	98.1%	97.9%
Net investment income	108.6	132.6	117.2
Earnings before taxes	83.9	57.9	71.4
Technical provisions (net)	2,939.7	2,708.4	2,869.6

The cost ratio after reinsurance, i.e. the ratio of total operating expenses less the amounts received from reinsurance commission and share of profit from reinsurance ceded to the Group premiums earned including savings portions from unit-linked and index-linked life insurance, increased to 25.0 per cent during the past year (2016: 26.6 per cent) as a result of the developments mentioned above. The cost ratio before reinsurance fell to 24.6 per cent (2016: 26.1 per cent).

Health insurance

In € million	2017	2016	2015
Premiums written	1,042.0	1,003.7	964.4
Insurance benefits (net)	- 877.6	- 843.6	- 781.7
Operating expenses (net)	- 168.0	- 175.5	- 153.7
Cost ratio (after reinsurance)	16.2%	17.5%	15.9%
Net investment income	116.4	114.9	140.1
Earnings before taxes	109.7	96.1	171.3
Technical provisions (net)	3,037.7	2,880.1	2,779.0

Investments

The UNIQA Group's investment portfolio (including investment property, financial assets accounted for using the equity method and other investments) fell by €147.1 million to €19,877.7 million in the 2017 financial year (31 December 2016: €20,024.8 million).

Net investment income fell by 4.7 per cent to €560.9 million (2016: €588.9 million) due to the persistent low interest rate environment and negative currency effects of around €60 million, despite liquidation proceeds and gains from the sale of property in the amount of around €45 million. In the 2016 financial year, one of the positive factors was the sale of the stake in Niederösterreichische Versicherung AG, which resulted in net investment income amounting to €37.2 million. Due to the recognition of the 14.3 per cent equity-accounted holding in STRABAG SE, there was a positive contribution in the amount of €42.4 million in 2017 (2016: €30.9 million). A detailed description of net investment income can be found in the consolidated financial statements (see note 4).

Other income and other expenses

Other income fell in 2017 by 13.9 per cent to €36.6 million (2016: €42.6 million) mainly due to significantly lower exchange rate gains in the Russian rouble. Other operating expenses for the period increased by 6.2 per cent to €56.5 million (2016: €53.1 million).

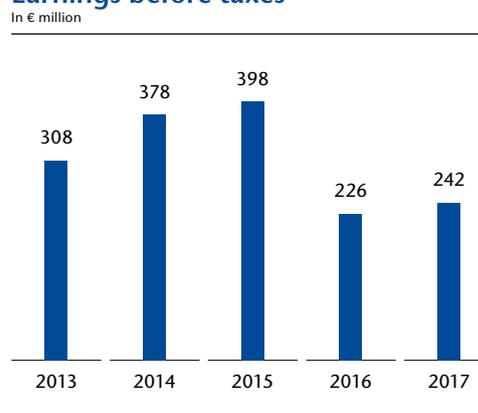
Results

The technical result of the UNIQA Group rose significantly by 43.8 per cent to €106.2 million in 2017 (2016: €73.9 million). Operating profit fell slightly by 5.8 per cent to €300.2 million (2016: €318.8 million).

Earnings before taxes at UNIQA increased by 7.4 per cent to €242.2 million (2016: €225.5 million), mainly because of an improvement in the technical result and

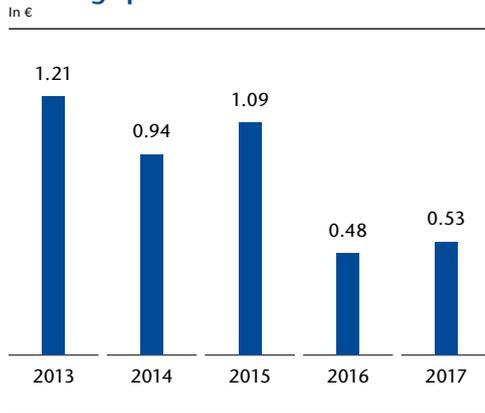
lower amortisation of goodwill and impairment losses, along with lower finance costs. Profit/(loss) for the period rose by 8.8 per cent to €162.8 million (2016: €149.6 million). This includes losses from discontinued operations (after tax) amounting to €-33.1 million (2016: €-53.1 million) due to the sale of Group companies in Italy. Income tax expense increased in 2017 to €46.3 million (2016: €22.8 million). Tax expense was reduced in 2016 by higher tax-free investment income, tax revenues from previous years, as well as a reduction in tax rates. The tax burden for 2017 was still 19.1 per cent (2016: 10.1 per cent).

Earnings before taxes



The consolidated profit/(loss), i.e. the proportion of the profit/(loss) for the period attributable to the shareholders of UNIQA Insurance Group AG, amounted to €161.4 million (2016: €148.1 million). The earnings per share rose as a result to €0.53 (2016: €0.48).

Earnings per share



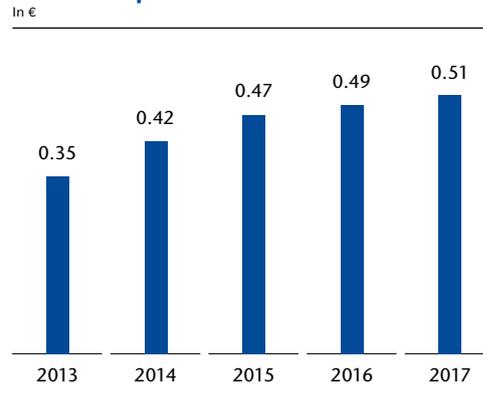
Operating return on equity (earnings before taxes and amortisation of goodwill and impairment losses in relation to average equity, including non-controlling interests and excluding the accumulated profits of the valuation of financial instruments available for sale) came to 9.3 per cent in 2017 (2016: 10.0 per cent). The return on equity (after tax and non-controlling interests) rose to 5.1 per cent (2016: 4.7 per cent).

Operating Return on Equity



On this basis therefore the Group Management Board will propose a dividend of 51 cents per share to the Supervisory Board and the Annual General Meeting (2016: 49 cents per share).

Dividend per share



Own funds and total assets

Total equity attributable to the shareholders of UNIQA Insurance Group AG fell slightly by €8.7 million to €3,177.6 million in the past financial year (31 December 2016: €3,186.3 million). The reason for this development was the fall in the valuation of financial instruments available for sale through the increase in the general interest rate level. Non-controlling interests came to €15.8 million (31 December 2016: €26.5 million). The total assets of the Group fell in the reporting period as a result of the sale of the Italian group companies and amounted to €28,743.9 million as at 31 December 2017 (31 December 2016: €33,639.2 million).

Life insurance

In € million

	2017	2016	2015
Premiums written including savings portions from unit-linked and index-linked life insurance	1,611.6	1,526.1	1,807.5
Insurance benefits (net)	- 1,036.2	- 991.4	- 1,335.9
Operating expenses (net)	- 319.5	- 347.7	- 337.1
Cost ratio (after reinsurance)	20.3%	23.7%	19.2%
Net investment income	336.0	341.4	474.7
Earnings before taxes	48.7	71.6	155.2
Technical provisions (net)	15,780.2	16,224.3	19,990.3

Cash flow

UNIQA's net cash flow from operating activities amounted to €484.4 million in 2017 (2016: €976.9 million). Of this, €258.2 million came from discontinued operations (2016: €586.5 million). The cash flow from investing activities amounted to €-228.6 million (2016: €-919.5 million), of which €35.3 million (2016: €-593.3 million) resulted from discontinued operations. Net cash flow from financing activities amounted to €-154.2 million (2016: €-398.5 million). Overall, cash and cash equivalents increased by €100.4 million to €650.3 million in the 2017 financial year (2016: €549.9 million).

Employees

In 2017, the average number of employees (full-time equivalents, or FTEs) at UNIQA fell slightly to 12,839 (2016: 12,855). These included 4,456 (2016: 4,630) field sales employees. The number of employees in administration amounted to 8,383 (2016: 8,225).

In the 2017 financial year, the Group had 2,626 FTEs in the Central Europe region (CE) – Poland, Slovakia, the Czech Republic and Hungary) (2016: 2,533), with 2,293 FTEs (2016: 2,359) in the Southeastern Europe region (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Croatia, Macedonia, Montenegro and Serbia – and 1,779 FTEs (2016: 1,834) in the Eastern Europe region (EE) – Romania and Ukraine. There were 108 FTEs (2016: 102) working in Russia (RU). The average number of FTEs in the Western European markets in 2017 was 46 (2016: 41). A total of 5,987 FTEs were employed in Austria (2016: 5,986). Including the employees of the general agencies working exclusively for UNIQA, the total number of people (FTEs) working for the Group amounts to 19,456 (2016: 19,578).

In 2017, 59 per cent of the staff working in administrative positions at UNIQA in Austria were women. In sales, the ratio was 83 per cent men to 17 per cent women. 15.5 per cent (2016: 14 per cent) of employees were working part time. The average age in the past year was 44 years (2016: 44 years).

In Austria in 2017, a total of 15 per cent (2016: 15 per cent) of the employees participated in UNIQA's bonus system – a variable remuneration system that is tied both to the success of the Company and to personal performance. In addition, UNIQA offers young people in training the opportunity to get to know foreign cultures and make international contacts. Currently, 35 apprentices are being trained.

Operating segments

UNIQA Austria

- Premiums written (including savings portions from unit- and index-linked life insurance) rose to €3,656.6 million
- Cost ratio improved to 18.3 per cent on account of lower expenses for the acquisition of insurance
- Combined ratio decreased from 93.7 per cent to 91.8 per cent
- Earnings before taxes increased to €261.6 million in Austria

UNIQA Austria In € million	2017	2016	2015
Premiums written including savings portions from unit-linked and index-linked life insurance	3,656.6	3,631.5	3,883.5
Cost ratio (after reinsurance)	18.3%	20.0%	16.8%
Combined ratio (after reinsurance)	91.8%	93.7%	92.9%
Earnings before taxes	261.6	232.2	399.7

Changes in premiums

At UNIQA Austria, premiums written including savings portions from unit-linked and index-linked life insurance increased by 0.7 per cent to €3,656.6 million in 2017 (2016: €3,631.5 million). Recurring premiums rose by 1.6 per cent to €3,629.0 million (2016: €3,570.1 million). In contrast, single premiums fell by 55.0 per cent to €27.6 million (2016: €61.3 million) due to the withdrawal of single premium products from the life insurance line.

Premiums earned including savings portions from unit-linked and index-linked life insurance amounted to €2,991.3 million (2016: €2,941.4 million) at UNIQA Austria. The volume of premiums earned (net, in accordance with IFRSs) rose by 1.8 per cent to €2,764.9 million in 2017 (2016: €2,715.8 million).

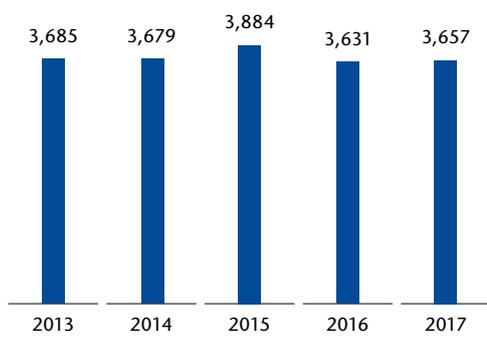
While premiums written in property and casualty insurance rose by 3.4 per cent to €1,621.8 million (2016: €1,568.6 million), in health insurance, they increased by 2.4 per cent to €979.7 million (2016: €956.3 million). In life insurance (including savings portions from unit-linked and index-linked life insurance), they fell by 4.6 per cent to €1,055.2 million (2016: €1,106.5 million).

Property and casualty insurance

Property and casualty insurance In € million	2017	2016	2015
Premiums written	1,621.8	1,568.6	1,540.8
Insurance benefits (net)	- 675.8	- 648.0	- 633.4
Claims rate (after reinsurance)	67.6%	68.9%	69.6%
Operating expenses (net)	- 241.8	- 233.9	- 212.2
Cost ratio (after reinsurance)	24.2%	24.9%	23.3%
Combined ratio (after reinsurance)	91.8%	93.7%	92.9%
Net investment income	43.0	27.6	49.2
Earnings before taxes	110.2	70.6	100.0
Technical provisions (net)	1,056.1	1,012.3	926.2

Premiums written including savings portions from unit-linked and index-linked life insurance UNIQA Austria

In € million



In property and casualty insurance, premiums earned (net, in accordance with IFRSs) rose by 6.3 per cent to €999.9 million (2016: €940.9 million); in health insurance, they increased by 2.5 per cent to €979.4 million (2016: €955.3 million). However, in life insurance, they fell by 4.1 per cent to €785.7 million (2016: €819.5 million). In this line, premiums earned including savings portions from unit-linked and index-linked life insurance amounted to €1,012.1 million (2016: €1,045.2 million).

Changes in insurance benefits

Net insurance benefits at UNIQA Austria increased by 2.6 per cent to €2,350.7 million in 2017 (2016: €2,292.1 million). In property and casualty insurance, they rose by 4.3 per cent to €675.8 million (2016: €648.0 million) as a result of above-average claims for damage from natural disasters, and in health insurance they increased by 3.4 per cent to €849.5 million (2016: €821.8 million) due to an allocation to the provision for premium refunds. They remained virtually unchanged in life insurance at €825.4 million (2016: €822.3 million). Overall, in 2017, the loss ratio in property and casualty insurance amounted to 67.6 per cent (2016: 68.9 per cent). The combined ratio after reinsurance improved to 91.8 per cent (2016: 93.7 per cent) in the UNIQA Austria segment.

Operating expenses

Operating expenses less reinsurance commission and share of profit from reinsurance ceded, which amounted to €192.1 million (2016: €207.8 million), fell by 6.9 per cent to €548.3 million in the 2017 financial year (2016: €589.2 million) on account of lower expenses for the acquisition of insurance, despite investments in the context of the innovation and investment programme. However, in property and casualty insurance, they rose by 3.3 per cent to €241.8 million (2016: €233.9 million). In health insurance, they fell by 10.1 per cent to €128.7 million (2016: €143.1 million) due to the impact of the lower expenses for the acquisition of insurance. They decreased by 16.2 per cent in life insurance to €177.9 million (2016: €212.2 million), also as a result of lower expenses for the acquisition of insurance.

The cost ratio of UNIQA Austria after reinsurance, i.e. the ratio of total operating expenses, less reinsurance commission and share of profit from reinsurance ceded, to premiums earned, including savings portions from unit-linked and index-linked life insurance, fell to 18.3 per cent during the past year (2016: 20.0 per cent).

Net investment income

Net investment income in the UNIQA Austria segment remained more or less stable in 2017 at €462.4 million (2016: 460.1 million).

Health insurance

In € million

	2017	2016	2015
Premiums written	979.7	956.3	921.6
Insurance benefits (net)	- 849.5	- 821.8	- 762.9
Operating expenses (net)	- 128.7	- 143.1	- 121.8
Cost ratio (after reinsurance)	13.1%	15.0%	13.2%
Net investment income	118.9	116.1	151.8
Earnings before taxes	117.8	104.6	187.5
Technical provisions (net)	3,005.2	2,855.3	2,707.2

Life insurance			
In € million	2017	2016	2015
Premiums written including savings portions from unit-linked and index-linked life insurance	1,055.2	1,106.5	1,421.2
Insurance benefits (net)	- 825.4	- 822.3	- 1,145.8
Operating expenses (net)	- 177.9	- 212.2	- 203.6
Cost ratio (after reinsurance)	17.6%	20.3%	14.9%
Net investment income	300.5	316.4	396.9
Earnings before taxes	33.5	57.0	112.3
Technical provisions (net)	14,059.9	14,660.8	15,127.3

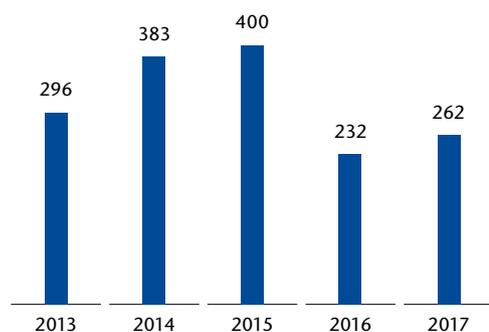
Earnings before taxes

Earnings before taxes at UNIQA Austria rose by 12.7 per cent to €261.6 million during the reporting year (2016: €232.2 million), driven by an improvement in the technical result. They improved by 55.9 per cent in property and casualty insurance to €110.2 million (2016: €70.6 million). In health insurance, they increased by 12.8 per cent to €118.0 million (2016: €104.6 million). Lastly, in life insurance, earnings before taxes fell by 41.3 per cent to €33.5 million (2016: €57.0 million).

Earnings before taxes

UNIQA Austria

In € million



UNIQA International

- Premiums written (including savings portions from unit-and index-linked life insurance) rose by 14.9 per cent to €1,608.5 million
- Cost ratio fell to 31.2 per cent
- Combined ratio reduced to 97.1 per cent
- Earnings before taxes improved markedly to €42.8 million

UNIQA International

In € million	2017	2016	2015
Premiums written including savings portions from unit-linked and index-linked life insurance	1,608.5	1,399.9	1,302.8
Cost ratio (after reinsurance)	31.2%	34.9%	36.6%
Combined ratio (after reinsurance)	97.1%	99.2%	99.2%
Earnings before taxes	42.8	13.1	31.3

Changes in premiums

UNIQA International increased premiums written including savings portions from unit-linked and index-linked life insurance by 14.9 per cent to €1,608.5 million in 2017 (2016: €1,399.9 million). The volume of premiums written increased by 13.2 per cent when adjusted for foreign currency effects. Recurring premiums increased here by 7.0 per cent to €1,382.1 million (2016: €1,292.0 million). Single premiums even increased by 109.8 per cent to €226.4 million (2016: €107.9 million) as a result of the strong growth in Poland. This means that in 2017 the international companies contributed a total of 30.4 per cent (2016: 27.7 per cent) to total Group premiums.

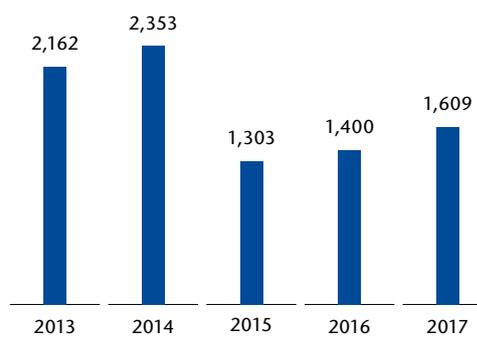
Including savings portions from unit-linked and index-linked life insurance, UNIQA International's volume of premiums earned amounted to €1,139.9 million (2016: €963.0 million). The volume of premiums earned (net, in accordance with IFRSs) increased in 2017 by 10.7 per cent to €890.0 million (2016: €803.9 million).

While premiums written grew in property and casualty insurance by a very satisfactory 5.8 per cent to €997.3 million (2016: €942.3 million) above all due to strong growth in Czech Republic, Hungary and Ukraine; in health insurance they even rose by 31.7 per cent to €62.8 million (2016: €47.7 million) as a result of the good business performance in Bulgaria and Croatia. In life insurance (including savings portions from unit-linked and index-linked life insurance), they increased by 33.8 per cent to €548.4 million (2016: €409.9 million), driven by strong single premium business in Poland and strong growth in Russia.

Premiums written including savings portions from unit-linked and index-linked life insurance

UNIQA International

In € million



Premiums earned (net, according to IFRSs) rose by 5.2 per cent to €544.3 million in property and casualty insurance (2016: €517.3 million); in health insurance, they increased by 30.2 per cent to €57.3 million (2016: €44.0 million). In life insurance, they increased by 18.9 per cent to €288.5 million (2016: €242.6 million). Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned in life insurance amounted to €538.3 million (2016: €401.6 million).

Property and casualty insurance

In € million	2017	2016	2015
Premiums written	997.3	942.3	883.6
Insurance benefits (net)	- 316.2	- 308.8	- 296.4
Claims rate (after reinsurance)	58.1%	59.7%	58.9%
Operating expenses (net)	- 212.5	- 204.4	- 202.6
Cost ratio (after reinsurance)	39.0%	39.5%	40.3%
Combined ratio (after reinsurance)	97.1%	99.2%	99.2%
Net investment income	28.8	32.9	44.4
Earnings before taxes	16.1	- 5.9	11.1
Technical provisions (net)	631.8	635.6	755.0

In the Central Europe region (CE) – Poland, Slovakia, the Czech Republic and Hungary – premiums written including savings portions from unit-linked and index-linked life insurance increased by 18.4 per cent to €1,024.5 million in the 2017 financial year (2016: €865.6 million). In Eastern Europe (EE), comprising Romania and Ukraine, premiums written including savings portions from unit-linked and index-linked life insurance rose by 2.5 per cent to €168.8 million (2016: €164.6 million). In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Croatia, Macedonia, Montenegro and Serbia – they also grew by 3.1 per cent in 2017 to €283.4 million (2016: €274.9 million). In Russia (RU), premiums written including savings portions from unit-linked and index-linked life insurance climbed by 50.6 per cent to €87.7 million (2016: €58.2 million). In Western Europe (WE) – Liechtenstein and Switzerland – premiums written including savings portions from unit-linked and index-linked life insurance rose by 20.7 per cent to €44.0 million (2016: €36.5 million).

Changes in insurance benefits

Net insurance benefits at UNIQA International increased in 2017 by 10.9 per cent to €537.6 million (2016: €484.9 million). In property and casualty insurance, they rose by 2.4 per cent to €316.2 million (2016: €308.8 million). In health insurance, they grew 23.8 per cent to reach €36.3 million (2016: €29.3 million). In life insurance, they also increased by 26.1 per cent to €185.2 million (2016: €146.8 million) as a result of the strong growth in premiums. In 2017, the loss ratio in property and casualty insurance fell to 58.1 per cent (2016: 59.7 per cent). The combined ratio after reinsurance in

the UNIQA International segment improved strongly to 97.1 per cent (2016: 99.2 per cent).

In the CE region, benefits rose by 12.6 per cent in 2017 to €263.5 million (2016: €234.0 million); in the EE region, however, they increased by 7.1 per cent to €58.0 million (2016: €54.1 million). They fell by 5.7 per cent in SEE to reach €131.0 million (2016: €138.9 million). In Russia, benefits amounted to €74.1 million (2016: €48.6 million), and in Western

Europe, the volume of benefits also rose by 17.6 per cent to €11.1 million (2016: €9.4 million).

Operating expenses

Operating expenses less reinsurance commission and share of profit from reinsurance ceded, which amounted to €120.5 million (2016: €112.0 million), increased by 5.9 per cent to €356.0 million in the 2017 financial year (2016: €336.2 million). They rose by 4.0 per cent in property and casualty insurance to €212.5 million (2016: €204.4 million). In health insurance, they increased by 10.2 per cent to €21.8 million (2016: €19.8 million). In life insurance, they grew 8.7 per cent to reach €121.7 million (2016: €112.0 million).

At UNIQA International, the cost ratio after reinsurance, i.e. the relation of total operating expenses, less reinsurance commission and share of profit from reinsurance ceded, to premiums earned, including savings portions from unit-linked and index-linked life insurance, decreased to 31.2 per cent during the past year for reasons stated above (2016: 34.9 per cent).

Health insurance

In € million	2017	2016	2015
Premiums written	62.8	47.7	43.4
Insurance benefits (net)	- 36.3	- 29.3	- 29.6
Operating expenses (net)	- 21.8	- 19.8	- 20.0
Cost ratio (after reinsurance)	38.1%	45.0%	47.0%
Net investment income	0.3	0.5	0.2
Earnings before taxes	- 0.1	- 3.1	- 5.5
Technical provisions (net)	32.3	24.9	71.6

Life insurance

In € million

	2017	2016	2015
Premiums written including savings portions from unit-linked and index-linked life insurance	548.4	409.9	375.7
Insurance benefits (net)	- 185.2	- 146.8	- 159.8
Operating expenses (net)	- 121.7	- 112.0	- 111.2
Cost ratio (after reinsurance)	22.6%	27.9%	30.2%
Net investment income	42.3	30.1	52.6
Earnings before taxes	26.8	22.1	25.7
Technical provisions (net)	1,647.4	1,493.1	4,792.2

In CE, operating expenses less reinsurance commission and share of profit from reinsurance ceded rose by 2.7 per cent to €178.5 million in the reporting year (2016: €173.7 million). In EE, they increased by 21.5 per cent to €55.7 million (2016: €45.9 million). In SEE they also grew by 4.4 per cent to €89.9 million (2016: €86.1 million). In Russia, costs rose by 14.8 per cent to €11.5 million (2016: €10.0 million), while they fell in Western Europe by 1.9 per cent to €3.8 million (2016: €3.9 million). In administration (UNIQA International AG), costs remained stable at €16.6 million (2016: €16.6 million).

Net investment income

Net investment income rose by 12.4 per cent to €71.5 million in 2017 (2016: €63.5 million).

Earnings before taxes

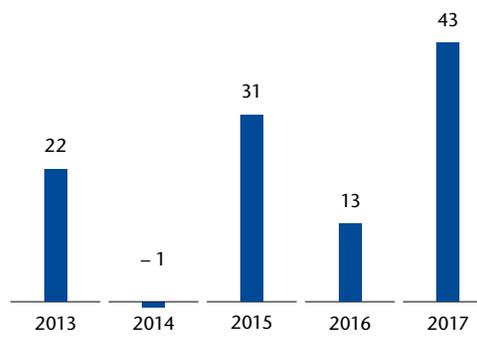
Earnings before taxes in the UNIQA International segment rose significantly in the reporting year to €42.8 million (2016: €13.1 million) on account of the improved technical result. Earnings before taxes in property and casualty insurance im-

proved to €16.1 million (2016: €-5.9 million). In health insurance, they came to €-0.1 million (2016: €-3.1 million). Lastly, in life insurance, earnings before taxes increased by 21.2 per cent to €26.8 million (2016: €22.1 million).

Earnings before taxes

UNIQA International

In € million



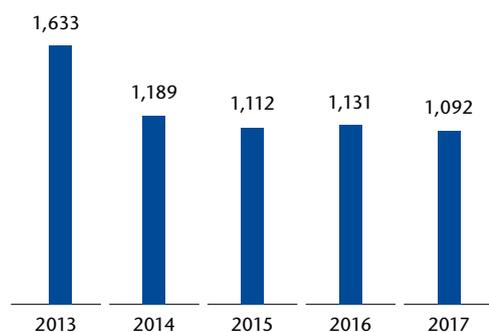
Reinsurance

Reinsurance			
In € million	2017	2016	2015
Premiums written	1,091.6	1,130.8	1,112.1
Insurance benefits (net)	- 692.5	- 694.7	- 720.1
Operating expenses (net)	- 320.2	- 330.5	- 315.7
Cost ratio (after reinsurance)	31.9%	32.3%	31.1%
Earnings before taxes	5.5	18,1	- 2.1
Technical provisions (net)	1,458.2	1,461.6	1,432.6

In the reinsurance segment, the premium volume written fell in 2017 by 3.5 per cent to €1,091.6 million (2016: €1,130.8 million).

Premiums written including savings portions from unit-linked and index-linked life insurance Reinsurance

In € million



The volume of premiums earned (net, in accordance with IFRSs) fell by 1.9 per cent to €1,003.0 million (2016: €1,022.7 million).

Net insurance benefits fell slightly in 2017 by 0.3 per cent to €692.5 million (2016: €694.7 million).

Operating expenses less reinsurance commission and share of profit from reinsurance ceded in the amount of €8.3 million (2016: €7.8 million) fell by 3.1 per cent to €320.2 million (2016: €330.5 million).

Net investment income rose in 2017 to €31.0 million (2016: €29.9 million).

Earnings before taxes in the reinsurance segment fell to €5.5 million (2016: €18.1 million).

Group functions

Group functions			
In € million	2017	2016	2015
Operating expenses (net)	- 55.3	- 49.6	- 27.9
Net investment income	204.9	152.8	207.1
Earnings before taxes	91.4	51.1	151.7

In the Group functions segment, operating expenses rose by 11.5 per cent to €55.3 million (2016: €49.6 million). Net investment income amounted to €204.9 million (2016: €152.8 million).

Earnings before taxes rose to €91.4 million (2016: €51.1 million) in the 2017 financial year.

Consolidation

Consolidation

In € million	2017	2016	2015
Net investment income	- 208.8	- 117.4	- 197.9
Earnings before taxes	- 159.1	- 89.0	- 182.8

Net investment income in the consolidation segment amounted to €-208.8 million in 2017 (2016: €-117.4 million).

Earnings before taxes fell to €-159.1 million (2016: €-89.0 million).

Significant events after the reporting date

The sale of Medial Beteiligungs-Gesellschaft m.b.H. to CAME Holding GmbH was finally completed on 15 January 2018 following the approvals and authorisations required under the law on mergers and under public law for the transfer and following the decision of the general assembly of Casinos Austria AG. As a result of the sale, earnings in the amount of €47.5 million will be reported in the first quarter of 2018.

Outlook

Economic outlook

Since the turn of the year, early economic indicators have been suggesting a positive start for the entire eurozone and the Austrian economy for 2018. Economists generally assume that the solid economic performance will persist throughout the entire year. The macroeconomic environment also remains very positive in Central and Eastern Europe. GDP in the region (excluding Russia) is expected to grow by 3.8 per cent in 2018. The financial markets should generally continue to benefit from a positive economic environment. The European Central Bank is pursuing a slow and gradual normalisation in its monetary policy. A regular cycle of interest rate rises is not expected to start before 2019. UNIQA does not expect any significant rise in the general interest rate level in the eurozone.

Outlook for the insurance industry

According to forecasts by the Austrian Insurance Association, total premium revenues in Austria are expected to increase again by 1.2 per cent to around €17.3 billion in 2018. Growth of 2.4 per cent is forecast for property insurance here; personal insurance will only grow by 0.2 per cent. Life insurance is restricting performance with a decline, particularly in the area of single premiums (-6.6 per cent), although this is significantly less than in 2017. The strongest growth is expected in the comprehensive motor insurance line at 3.9 per cent.

The sustained positive economic performance in Central and Eastern Europe is expected also to lead to higher incomes over the next few years and to increased consumer spending by households. The fact that the insurance industry still needs to catch up in CEE is reflected in the so-called insurance density (per capita expenditures on insurance products). In Ukraine, per capita insurance spending is just €30; in the countries of Southeastern Europe this number is around €130, and in Central Europe it is around €360. In comparison, the insurance density in Austria is just under €2,000 and is over €2,200 for the EU as a whole.

UNIQA expects long-term growth dynamism in the CEE markets and therefore a considerably more dynamic performance in the insurance industry in Eastern Europe compared with the markets of Western Europe and Austria, including for 2018.

Group outlook

The outlook for the UNIQA Group for 2018 is subject to the following assumptions:

- The global economic upturn will persist, the Austrian national economy will further improve its economic performance, and CEE will also continue to benefit from the economic headwind. GDP growth in Austria will be 2.4 per cent and in CEE (excluding Russia) about 3.8 per cent in accordance with current forecasts in 2018.
- The ECB's monetary policy will also remain decidedly loose in 2018, with a return to normality only expected in the medium term. UNIQA therefore expects a moderate rise in the general interest rate level in the eurozone.
- No major disruptions occur on the capital markets.
- There are no drastic finance policy-related, regulatory or legal interventions.
- Damages from natural disasters remain within the average of previous years.

Changes in premiums and income position

UNIQA expects a moderate fall in total premium volumes of around 1 per cent for 2018. Premium growth of around 2 per cent is expected in property and casualty insurance in 2018. In line with the long-term trend, UNIQA also anticipates growth of more than 3 per cent in health insurance, driven primarily by business in Austria. In contrast with this a decline is expected in life insurance. The deliberate reduction in single premium business in particular, especially in CEE, along with the persistent decline in classic life insurance in Austria, will result in a fall in premiums of more than 5 per cent in this segment.

In 2016, UNIQA began the largest investment programme in the Company's history, and is investing around €500 million in redesigning the business model and developing the required staff competencies and necessary IT systems. This significant investment in the future will continue to impact earnings before taxes in the 2018 financial year.

With respect to investment income, UNIQA expects no further fall for 2018 as compared with 2017, since the effects of the low interest rates are already largely reflected in the fall in capital earnings over recent years.

UNIQA aims to improve the combined ratio (after reinsurance) further in 2018 as compared with 2017. Increased

profitability in the core technical business for property and casualty insurance should provide the basis for this.

Overall, UNIQA is expecting an improvement in earnings before taxes once again for the 2018 financial year.

UNIQA also intends to continue increasing its annual distribution per share over the next few years as part of a progressive dividend policy.

Information according to Section 243a(1) of the Austrian Commercial Code

1. The share capital of UNIQA Insurance Group AG is €309,000,000 and is comprised of 309,000,000 individual no par value shares in the name of the bearer. €285,356,365 of the share capital was fully paid in cash and €23,643,635 was paid in non-cash contributions. All shares confer the same rights and obligations.
2. A voting trust agreement exists for shareholdings of UNIQA Versicherungsverein Privatstiftung, Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH, Collegialität Versicherungsverein Privatstiftung and RZB Versicherungsbeteiligung GmbH. Reciprocal purchase option rights have been agreed upon.
3. Raiffeisen Bank International AG holds indirectly, via RZB - BLS Holding GmbH and RZB Versicherungsbeteiligung GmbH, a total of 10.87 per cent (allocated in accordance with the Austrian Stock Exchange Act) of the Company's share capital; UNIQA Versicherungsverein Privatstiftung holds directly and indirectly through Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH a total of 49.00 per cent (allocated in accordance with the Austrian Stock Exchange Act) of the Company's share capital.
4. No shares with special control rights have been issued.
5. The employees who have share capital exercise their voting rights directly.
6. No provisions of the Articles of Association or other provisions exist that go beyond the statutory provisions for appointing Management Board and Supervisory Board members or for modifying the Articles of Association with the exception of the rule that when a Supervisory Board member turns 70 years of age, they retire from the Supervisory Board at the end of the next Annual General Meeting.

7. The Group Management Board is authorised to increase the Company's equity capital up to and including 30 June 2019 with the approval of the Supervisory Board by a total of no more than €81,000,000 by issuing up to 81,000,000 no-par voting shares in the name of the holder or registered for payment in cash or in kind, one time or several times. The Management Board is further authorised until 27 May 2018 to buy back up to 30,900,000 treasury shares (together with other treasury shares that the Company has already acquired and still possesses) through the Company and/or through subsidiaries of the Company (Section 66 of the Stock Corporation Act). As at 31 December 2017, the Company held 2,034,739 treasury shares. 1,215,089 treasury shares are held through UNIQA Österreich Versicherungen AG. This share portfolio resulted from the merger in 2016 of BL Syndikat Beteiligungs Gesellschaft m.b.H. as the transferring company, with UNIQA Insurance Group AG as acquiring company (payment of portfolio in UNIQA shares to shareholders of BL Syndikat Beteiligungs Gesellschaft m.b.H.). This share portfolio is not to be included in the highest number of treasury shares.
8. With regard to the holding company STRABAG SE, corresponding agreements with other shareholders of this holding company exist.
9. No reimbursement agreements exist for the event of a public takeover offer.

Information according to Section 243a(2) of the Austrian Commercial Code

The internal control and risk management system at UNIQA Insurance Group AG are comprised of transparent systems that encompass all company activities and that include a systematic and permanent approach, on the basis of a defined risk strategy, with the following elements: identification, analysis, evaluation, management, documentation and communication of risks as well as the monitoring of these activities. The scope and orientation of these systems were designed on the basis of company-specific requirements. Despite the creation of appropriate frameworks, there is always a certain residual risk because even appropriate and functional systems cannot guarantee absolute security with regard to the identification and management of risks.

Objectives:

- a) identification and evaluation of risks that could obstruct the goal of producing (consolidated) financial statements that comply with regulations
- b) limiting recognised risks, for example by consulting with external specialists
- c) review of external risks with regard to their influence on the consolidated financial statements and the corresponding reporting of these risks

The aim of the internal control system in the accounting process is to guarantee sufficient security by means of implementing controls so that, despite identified risks, proper financial statements are prepared. Along with the risks described in the Risk Report, the risk management system also analyses additional risks within internal business processes, compliance, internal reporting, etc.

Organisational structure and control environment

The Company's accounting process is incorporated into the UNIQA Group accounting process. In addition to the SAP accounting system, a harmonised insurance-specific IT system is also used for the Company's purposes. Compliance guidelines and manuals for company organisation, accounting and consolidation exist for the purpose of guaranteeing secure processes.

Identification and control of risks

An inventory and appropriate control measures were conducted to identify existing risks. The type of controls were defined in the guidelines and instructions and coordinated with the existing authorisation concept.

The controls include both manual coordination and comparison routines, as well as the acceptance of system configurations for connected IT systems. New risks and control weaknesses in the accounting process are quickly reported to management so that they can undertake corrective measures. The procedure for the identification and control of risks is evaluated on a regular basis by an external independent auditor.

Information and communication

Deviations from expected results and evaluations are monitored by means of monthly reports and key figures, and they form the foundation of information provided to management on an ongoing basis. The management review that is based on this information, and the approval of the processed data, form the foundation of further treatment in the Company's financial statements.

Measures to ensure effectiveness

The internal control and risk management system is not made up of static systems; instead, it is adjusted on an ongoing basis to changing requirements and framework conditions. The identification of the necessity of changes requires constant monitoring of the effectiveness of all systems. The foundations for this are:

- a) Regular self-evaluations by the persons tasked with controls
- b) Evaluations of key data to validate transaction results in relation to indications that suggest control deficiencies
- c) Random tests of effectiveness by the Internal Audit department and comprehensive efficacy tests by the Internal Audit department and/or special teams

Reporting to the Supervisory Board/Audit Committee

In the context of compliance and internal control and risk management systems, the Group Management Board reports regularly to the Supervisory Board and the Audit Committee by means of Internal Audit department reports and the engagement of external auditors.

Proposed appropriation of profit

The separate financial statements of UNIQA Insurance Group AG, prepared in accordance with the Austrian Commercial Code and the Insurance Supervisory Act, report an annual net profit for the 2017 financial year in the amount of €158,160,654.22 (2016: €151,949,829.25). The Management Board will propose to the Annual General Meeting on 28 May 2018 that this net profit be used for a dividend of €0.51 for each of the 309,000,000 dividend-entitled no-par value shares issued as at the reporting date and the remaining amount carried forward to a new account.

Vienna, 9 March 2018



Andreas Brandstetter
Chairman of the Management Board



Erik Leyers
Member of the Management Board



Kurt Svoboda
Member of the Management Board

CONSOLIDATED FINANCIAL STATEMENTS

General information

UNIQA Insurance Group AG (UNIQA) is a company domiciled in Austria. The address of the company's registered office is Untere Donaustrasse 21, 1029 Vienna. The Group primarily conducts business with property and casualty, as well as health and life insurance.

UNIQA Insurance Group AG is registered in the company registry of the Commercial Court of Vienna under FN 92933t. The shares of UNIQA Insurance Group AG are listed on the prime market segment of the Vienna Stock Exchange.

Unless otherwise stated, these consolidated financial statements are prepared in thousand euros; rounding differences may occur through the use of automated calculation tools when totalling rounded amounts and percentages. The functional currency at UNIQA is the euro.

UNIQA's reporting date is 31 December.

Accounting principles

The consolidated financial statements were prepared in line with the International Financial Reporting Standards (IFRSs) as well as the provisions of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU) as at the reporting date. The additional requirements of Section 245a(1) of the Austrian Commercial Code and Section 138(8) of the Austrian Insurance Supervision Act were met.

Use of discretionary decisions and estimates

The consolidated financial statements require the Group Management Board to make discretionary decisions, estimates and assumptions that relate to the application of accounting policies and the amounts stated for the assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recorded prospectively.

Discretionary judgements and assumptions regarding the future which could have a significant impact on these consolidated financial statements are described in the following notes:

Note 1: Investment property (assumptions used in determining fair values)

Note 2: Financial assets accounted for using the equity method (assumptions and models used in STRABAG SE's earnings estimates)

Note 3: Other investments (determination of fair values)

Note 5: Technical provisions (assumptions and models used in calculating actuarial provisions)

Note 11: Intangible assets (assumptions used in determining goodwill)

Note 15: Deferred tax (assessment of the ability to realise deferred tax assets)

Note 17: Defined benefit plans (calculation of the present value of the defined benefit obligations)

The following table provides a summary of the valuation standards for the individual balance sheet items in the assets and liabilities:

Balance sheet item	Standard of valuation
Assets	
Property, plant and equipment	At lower of amortised cost or recoverable amount
Intangible assets	
- with determinable useful life	At lower of amortised cost or recoverable amount
- with indeterminable useful life	At lower of acquisition cost or recoverable amount
Investments	
Investment property	At lower of amortised cost or recoverable amount
Financial assets accounted for using the equity method	At lower of amortised pro-rata value of the equity or recoverable amount
Other investments	
- Financial assets recognised at fair value through profit or loss	Fair value
- Financial assets held for sale	Fair value
- Loans and receivables	Amortised cost
Unit-linked and index-linked life insurance investments	Fair value
Reinsurers' share of technical provisions	As per the valuation of technical provisions
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	As per the valuation of technical provisions
Receivables, including insurance receivables	Amortised cost
Income tax receivables	At the amount of any obligations to the tax authorities, based on the tax rates applicable on the reporting date or in the near future
Deferred tax assets	Undiscounted valuation applying the tax rates that are expected for the period in which an asset is realised or a liability met
Cash and cash equivalents	Amortised cost
Assets in disposal groups held for sale	Lower of carrying amount and fair value less cost to sale
Liabilities	
Subordinated liabilities	Amortised cost
Technical provisions	Property insurance: provisions for losses and unsettled claims (undiscounted value of expected future payment obligations) Life and health insurance: insurance provision in accordance with actuarial calculation principles (discounted value of expected future benefits less premiums)
Technical provisions for unit-linked and index-linked life insurance	Insurance provision based on the change in value of the contributions assessed
Financial liabilities	
- Liabilities from loans	Amortised cost
- Derivative financial instruments	Fair value
Other provisions	
- from defined benefit obligations	Actuarial valuation applying the projected benefit obligation method
- other	Present value of future settlement value
Liabilities and other items classified as liabilities	Amortised cost
Income tax liabilities	At the amount of any obligations to the tax authorities, based on the tax rates applicable on the reporting date or in the near future
Deferred tax liabilities	Undiscounted valuation applying the tax rates that are expected for the period in which an asset is realised or a liability met

Consolidated Statement of Financial Position as at 31 December 2017

Assets

In € thousand

	Notes	31/12/2017	31/12/2016
Property, plant and equipment	10	310,610	265,219
Intangible assets	11	1,529,548	1,492,360
Investments			
Investment property	1	1,233,896	1,349,996
Financial assets accounted for using the equity method	2	560,949	521,305
Other investments	3	18,082,821	18,153,472
Unit-linked and index-linked life insurance investments	6	5,034,492	4,879,928
Reinsurers' share of technical provisions	5	316,126	324,443
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	6	291,958	318,636
Receivables, including insurance receivables	12	675,914	638,695
Income tax receivables	16	43,294	65,854
Deferred tax assets	15	4,680	5,589
Cash and cash equivalents	13	650,307	549,934
Assets in disposal groups held for sale	14, 39	9,289	5,073,729
Total assets		28,743,885	33,639,160

Equity and liabilities

In € thousand

	Notes	31/12/2017	31/12/2016
Total equity			
Portion attributable to shareholders of UNIQA Insurance Group AG			
Subscribed capital and capital reserves	20	1,789,923	1,789,923
Treasury shares	22	-16,614	-16,631
Accumulated results		1,404,281	1,412,961
		3,177,590	3,186,253
Non-controlling interests	24	15,801	26,513
		3,193,391	3,212,766
Liabilities			
Subordinated liabilities		846,358	846,043
Technical provisions	5	17,346,312	17,609,233
Technical provisions for unit-linked and index-linked life insurance	6	5,019,325	4,846,591
Financial liabilities	25	38,646	45,524
Other provisions	17, 26	809,820	798,737
Liabilities and other items classified as liabilities	26	1,127,336	1,042,244
Income tax liabilities	16	54,446	79,120
Deferred tax liabilities	15	308,249	296,676
Liabilities in disposal groups held for sale	14	0	4,862,227
		25,550,494	30,426,394
Total equity and liabilities		28,743,885	33,639,160

Consolidated Income Statement from 1 January until 31 December 2017

In € thousand

	Notes	1–12/2017	1–12/2016
Premiums earned (net)	7		
Gross		4,806,111	4,611,687
Reinsurers' share		-178,178	-168,717
		4,627,933	4,442,970
Technical interest income		347,100	333,334
Other insurance income			
Gross		21,639	23,508
Reinsurers' share		655	329
		22,293	23,837
Insurance benefits	8		
Gross		-3,622,976	-3,478,247
Reinsurers' share		64,327	92,681
		-3,558,650	-3,385,566
Operating expenses	9		
Expenses for the acquisition of insurance		-878,641	-890,674
Other operating expenses		-420,298	-417,031
Reinsurance commission and share of profit from reinsurance ceded		22,965	21,311
		-1,275,974	-1,286,394
Other technical expenses			
Gross		-39,707	-37,088
Reinsurers' share		-16,781	-17,233
		-56,488	-54,321
Technical result		106,215	73,861
Net investment income	4		
Income from investments		980,100	941,441
Expenses from investments		-469,354	-391,162
Financial assets accounted for using the equity method		50,190	38,614
		560,937	588,892
Other income	27	36,649	42,569
Reclassification of technical interest income		-347,100	-333,334
Other expenses	28	-56,451	-53,145
Non-technical result		194,035	244,982
Operating profit/(loss)		300,250	318,842
Amortisation of goodwill and impairment losses		-5,039	-25,832
Finance costs		-53,017	-67,477
Earnings before taxes		242,194	225,533
Income taxes	16	-46,348	-22,810
Profit/(loss) for the period from continuing operations		195,846	202,723
Profit/(loss) from discontinued operations (after tax)	14	-33,059	-53,105
Profit/(loss) for the period		162,788	149,618
of which attributable to shareholders of UNIQA Insurance Group AG		161,397	148,063
of which attributable to non-controlling interests		1,391	1,554
Earnings per share (in €)¹⁾		0.53	0.48
Earnings per share from continuing operations		0.63	0.66
Earnings per share from discontinued operations		-0.11	-0.17
Average number of shares in circulation		306,965,261	308,129,721

¹⁾ Diluted earnings per share equate to undiluted earnings per share. This is calculated on the basis of the consolidated profit/(loss).

Consolidated Statement of Comprehensive Income from 1 January until 31 December 2017

In € thousand

	1–12/2017	1–12/2016
Profit/(loss) for the period	162,788	149,618
Items not reclassified to profit or loss in subsequent periods		
Revaluations of defined benefit obligations		
Gains (losses) recognised in equity	4,491	–9,842
Gains (losses) recognised in equity – deferred tax	–1,001	2,195
Gains (losses) recognised in equity – deferred profit participation	–515	1,127
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	2,191	–1,335
	5,166	–7,855
Items reclassified to profit or loss in subsequent periods		
Currency translation		
Gains (losses) recognised in equity	158	155
Recognised in the consolidated income statement	0	–504
Valuation of financial instruments available for sale		
Gains (losses) recognised in equity	–18,128	343,506
Gains (losses) recognised in equity – deferred tax	–7,036	–39,702
Gains (losses) recognised in equity – deferred profit participation	82,951	–196,229
Recognised in the consolidated income statement	–228,112	–102,071
Recognised in the consolidated income statement – deferred tax	33,143	14,303
Recognised in the consolidated income statement – deferred profit participation	104,819	43,305
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	3,803	–5,648
Recognised in the consolidated income statement	0	580
	–28,402	57,697
of which from discontinued operations	–71,513	6,701
Other comprehensive income	–23,236	49,841
Total comprehensive income	139,551	199,459
of which attributable to shareholders of UNIQA Insurance Group AG	140,271	195,644
of which attributable to non-controlling interests	–719	3,815

Consolidated Statement of Cash Flows from 1 January until 31 December 2017

In € thousand

	Notes	1–12/2017	1–12/2016
Profit/(loss) for the period		162,788	149,618
Impairment losses, amortisation of goodwill and other intangible assets, and depreciation of property, plant and equipment		42,684	62,379
Impairment losses/reversal of impairment losses on other investments		160,387	97,956
Gain/loss on the disposal of investments		-57,079	-22,639
Change in deferred acquisition costs		1,697	10,383
Change in securities at fair value through profit or loss		-104,686	150,982
Change in direct insurance receivables		-1,868	23,412
Change in other receivables		-8,046	103,324
Change in direct insurance liabilities		5,440	-36,603
Change in other liabilities		61,413	25,130
Change in technical provisions		70,965	382,945
Change in defined benefit obligations		-7,513	-10,067
Change in deferred tax assets and deferred tax liabilities		26,800	-27,961
Change in other statement of financial position items		131,442	68,033
Net cash flow from operating activities		484,425	976,893
of which from discontinued operations		258,179	586,541
Proceeds from disposal of intangible assets and property, plant and equipment		4,566	3,504
Payments for acquisition of intangible assets and property, plant and equipment		-76,857	-46,926
Proceeds from disposal of consolidated companies		294,047	16,409
Payments for acquisition of consolidated companies		0	-3,293
Proceeds from disposal and maturity of other investments		4,703,412	4,978,861
Payments for acquisition of other investments		-4,999,223	-5,860,659
Change in unit-linked and index-linked life insurance investments		-154,564	-7,395
Net cash flow from investing activities		-228,620	-919,500
of which from discontinued operations		35,300	-593,261
Dividend payments	21	-153,024	-145,958
Transactions between owners		-26	-644
Payments from other financing activities	25	-1,131	-251,922
Net cash flow from financing activities		-154,181	-398,524
Change in cash and cash equivalents		101,624	-341,131
Change in cash and cash equivalents due to acquisitions or disposals of consolidated subsidiaries		0	770
of which from discontinued operations		293,479	-6,719
Change in cash and cash equivalents due to movements in exchange rates		-1,251	982
Cash and cash equivalents at beginning of year	13	549,934	890,083
Cash and cash equivalents at end of period	13	650,307	549,934
Income taxes paid (Net cash flow from operating activities)		-21,705	-49,786
Interest paid (Net cash flow from operating activities)		-76,966	-91,997
Interest received (Net cash flow from operating activities)		443,344	554,868
Dividends received (Net cash flow from operating activities)		27,528	77,418

Consolidated Statement of Changes in Equity

				Accumulated	
In € thousand	Notes	Subscribed capital and capital reserves	Treasury shares	Valuation of financial instruments available for sale	Revaluations of defined benefit obligations
At 1 January 2016		1,789,920	-10,857	391,753	-180,563
Change in basis of consolidation		3	-5,774		
Dividends to shareholders					
Total comprehensive income				61,909	-6,457
Profit/(loss) for the period					
Other comprehensive income				61,909	-6,457
At 31 December 2016		1,789,923	-16,631	453,662	-187,020
At 1 January 2017		1,789,923	-16,631	453,662	-187,020
Change in basis of consolidation		0	17	-45,482	
Dividends to shareholders	21				
Total comprehensive income				-30,795	2,935
Profit/(loss) for the period					
Other comprehensive income				-30,795	2,935
At 31 December 2017		1,789,923	-16,614	377,385	-184,085

results

Differences from currency translation	Other accumulated results	Portion attributable to shareholders of UNIQA Insurance Group AG	Non-controlling interests	Total equity
-172,485	1,326,748	3,144,516	21,853	3,166,369
	-3,291	-9,062	1,958	-7,104
	-144,845	-144,845	-1,113	-145,958
-1,468	141,661	195,644	3,815	199,459
	148,063	148,063	1,554	149,618
-1,468	-6,403	47,581	2,261	49,841
-173,953	1,320,273	3,186,253	26,513	3,212,766
-173,953	1,320,273	3,186,253	26,513	3,212,766
	46,943	1,479	-7,381	-5,902
	-150,413	-150,413	-2,611	-153,024
740	167,391	140,271	-719	139,551
	161,397	161,397	1,391	162,788
740	5,995	-21,126	-2,111	-23,236
-173,214	1,384,194	3,177,590	15,801	3,193,391

Segment Reporting

The accounting and valuation methods of the segments that are subject to mandatory reporting correspond with the consolidated accounting and valuation methods. The earnings before taxes for the segments were determined taking the following components into consideration: summation of the IFRS profits in the individual companies, taking the elimination of investment income in the various segments and impairment of goodwill into consideration. All other consolidation effects (profit/(loss) for the period at associates, elimination of interim results, and other overall effects) are included in "Consolidation". The segment profit/(loss) obtained in this manner is reported to the Management Board of UNIQA Insurance Group AG to manage the Group in the following operating segments:

- UNIQA Austria – includes the Austrian insurance business.
- UNIQA International – includes the Austrian holding companies UNIQA International AG and UNIQA Internationale Beteiligungs-Verwaltungs GmbH in addition to

all foreign insurance companies (with the exception of UNIQA Re AG). This segment is divided into the following main areas on a regional basis:

- Western Europe (WE – Switzerland and Liechtenstein)
- Central Europe (CE – Czech Republic, Hungary, Poland and Slovakia)
- Eastern Europe (EE – Romania and Ukraine)
- Southeastern Europe (SEE – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Macedonia, Serbia and Kosovo)
- Russia (RU)
- Administration (Austrian holding companies)
- Reinsurance – includes UNIQA Re AG (Zurich, Switzerland), UNIQA Versicherung AG (Vaduz, Liechtenstein) and the reinsurance business of UNIQA Insurance Group AG.
- Group functions – includes the remaining items for UNIQA Insurance Group AG (investment income and administrative costs) as well as all other remaining Austrian and foreign service companies.

Operating segments

In € thousand	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	3,656,609	3,631,453	1,608,517	1,399,890	1,091,601	1,130,795
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	2,991,320	2,941,445	1,139,869	962,994	1,003,018	1,022,692
Savings portions in unit-linked and index-linked life insurance (gross)	231,806	246,038	249,833	159,060	0	0
Savings portions in unit-linked and index-linked life insurance (net)	226,377	225,666	249,833	159,060	0	0
Premiums written (gross)	3,424,803	3,385,416	1,358,684	1,240,830	1,091,601	1,130,795
Premiums earned (net)	2,764,943	2,715,779	890,037	803,935	1,003,018	1,022,692
Premiums earned (net) – intragroup	–630,645	–635,317	–365,299	–332,689	1,026,009	1,067,442
Premiums earned (net) – external	3,395,588	3,351,096	1,255,336	1,136,624	–22,991	–44,750
Technical interest income	319,216	306,825	27,884	26,510	0	0
Other insurance income	4,777	2,908	19,524	16,106	354	442
Insurance benefits	–2,350,739	–2,292,130	–537,625	–484,946	–692,482	–694,723
Operating expenses	–548,346	–589,244	–355,974	–336,156	–320,192	–330,527
Other technical expenses	–29,065	–26,285	–31,329	–33,256	–11,629	–9,124
Technical result	160,785	117,853	12,517	–7,807	–20,931	–11,240
Net investment income	462,399	460,087	71,452	63,542	31,005	29,923
Income from investments	792,856	750,722	100,097	86,875	43,574	35,308
Expenses from investments	–344,031	–302,543	–28,829	–23,333	–12,570	–5,386
Financial assets accounted for using the equity method	13,573	11,909	184	0	0	0
Other income	1,776	7,914	13,790	21,091	4,472	1,844
Reclassification of technical interest income	–319,216	–306,825	–27,884	–26,510	0	0
Other expenses	–16,573	–22,543	–19,472	–14,185	–6,122	–2,356
Non-technical result	128,386	138,633	37,886	43,939	29,355	29,410
Operating profit/(loss)	289,171	256,487	50,403	36,132	8,424	18,170
Amortisation of goodwill and impairment losses	–2,478	–3,470	–2,561	–22,362	0	0
Finance costs	–25,083	–20,787	–5,037	–719	–2,900	–79
Earnings before taxes from continuing operations	261,610	232,230	42,804	13,051	5,524	18,091
Combined ratio (property and casualty insurance, after reinsurance)	91.8%	93.7%	97.1%	99.2%	100.7%	100.0%
Cost ratio (after reinsurance)	18.3%	20.0%	31.2%	34.9%	31.9%	32.3%

Impairment by segment

In € thousand	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Goodwill						
Impairments	0	0	0	–16,590	0	0
Investments						
Impairments	–37,730	–66,068	–1,000	–148	–376	0
Reversal of impairment losses	911	7,689	77	1	40	0

Group function		Consolidation		Group	
1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
0	0	-1,063,422	-1,113,928	5,293,305	5,048,210
0	0	-30,065	-99,436	5,104,143	4,827,696
0	0	0	0	481,639	405,097
0	0	0	0	476,210	384,725
0	0	-1,063,422	-1,113,928	4,811,666	4,643,113
0	0	-30,065	-99,436	4,627,933	4,442,970
0	0	-30,065	-99,436	0	0
0	0	0	0	4,627,933	4,442,970
0	0	0	0	347,100	333,334
505	6,157	-2,866	-1,776	22,293	23,837
8,414	7,708	13,783	78,525	-3,558,650	-3,385,566
-55,345	-49,634	3,884	19,166	-1,275,974	-1,286,394
-1,200	-313	16,735	14,656	-56,488	-54,321
-47,625	-36,081	1,470	11,135	106,215	73,861
204,887	152,773	-208,807	-117,433	560,937	588,892
304,769	389,528	-261,197	-320,992	980,100	941,441
-102,987	-238,440	19,063	178,540	-469,354	-391,162
3,106	1,685	33,327	25,020	50,190	38,614
20,425	10,896	-3,815	823	36,649	42,569
0	0	0	0	-347,100	-333,334
-21,385	-8,989	7,102	-5,072	-56,451	-53,145
203,927	154,680	-205,520	-121,681	194,035	244,982
156,302	118,599	-204,050	-110,546	300,250	318,842
0	0	0	0	-5,039	-25,832
-64,921	-67,456	44,925	21,563	-53,017	-67,477
91,381	51,143	-159,125	-88,983	242,194	225,533
n/a	n/a	n/a	n/a	97.5%	98.1%
n/a	n/a	n/a	n/a	25.0%	26.6%

Group function		Consolidation		Group	
1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
0	0	0	0	0	-16,590
-12,886	-14,271	0	0	-51,993	-80,486
28	249	0	0	1,057	7,940

Classified by business line Property and casualty insurance

In € thousand	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Premiums written (gross)	1,621,756	1,568,649	997,262	942,343	1,044,952	1,081,063
Premiums earned (net)	999,876	940,937	544,270	517,339	981,510	999,749
Technical interest income	0	0	0	0	0	0
Other insurance income	3,274	2,095	14,087	10,919	190	200
Insurance benefits	-675,804	-648,003	-316,185	-308,845	-673,194	-673,153
Operating expenses	-241,781	-233,945	-212,451	-204,377	-315,055	-326,255
Other technical expenses	-7,579	-6,253	-28,974	-29,983	-8,098	-5,467
Technical result	77,987	54,831	746	-14,947	-14,647	-4,926
Net investment income	42,988	27,602	28,829	32,943	21,314	20,020
Income from investments	144,683	103,684	41,538	37,753	33,883	25,406
Expenses from investments	-101,909	-76,228	-12,892	-4,810	-12,570	-5,386
Financial assets accounted for using the equity method	214	147	184	0	0	0
Other income	1,186	5,464	6,929	7,064	4,468	1,784
Reclassification of technical interest income	0	0	0	0	0	0
Other expenses	-12,006	-17,252	-13,089	-10,753	-6,051	-2,322
Non-technical result	32,167	15,814	22,669	29,254	19,731	19,482
Operating profit/(loss)	110,154	70,645	23,415	14,307	5,083	14,556
Amortisation of goodwill and impairment losses	0	0	-2,255	-19,516	0	0
Finance costs	0	0	-5,037	-719	-2,900	-79
Earnings before taxes from continuing operations	110,154	70,645	16,122	-5,928	2,183	14,477

Health insurance

In € thousand	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Premiums written (gross)	979,663	956,280	62,819	47,692	2,455	1,988
Premiums earned (net)	979,394	955,332	57,306	44,011	2,266	1,424
Technical interest income	81,277	77,670	0	0	0	0
Other insurance income	296	317	183	1,602	0	0
Insurance benefits	-849,502	-821,795	-36,252	-29,288	-101	-154
Operating expenses	-128,691	-143,119	-21,807	-19,794	-1,148	-672
Other technical expenses	-176	-431	-212	-204	0	0
Technical result	82,597	67,975	-783	-3,673	1,017	598
Net investment income	118,886	116,085	285	481	0	0
Income from investments	264,246	195,974	1,064	599	0	0
Expenses from investments	-151,024	-83,728	-779	-118	0	0
Financial assets accounted for using the equity method	5,663	3,838	0	0	0	0
Other income	397	965	3,272	1,707	3	0
Reclassification of technical interest income	-81,277	-77,670	0	0	0	0
Other expenses	-2,627	-2,802	-2,892	-1,655	0	0
Non-technical result	35,378	36,577	665	533	3	0
Operating profit/(loss)	117,975	104,552	-118	-3,141	1,020	598
Amortisation of goodwill and impairment losses	0	0	0	0	0	0
Finance costs	0	0	0	0	0	0
Earnings before taxes from continuing operations	117,975	104,552	-118	-3,141	1,020	598

Group function		Consolidation		Group	
1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
0	0	-1,024,271	-1,073,624	2,639,699	2,518,432
0	0	-30,572	-98,973	2,495,084	2,359,053
0	0	0	0	0	0
506	6,157	-2,729	-1,520	15,328	17,852
177	175	20,169	79,232	-1,644,837	-1,550,593
-24,482	-17,182	5,294	18,580	-788,475	-763,180
-570	-161	10,885	8,694	-34,336	-33,171
-24,369	-11,010	3,047	6,013	42,763	29,961
210,714	174,190	-195,295	-122,131	108,550	132,626
261,516	351,399	-213,010	-266,405	268,610	251,837
-52,285	-177,746	11,200	139,407	-168,456	-124,762
1,483	537	6,515	4,867	8,396	5,551
17,792	8,052	-5,240	837	25,134	23,199
0	0	0	0	0	0
-13,066	-6,583	6,808	-4,084	-37,403	-40,994
215,440	175,659	-193,727	-125,378	96,280	114,831
191,071	164,648	-190,680	-119,365	139,044	144,791
0	0	0	0	-2,255	-19,516
-57,928	-67,348	12,946	776	-52,920	-67,370
133,143	97,300	-177,733	-118,589	83,869	57,905

Group function		Consolidation		Group	
1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
0	0	-2,972	-2,304	1,041,964	1,003,656
0	0	-90	-411	1,038,875	1,000,356
0	0	0	0	81,277	77,670
0	0	0	0	479	1,918
8,237	7,532	7	133	-877,611	-843,571
-17,318	-11,976	967	75	-167,998	-175,486
-296	-118	2	0	-683	-752
-9,377	-4,562	886	-203	74,340	60,136
-4,915	-4,544	2,112	2,885	116,368	114,907
276	2,196	-8,702	-5,661	256,885	193,108
-5,513	-6,999	666	903	-156,651	-89,941
322	258	10,148	7,644	16,133	11,741
2,494	2,341	1,348	0	7,514	5,013
0	0	0	0	-81,277	-77,670
-2,082	-1,703	424	-66	-7,177	-6,226
-4,502	-3,906	3,884	2,820	35,428	36,023
-13,879	-8,468	4,770	2,617	109,767	96,159
0	0	0	0	0	0
-97	-107	0	0	-97	-107
-13,976	-8,575	4,770	2,617	109,670	96,051

Life insurance

In € thousand	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	1,055,190	1,106,524	548,437	409,855	44,194	47,744
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	1,012,050	1,045,175	538,294	401,644	19,243	21,519
Savings portions in unit-linked and index-linked life insurance (gross)	231,806	246,038	249,833	159,060	0	0
Savings portions in unit-linked and index-linked life insurance (net)	226,377	225,666	249,833	159,060	0	0
Premiums written (gross)	823,384	860,487	298,604	250,795	44,194	47,744
Premiums earned (net)	785,673	819,510	288,461	242,585	19,243	21,519
Technical interest income	237,939	229,154	27,884	26,510	0	0
Other insurance income	1,207	496	5,254	3,586	164	241
Insurance benefits	-825,433	-822,332	-185,187	-146,814	-19,188	-21,415
Operating expenses	-177,874	-212,180	-121,716	-111,985	-3,989	-3,600
Other technical expenses	-21,310	-19,601	-2,143	-3,068	-3,531	-3,657
Technical result	201	-4,953	12,554	10,814	-7,300	-6,912
Net investment income	300,526	316,400	42,338	30,117	9,691	9,902
Income from investments	383,928	451,064	57,495	48,523	9,691	9,902
Expenses from investments	-91,097	-142,587	-15,157	-18,405	0	0
Financial assets accounted for using the equity method	7,696	7,923	0	0	0	0
Other income	194	1,486	3,589	12,321	1	60
Reclassification of technical interest income	-237,939	-229,154	-27,884	-26,510	0	0
Other expenses	-1,940	-2,489	-3,491	-1,776	-71	-34
Non-technical result	60,841	86,243	14,552	14,152	9,621	9,928
Operating profit/(loss)	61,042	81,290	27,106	24,966	2,321	3,016
Amortisation of goodwill and impairment losses	-2,478	-3,470	-305	-2,846	0	0
Finance costs	-25,083	-20,787	0	0	0	0
Earnings before taxes from continuing operations	33,481	57,033	26,800	22,120	2,321	3,016

Group function		Consolidation			Group	
1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016	
0	0	-36,179	-38,000	1,611,642	1,526,123	
0	0	597	-52	1,570,184	1,468,287	
0	0	0	0	481,639	405,097	
0	0	0	0	476,210	384,725	
0	0	-36,179	-38,000	1,130,003	1,121,025	
0	0	597	-52	1,093,974	1,083,561	
0	0	0	0	265,823	255,664	
-1	0	-137	-256	6,487	4,067	
0	0	-6,393	-840	-1,036,201	-991,401	
-13,545	-20,475	-2,377	511	-319,501	-347,728	
-333	-35	5,848	5,963	-21,469	-20,398	
-13,879	-20,509	-2,463	5,325	-10,888	-16,236	
-912	-16,873	-15,624	1,812	336,019	341,360	
42,977	35,932	-39,485	-48,925	454,605	496,496	
-45,190	-53,696	7,197	38,229	-144,247	-176,459	
1,301	890	16,665	12,508	25,662	21,322	
139	504	77	-13	4,001	14,357	
0	0	0	0	-265,823	-255,664	
-6,238	-703	-131	-922	-11,871	-5,925	
-7,010	-17,073	-15,677	877	62,327	94,128	
-20,890	-37,582	-18,141	6,202	51,439	77,892	
0	0	0	0	-2,784	-6,316	
-6,896	0	31,979	20,787	0	0	
-27,786	-37,582	13,838	26,989	48,655	71,576	

UNIQA International – classified by region

In € thousand	Premiums earned (net)		Net investment income	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Switzerland	0	11,218	303	191
Liechtenstein	15,272	1,270	-1,139	214
Western Europe (WE)	15,272	12,488	-836	405
Czech Republic	148,326	124,598	7,070	7,256
Hungary	65,347	58,557	3,815	3,864
Poland	166,160	153,457	12,903	14,329
Slovakia	81,644	76,962	5,014	3,913
Central Europe (CE)	461,476	413,574	28,801	29,362
Romania	63,633	62,496	3,992	2,740
Ukraine	47,169	38,553	6,191	8,849
Eastern Europe (EE)	110,802	101,049	10,183	11,589
Albania	30,301	27,570	712	739
Bosnia-Herzegovina	25,870	25,806	2,309	2,447
Bulgaria	47,532	43,072	945	1,446
Croatia	48,935	52,389	14,763	15,053
Montenegro	10,288	9,996	729	653
Macedonia	11,065	10,962	346	406
Serbia	35,723	40,225	1,311	4,774
Kosovo	9,641	10,828	146	151
Southeastern Europe (SEE)	219,354	220,849	21,260	25,669
Russia	83,132	55,975	12,743	-3,203
Russia (RU)	83,132	55,975	12,743	-3,203
Austria	0	0	-698	-280
Administration	0	0	-698	-280
UNIQA International	890,037	803,935	71,452	63,542
of which				
Earnings before taxes insurance companies				
Impairment goodwill				

Insurance benefits		Operating expenses		Earnings before taxes	
1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
0	-7,545	0	-3,955	394	1,468
-11,061	-1,864	-3,778	104	-40	-544
-11,061	-9,409	-3,778	-3,851	353	924
-90,595	-67,192	-49,652	-51,434	14,086	12,468
-23,912	-19,026	-33,606	-34,755	2,785	160
-101,203	-103,819	-62,534	-56,586	12,710	6,045
-47,838	-43,922	-32,682	-30,950	4,650	6,143
-263,548	-233,959	-178,474	-173,725	34,231	24,815
-35,728	-39,411	-29,989	-21,267	-384	-5,668
-22,229	-14,679	-25,760	-24,607	4,396	7,809
-57,957	-54,090	-55,749	-45,874	4,012	2,140
-9,594	-7,791	-15,328	-11,884	2,476	4,786
-17,357	-18,542	-9,500	-8,494	991	1,069
-31,643	-30,120	-16,125	-13,553	1,378	833
-35,609	-38,992	-20,735	-21,769	5,102	-10,763
-5,647	-5,370	-4,548	-4,712	285	6
-4,922	-5,602	-5,799	-5,331	473	691
-22,269	-25,091	-13,795	-15,615	2,086	1,543
-3,940	-7,361	-4,067	-4,754	1,066	-1,813
-130,981	-138,868	-89,896	-86,111	13,858	-3,647
-74,078	-48,619	-11,473	-9,990	10,161	5,847
-74,078	-48,619	-11,473	-9,990	10,161	5,847
0	0	-16,604	-16,605	-19,810	-17,028
0	0	-16,604	-16,605	-19,810	-17,028
-537,625	-484,946	-355,974	-336,156	42,804	13,051
				62,615	30,080
				0	-16,590

Consolidated Statement of Financial Position – classified by business line

	Property and casualty insurance		Health insurance	
In € thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Assets				
Property, plant and equipment	162,469	151,118	35,276	30,551
Intangible assets	525,280	451,312	255,538	242,280
Investments				
Investment property	254,494	285,872	237,163	275,331
Financial assets accounted for using the equity method	59,580	52,128	193,589	180,787
Other investments	4,797,747	4,510,004	2,976,458	2,825,901
Unit-linked and index-linked life insurance investments	0	0	0	0
Reinsurers' share of technical provisions	183,517	188,062	1,582	1,857
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	0	0	0	0
Receivables, including insurance receivables	249,682	651,476	312,318	44,665
Income tax receivables	38,840	64,434	306	139
Deferred tax assets	1,318	1,149	-11	418
Cash and cash equivalents	278,283	288,625	182,854	78,874
Assets in disposal groups held for sale	9,289	219,334	0	33,686
Total assets by business line	6,560,499	6,863,514	4,195,074	3,714,490
Liabilities				
Subordinated liabilities	852,136	851,183	0	0
Technical provisions	3,135,972	2,908,289	3,039,217	2,882,134
Technical provisions for unit-linked and index-linked life insurance	0	0	0	0
Financial liabilities	5,820	15,998	27,900	29,214
Other provisions	526,604	749,632	296,605	22,295
Liabilities and other items classified as liabilities	472,580	644,917	57,606	15,392
Income tax liabilities	50,571	75,767	2,620	2,873
Deferred tax liabilities	59,130	37,443	135,568	147,506
Liabilities in disposal groups held for sale	0	332,279	0	55,012
Total liabilities by business line	5,102,812	5,615,508	3,559,515	3,154,426

Life insurance		Consolidation		Group	
31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
112,865	83,550	0	0	310,610	265,219
786,540	810,017	-37,810	-11,249	1,529,548	1,492,360
742,239	788,793	0	0	1,233,896	1,349,996
307,779	288,389	0	0	560,949	521,305
10,941,859	11,467,353	-633,243	-649,786	18,082,821	18,153,472
5,034,492	4,879,928	0	0	5,034,492	4,879,928
142,301	146,536	-11,275	-12,013	316,126	324,443
291,958	318,636	0	0	291,958	318,636
173,005	235,249	-59,091	-292,694	675,914	638,695
4,148	1,281	0	0	43,294	65,854
3,373	4,022	0	0	4,680	5,589
189,170	182,435	0	0	650,307	549,934
0	4,820,709	0	0	9,289	5,073,729
18,729,731	24,026,898	-741,419	-965,742	28,743,885	33,639,160
410,742	410,742	-416,519	-415,882	846,358	846,043
11,194,745	11,842,676	-23,621	-23,866	17,346,312	17,609,233
5,019,325	4,846,591	0	0	5,019,325	4,846,591
187,505	198,129	-182,579	-197,818	38,646	45,524
27,024	37,422	-40,412	-10,613	809,820	798,737
675,027	695,000	-77,878	-313,065	1,127,336	1,042,244
1,256	480	0	0	54,446	79,120
113,552	111,727	0	0	308,249	296,676
0	4,474,936	0	0	0	4,862,227
17,629,176	22,617,703	-741,009	-961,244	25,550,494	30,426,394
Consolidated equity and non-controlling interests				3,193,391	3,212,766
Total equity and liabilities				28,743,885	33,639,160

The amounts indicated for each business line have been adjusted to eliminate amounts resulting from internal transactions. Therefore, the balance of business line assets

and business line equity and liabilities does not allow conclusions to be drawn with regard to the equity allocated to the respective segment.

Notes to the Consolidated Financial Statements

Investments

1. Investment property

Land and buildings, including buildings on third-party land, held as long-term investments to generate rental income and/or for the purpose of capital appreciation are measured in accordance with the cost model. The investment property held as financial investments is subject to straight line depreciation over the useful life of 10 to 77 years and is recognised under the item “Net investment income”.

The fair value is determined using reports prepared by independent experts. These experts’ reports are prepared based on earned value and asset value methods or by weighted earned value and net asset value. It requires making assumptions about the future, principally concerning the discount rate, the exit yield, the expected utilisation (vacancy rate), the development of future rental charges, and the condition of the land and buildings. The construction and property value, location, useable area and usage category for the property are also taken into account. For this reason, all measurements of the fair value for the land and buildings come under Level 3 of the hierarchy in accordance with IFRS 13. The valuation techniques respond to the underlying assumptions and parameters. For instance, any reduction in the discount rate applied would result in an increase in the values ascertained for the land and buildings if the other assumptions and parameters remained unchanged. Conversely, any reduction in the expected utilisation or the expected rental charges would, for instance, result in a decrease in the values ascertained for the land and buildings if the other assumptions and parameters remained unchanged. The measurement-related assumptions and parameters are ascertained at each key date based on the best estimate by management with due respect to the current prevailing market conditions.

Acquisition costs

In € thousand

At 1 January 2016	2,020,279
Currency translation	-1,926
Change in basis of consolidation	-166
Additions	15,702
Disposals	-15,262
Reclassifications	-1,422
Reclassifications held for sale	-2,432
At 31 December 2016	2,014,772
At 1 January 2017	2,014,772
Currency translation	-2,579
Change in basis of consolidation	-2
Additions	14,925
Disposals	-105,061
Reclassifications	-127,440
At 31 December 2017	1,794,615

Accumulated amortisation and impairment losses

In € thousand

At 1 January 2016	-627,689
Currency translation	842
Change in basis of consolidation	128
Additions from amortisation	-43,687
Additions from impairment	-144
Disposals	6,379
Reclassifications	-1,683
Reclassifications held for sale	1,078
At 31 December 2016	-664,776
At 1 January 2017	-664,776
Currency translation	1,474
Additions from amortisation	-45,665
Additions from impairment	-13,029
Disposals	85,354
Reclassifications	74,637
Reversal of impairment	1,287
At 31 December 2017	-560,719

Carrying amounts

In € thousand

At 1 January 2016	1,392,590
At 31 December 2016	1,349,996
At 31 December 2017	1,233,896

Fair values

In € thousand

	Property and casualty insurance	Health insurance	Life insurance	Total
At 31 December 2016	471,847	533,945	1,242,487	2,248,279
At 31 December 2017	447,622	527,343	1,242,662	2,217,627

2. Financial assets accounted for using the equity method

Investments in associates are accounted for using the equity method. They are initially recognised at acquisition cost, which also includes transaction costs. After the first-time recognition, the consolidated financial statements include the Group's share in profit/(loss) for the period and in changes in other comprehensive income until the date the applicable influence ends.

At each reporting date, UNIQA reviews whether there are any indications that the investments in associates are impaired. If this is the case, then the impairment loss is recorded as the difference between the participation carrying amount of the associate and the corresponding recoverable amount and recognised separately in profit/(loss) for the period. An impairment loss is reversed in the event of an advantageous change in the estimates used to determine the recoverable amount.

Reconciliation of summarised financial information

In € thousand	STRABAG SE		Associated companies not material on a stand-alone basis	
	2017 ^{1) 2)}	2016 ²⁾	2017	2016
Net assets at 1 January	3,113,049	3,029,356	118,463	164,459
Change in basis of consolidation	0	0	0	-64,664
Dividends	-97,470	-66,690	-866	-500
Profit/(loss) after taxes	277,652	202,686	17,761	10,474
Other comprehensive income	40,148	-52,303	-354	1,965
Net assets at 31 December	3,333,379	3,113,049	135,004	111,734
Shares in associated companies	14.26%	14.26%	Various investment amounts	
Carrying amount	509,509	475,831	51,440	45,474

¹⁾ Estimate for 31 Dec. 2017 based on the interim report as at 30 Sept. 2017 on STRABAG SE available as at the reporting date

²⁾ The carrying amounts are calculated based on the shares in circulation. 2017: 15.29%, 2016: 15.29%

At 31 December 2017, UNIQA held 14.3 per cent of STRABAG SE's share capital (31 December 2016: 14.3 per cent). UNIQA treats STRABAG SE as an associate due to contractual arrangements. As part of the accounting using the equity method, an assessment of the stake in STRABAG SE was made, based on the interim financial statements at 30 September 2017, for the period up until 31 December 2017. At 31 December 2017 the fair value amounts to €533,674 thousand (2016: €527,715 thousand).

Summarised statement of comprehensive income

STRABAG SE¹⁾

In € thousand	1 – 9/2017	1 – 9/2016
Revenue	9,357,275	8,938,457
Depreciation	-277,866	-274,493
Interest income	30,000	44,427
Interest expenses	-73,185	-57,735
Income taxes	-49,130	-57,697
Profit/(loss) for the period	78,243	104,898
Other comprehensive income	25,594	-32,468
Total comprehensive income	103,837	72,430

Summarised statement of financial position

STRABAG SE¹⁾

In € thousand	30/9/2017	31/12/2016
Cash and cash equivalents	1,479,418	2,003,261
Other current assets	4,934,793	4,245,219
Current assets	6,414,211	6,248,480
Non-current assets	4,191,963	4,129,926
Total assets	10,606,174	10,378,406
Current financial liabilities	414,522	202,549
Other current liabilities	4,843,969	4,490,874
Current liabilities	5,258,491	4,693,423
Non-current liabilities	913,391	1,223,527
Other non-current liabilities	1,166,859	1,196,867
Non-current liabilities	2,080,250	2,420,394
Total liabilities	7,338,741	7,113,817
Net assets	3,267,433	3,264,589

¹⁾ STRABAG SE Interim Report January-September 2017 as published on 30/11/2017.

All other financial assets accounted for using the equity method are negligible from the perspective of the Group when considered individually and are stated in aggregate form.

The financial statements of the associates most recently published have been used for the purposes of the accounting using the equity method, and have been adjusted based on any essential transactions between the relevant reporting date and 31 December 2017.

Summary of information on associated companies that are not material when considered on a stand-alone basis

In € thousand	1–12/2017	1–12/2016
Group's share of profit from continuing operations	6,413	6,729
Group's share of other comprehensive income	-142	788
Group's share of total comprehensive income	6,270	7,517

Unrecognised losses from associated companies

In € thousand	1–12/2017	1–12/2016
Unrecognised losses in the reporting period	0	1,682
Cumulative unrecognised losses	0	10,698

3. Other investments

Classification

The Group classifies non-derivative financial assets to the following categories: "Financial assets measured at fair value through profit or loss", "Loans and receivables" and "Financial assets available for sale".

Non-derivative financial liabilities are classified as measured at amortised cost.

Derivatives are recognised as financial assets or liabilities at fair value through profit/(loss).

Recognition and derecognition

Loans, receivables and issued debt securities are recognised from the date on which they arise. All other financial assets and liabilities are recognised for the first time on the settlement date. Financial assets are derecognised when the contractual rights to cash flows from an asset expire or the rights are transferred to receive the cash flows in a transaction in which all major risks and opportunities connected with the ownership of the financial asset are transferred.

Financial liabilities are derecognised when the contractual obligation is fulfilled, extinguished or expired.

Derivatives are recognised on the day of contractual agreement.

Measurement

With the exception of loans, investments are listed at their fair value.

Financial assets recognised at fair value through profit or loss

Financial assets are recognised at fair value through profit or loss if the asset is either held for trading or is designated at fair value and recognised in profit and loss (fair value option). These include ABS bonds, structured bonds, hedge funds and investment certificates whose original classification fell within this category.

The fair value option is applied to structured products that are not split between the underlying transaction and the derivative, but are accounted for as a unit. Unrealised gains and losses are recognised in profit/(loss) for the period.

Derivatives are used within the limits permitted under the Austrian Insurance Supervisory Act for hedging investments and for increasing earnings. All fluctuations in value are recognised in profit/(loss) for the period. Financial assets from derivative financial instruments are recognised under other investments. Financial liabilities from derivative financial instruments are recognised under financial liabilities.

Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value plus directly attributable transaction costs. Subsequently, available-for-sale financial assets are measured at fair value and corresponding value changes are, with the exception of impairment and foreign exchange differences in the case of available-for-sale debt securities, recognised in the accumulated profits in equity. When an asset is de-

recognised, the accumulated other comprehensive income is reclassified to profit/(loss) for the period.

Loans and receivables

When first recognised, such assets are measured at their fair value plus directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities

When first recognised, non-derivative financial liabilities are measured at fair value less directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method.

Investments are broken down into the following classes and categories of financial instruments:

At 31 December 2017

	Variable-income securities	Fixed-income securities	Loans and other investments	Derivative financial instruments	Investments under investment contracts	Total
In € thousand						
Financial assets recognised at fair value through profit or loss	29,415	314,881	0	165,037	60,419	569,753
Available-for-sale financial assets	856,090	15,973,566	0	0	0	16,829,656
Loans and receivables	0	212,446	470,966	0	0	683,412
Total	885,505	16,500,894	470,966	165,037	60,419	18,082,821
of which fair value option	29,415	314,881	0	0	0	344,297

At 31 December 2016

	Variable-income securities	Fixed-income securities	Loans and other investments	Derivative financial instruments	Investments under investment contracts	Total
In € thousand						
Financial assets recognised at fair value through profit or loss	44,264	231,009	0	135,122	59,924	470,318
Available-for-sale financial assets	671,692	15,818,859	0	0	0	16,490,551
Loans and receivables	0	462,527	730,076	0	0	1,192,603
Total	715,957	16,512,394	730,076	135,122	59,924	18,153,472
of which fair value option	44,264	231,009	0	0	0	275,273

Impairments

Non-derivative financial assets

Financial assets not designated at fair value through profit or loss are tested on every reporting date to determine whether there is any objective indication of impairment. For debt instruments and assets in the category “Loans and receivables”, this test is executed within the framework of an internal impairment process. If objective indicators suggest that the value currently attributed is not tenable, an impairment is recognised.

Objective indications that financial assets are impaired are:

- the default or delay of a debtor,
- the opening of bankruptcy proceedings for a debtor, or signs indicating that such proceedings are imminent,
- adverse changes in the rating of borrowers or issuers,
- changes in the market activity of a security, or
- other observable data that indicate a significant decrease in the expected payments from a group of financial assets.

In the case of an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is also objective evidence of impairment. A significant decrease is a decrease of 20 per cent, and a prolonged decline is one that lasts for at least nine months.

Financial assets measured at amortised cost

Impairment is calculated as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of the asset. Losses are recognised in profit/(loss) for the period. If there are no realistic chances of recovering the asset, an impairment has to be recognised. In case of an event that causes a reversal of impairment losses, this is recognised in profit/(loss) for the period. In the event of a definitive non-performance, the asset is derecognised.

Available-for-sale financial assets

Impairment of available-for-sale financial assets is recognised in profit/(loss) for the period by reclassifying the losses accumulated in equity. The accumulated loss that is reclassified from equity to profit/(loss) for the period is the difference between the acquisition cost, net of any redemptions and amortisations and current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired, available-for-sale debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment was recognised, the impairment is reversed, with the amount of the reversal recognised in profit or loss. Reversals of impairment losses of equity instruments held at fair value cannot be recognised in profit/(loss) for the period.

Determination of fair value

A range of accounting policies and disclosures requires the determination of the fair value of financial and non-financial assets and liabilities. UNIQA has defined a control framework with regard to the determination of fair value. This includes a measurement team, which bears general responsibility for monitoring all major measurements of fair value, including Level 3 fair values, and reports directly to the Group Management Board.

A regular review is carried out of the major unobservable inputs and the measurement adjustments. If information from third parties (e.g. price quotations from brokers or price information services) is used to determine fair values, the evidence obtained from third parties is examined in order to see whether such measurements meet the requirements of IFRSs, including the level in the fair value hierarchy to which these measurements are attributable. Major items in the measurement are reported to the Audit Committee.

As far as possible, UNIQA uses data that are observable on the market when determining the fair value of an asset or a liability. On the basis of the inputs used in the valuation techniques, the fair values are assigned to different levels in the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. At UNIQA these primarily involve quoted shares, quoted bonds and quoted investment funds.
- Level 2: valuation parameters that are not quoted prices included in Level 1 but which can be observed for the asset or liability either directly (i.e. as a price) or indirectly (i.e. derived from prices), or are based on prices on markets that have been classified as inactive. The parameters that can be observed here include, for example, exchange rates, yield curves and volatilities. At UNIQA these include in particular quoted bonds that do not fulfil the conditions under Level 1, along with structured products.
- Level 3: valuation parameters for assets or liabilities that are not based or are only partly based on observable market data. The valuations here primarily involve application of the

discounted cash flow method, comparative procedures with instruments for which there are observable prices and other procedures. As there are no observable parameters here in many cases, the estimates used can have a significant impact on the result of the valuation. At UNIQA, it is primarily other equity investments, private equity and hedge funds, ABS and structured products that do not fulfil the conditions under Level 2 that are assigned to Level 3.

If the inputs used to determine the fair value of an asset or a liability can be assigned to different levels of the fair value hierarchy, the entire fair value measurement is assigned to the respective level of the fair value hierarchy that corresponds to the lowest input significant for the measurement overall.

UNIQA recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

Valuation process and methods

Financial instruments measured at fair value

For the valuation of capital investments, techniques best suited for the establishment of corresponding value are applied. The following standard valuation techniques are applied for financial instruments which come under Levels 2 and 3:

- Market approach
The valuation method in the market value-oriented approach is based on prices or other applicable information from market transactions which involve identical or comparable assets and liabilities.
- Income approach
The income approach corresponds with the method whereby the future (expected) payment flows or earnings are inferred on a current amount.
- Cost approach
The cost-oriented approach generally corresponds to the value which would have to be applied in order to procure the asset once again.

Non-financial assets and loans

The fair value of investment property is determined within the scope of the impairment test.

The loans are accounted for at amortised cost. Any required impairment is determined with due regard to the collateral and the debtor's creditworthiness.

Financial liabilities

The fair value of financial liabilities and subordinated liabilities is determined using the discounted cash flow method. Yield curves and CDS spreads are used as inputs.

Valuation techniques and inputs in the determination of fair values

Assets	Price method	Input factors	Price model
Fixed-income securities			
Listed bonds	Listed price	-	-
Unlisted bonds	Theoretical price	CDS spread, yield curves	Present value method
	Theoretical price	-	Discounted cash flow, single deal review, peer
Variable-income securities			
Listed shares/investment funds	Listed price	-	-
Private equities	Theoretical price	Certified net asset values	Net asset value method
Hedge funds	Theoretical price	Certified net asset values	Net asset value method
	Theoretical value	WACC, (long-term) revenue growth rate, (long-term) profit margins, control premium	Expert opinion
Other shares			
Derivative financial instruments			
Equity basket certificate	Theoretical price	CDS spread, yield curves	Black-Scholes Monte Carlo N-DIM
	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	LIBOR market model, Hull-White-Garman-Kohlhagen Monte Carlo
CMS floating rate note			
	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Contract specific model
CMS spread certificate			
Fund basket certificate	Theoretical price	Deduction of fund prices	Contract specific model
	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM
FX (Binary) option			
Option (Inflation, OTC, OTC FX options)	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes Monte Carlo N-DIM, contract specific model, inflation market model NKIS
	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM, LMM
Structured bonds			
Swap, cross currency swap	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM, Black-76-model, LIBOR market model, contract specific model
	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black - basis point volatility, contract specific model
Swaption, total return swaption			
Variance, volatility, correlation swap	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Contract specific model, Heston - Monte Carlo optimal strategy
Investments from investment contracts			
Listed shares/investment funds	Listed price	-	-
Unlisted investment funds	Theoretical price	CDS spread, yield curves	Present value method

Valuation hierarchy

Assets and liabilities measured at fair value

	Level 1		Level 2		Level 3		Total	
In € thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Available-for-sale financial assets								
Variable-income securities	727,791	394,259	125	6,761	128,173	270,673	856,090	671,692
Fixed-income securities	13,145,667	11,501,701	2,520,819	3,890,571	307,081	426,587	15,973,566	15,818,859
Total	13,873,458	11,895,959	2,520,944	3,897,332	435,254	697,260	16,829,656	16,490,551
Financial assets recognised at fair value through profit or loss								
Variable-income securities	0	0	17,684	25,058	11,732	19,206	29,415	44,264
Fixed-income securities	174,829	92,683	79,138	77,540	60,915	60,786	314,881	231,009
Derivative financial instruments	20	0	84,249	73,728	80,767	61,393	165,037	135,122
Investments from investment contracts	56,630	58,318	971	1,606	2,818	0	60,419	59,924
Total	231,479	151,001	182,042	177,932	156,232	141,385	569,753	470,318
Assets in disposal groups held for sale	0	3,763,960	0	357,583	0	32,212	0	4,153,754

	Level 1		Level 2		Level 3		Total	
In € thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial liabilities								
Derivative financial instruments	0	0	22,502	30,555	2,307	0	24,809	30,555
Total	0	0	22,502	30,555	2,307	0	24,809	30,555

Fair values of assets and liabilities measured at amortised cost

	Level 1		Level 2		Level 3		Total	
In € thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Investment property	0	0	0	0	2,217,627	2,248,279	2,217,627	2,248,279
Loans and receivables								
Loans and other investments	0	0	327,579	576,340	143,387	153,736	470,966	730,076
Fixed-income securities	50,356	51,499	152,994	340,994	32,360	94,785	235,711	487,279
Total	50,356	51,499	480,574	917,335	175,747	248,521	706,677	1,217,355
Assets in disposal groups held for sale	0	0	0	0	0	5,852	0	5,852

	Level 1		Level 2		Level 3		Total	
In € thousand	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial liabilities								
Liabilities from loans	0	0	0	0	13,837	14,968	13,837	14,968
Total	0	0	0	0	13,837	14,968	13,837	14,968
Subordinated liabilities	1,065,171	927,240	0	0	0	0	1,065,171	927,240

Transfers between Levels 1 and 2

In the reporting period transfers from Level 1 to Level 2 were made in the amount of €198,974 thousand (2016: €1,346,667 thousand) and from Level 2 to Level 1 in the amount of €1,506,647 thousand (2016: €1,074,490 thousand). These are attributable primarily to changes in trading frequency and trading activity.

In € thousand

	RZB shares	Fixed-income securities	Other	Total
At 1 January 2016	135,848	0	65,359	201,207
Transfers to Level 3	0	347,585	221,544	569,129
Gains and losses recognised in profit or loss	0	0	-928	-928
Gains and losses recognised in other comprehensive income	-9,777	-1,242	-2,208	-13,227
Purchases	0	80,244	9,703	89,947
Sales/redemptions	0	0	-3,478	-3,478
Reclassification as assets in disposal groups held for sale	0	0	-4,005	-4,005
At 31 December 2016	126,071	426,587	285,987	838,645
At 1 January 2017	126,071	426,587	285,987	838,645
Transfers from Level 3 to Level 1	-126,071	0.0	0.0	-126,071
Transfers to Level 3	0	107,276	1,741	109,017
Gains and losses recognised in profit or loss	0	-24,697	9,579	-15,119
Gains and losses recognised in other comprehensive income	0	-1,573	2,178	605
Purchases	0	99,756	11,284	111,040
Sales/redemptions	0	-300,268	-24,462	-324,730
Changes from currency translation	0	0	-7	-7
Change in basis of consolidation	0	0	-4,202	-4,202
At 31 December 2017	0	307,081	282,098	589,178

The transfers between levels 2 and 3 were made as a result of changes in the observability of the relevant inputs. Due to the merger of Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB), Vienna, with Raiffeisen Bank International AG (RBI), Vienna, UNIQA now only holds shares in RBI. Following the market listing of RBI these now have Level 1 input parameters, resulting in a transfer of the former RZB shares to Level 1.

Sensitivities

For the most important financial instruments in Level 3, an increase in the discount rate by 100 basis points results in a reduction in the value of 3.7 per cent (2016: 2.0 per cent). A reduction in the discount rate by 100 basis points results in a 3.7 per cent increase in value (2016: 2.8 per cent).

Level 3 financial instruments

The following table shows the changes to the fair values of financial instruments whose valuation techniques are not based on observable inputs.

Loans and other investments

Carrying amounts

In € thousand	31/12/2017	31/12/2016
Loans		
Loans to affiliated unconsolidated companies	0	1,800
Mortgage loans	17,150	22,189
Loans and advance payments on policies	8,409	8,359
Other loans	7,576	7,685
Total	33,135	40,033
Other investments		
Bank deposits	327,579	576,340
Deposits retained on assumed reinsurance	110,252	113,703
Total	437,831	690,043
Total sum	470,966	730,076

The carrying amounts of the loans and other investments correspond to their fair values. The measurement is based on collateral and the creditworthiness of the debtor; for deposits with banks it is based on quoted prices.

Impairment of loans

In € thousand

31/12/2017 31/12/2016

	31/12/2017	31/12/2016
At 1 January	-25,832	-33,843
Allocation	-1,025	-697
Use	19,056	7,919
Reversal	1,502	815
Currency translation	-39	-26
At 31 December	-6,339	-25,832

Contractual maturities of loans

Fair values

In € thousand

31/12/2017 31/12/2016

	31/12/2017	31/12/2016
Up to 1 year	2,625	5,369
More than 1 year and up to 5 years	8,575	9,892
More than 5 years up to 10 years	12,377	13,317
More than 10 years	9,558	11,456
Total	33,135	40,033

4. Net investment income

Classified by business line

	Property and casualty insurance		Health insurance		Life insurance		Total	
	1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
Investment property	-2,910	414	15,647	3,881	40,932	41,685	53,670	45,980
Financial assets accounted for using the equity method	8,396	5,551	16,133	11,741	25,662	21,322	50,190	38,614
Variable-income securities	21,878	41,134	17,788	4,675	13,062	-1,881	52,728	43,928
Available for sale	21,878	40,460	16,597	1,479	23,048	-1,551	61,523	40,388
At fair value through profit or loss	0	674	1,191	3,196	-9,986	-330	-8,795	3,540
Fixed-income securities	82,332	85,258	54,203	96,678	229,231	272,743	365,767	454,679
Available for sale	82,634	85,920	55,252	95,805	223,959	264,650	361,845	446,375
At fair value through profit or loss	-302	-662	-1,049	873	5,272	8,093	3,921	8,304
Loans and other investments	3,442	6,995	1,421	5,396	35,820	43,725	40,683	56,116
Loans	2,210	1,691	2,695	3,569	7,735	10,481	12,640	15,742
Other investments	1,232	5,303	-1,274	1,827	28,085	33,244	28,043	40,374
Derivative financial instruments	14,576	6,909	20,647	512	4,147	-21,976	39,370	-14,555
Investment administration expenses, interest paid and other investment expenses	-19,164	-13,635	-9,472	-7,976	-12,834	-14,259	-41,470	-35,869
Total	108,550	132,626	116,368	114,907	336,019	341,360	560,937	588,892

Classified by type of income

	Current income/expenses		Gains/losses from disposals and changes in value		Total		of which impairment	
	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
In € thousand								
Financial assets recognised at fair value through profit or loss	6,517	–4,074	27,979	1,363	34,496	–2,711	0	0
Variable-income securities (within the framework of fair value option)	1,945	3,601	–10,740	–61	–8,795	3,540	0	0
Fixed-income securities (within the framework of fair value option)	4,002	2,758	–81	5,546	3,921	8,304	0	0
Derivative financial instruments	570	–10,432	38,800	–4,123	39,370	–14,555	0	0
Investments under investment contracts ¹⁾	0	0	0	0	0	0	0	0
Available-for-sale financial assets	383,100	409,656	40,269	77,107	423,369	486,763	–38,964	–78,140
Variable-income securities	25,414	34,292	36,109	6,096	61,523	40,388	–1,843	–42,494
Fixed-income securities	357,686	375,364	4,160	71,011	361,845	446,375	–37,121	–35,646
Loans and receivables	42,006	54,562	–1,323	1,554	40,683	56,116	0	–2,202
Fixed-income securities	8,362	13,965	800	306	9,162	14,271	0	0
Loans and other investments	33,645	40,597	–2,123	1,248	31,521	41,845	0	–2,202
Investment property	70,241	73,282	–16,571	–27,302	53,670	45,980	–13,029	–144
Financial assets accounted for using the equity method	50,190	39,557	0	–944	50,190	38,614	0	0
Investment administration expenses, interest paid and other investment expenses	–41,470	–35,869	0	0	–41,470	–35,869	0	0
Total	510,584	537,115	50,353	51,778	560,937	588,892	–51,993	–80,486

¹⁾ Income from investments under investment contracts is not stated due to its transitory character.

Income from available-for-sale fixed-income securities includes losses of €24,697 thousand (2016: losses of € 0 thousand) and income from fixed-income and variable-income securities at fair value through profit or loss includes losses of €2,657 thousand (2016: gains of €577 thousand) from Level 3 valuations.

The adjustment of valuation allowances relates to both the reversal of impairment losses as well as the impairment of financial assets, excluding assets held for trading and financial assets at fair value through profit or loss. The interest income from impaired portfolio items amounts to €12,286 thousand (2016: €22,860 thousand).

Net investment income includes realised and unrealised profits and losses of €50,353 thousand (2016: €51,778 thousand); these include currency losses of €62,262 thousand (2016: currency gains of €10,778 thousand). These currency losses are essentially the result of investments in US dollars. The currency losses in the underlying US dollar securities amounted to around €68,199 thousand (2016: currency gains of €22,149 thousand), as compared to income from derivative financial instruments as part of hedging transactions in the amount of €28,943 thousand (2016: expenses in the amount of €1,451 thousand). In addition, negative currency effects in the amount of €22,936 thousand (2016: positive currency effects in the

amount of €5,356 thousand) were recognised directly in equity.

Income from investment property includes rent revenue in the amount of €109,449 thousand (2016: €105,679 thousand) and direct operational expenses in the amount of €39,208 thousand (2016: €32,397 thousand).

Net profit/(loss) by measurement category

In € thousand

1–12/2017 1–12/2016

Financial assets recognised at fair value through profit or loss		
Recognised in profit/(loss) for the period	34,496	-2,711
Available-for-sale financial assets		
Recognised in profit/(loss) for the period	423,369	486,763
of which reclassified from equity to consolidated income statement	-130,195	-82,551
of which recognised in other comprehensive income ¹⁾	-148,323	243,315
Net income	275,045	730,078
Loans and receivables		
Recognised in profit/(loss) for the period	40,683	56,116
Financial liabilities measured at amortised cost		
Recognised in profit/(loss) for the period	-53,017	-67,477

¹⁾ The presentation does not include the share of other comprehensive income allocated to the discontinued operations. This results in differences between these amounts and the amount shown in the consolidated statement of comprehensive income.

Technical items

Insurance and reinsurance contracts along with investment contracts with a discretionary participation feature fall within the scope of IFRS 4 – Insurance Contracts. In accordance with IAS 8, the provisions of US Generally Accepted Accounting Principles (US GAAP) in the version applicable on 1 January 2005 were applied to all cases for which IFRS 4 contains no specific regulations on assessment and measurement. 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 health, property and casualty insurance and FAS 113 for reinsurance. Unit-linked life insurance, where the policyholder bears the entire investment risk, was accounted for in accordance with FAS 97.

Based on the regulations, technical items must be covered by suitable assets (cover funds). As is standard in the insurance industry, amounts dedicated to the cover funds are subject to a limitation as regards availability in the Group.

Insurance and investment contracts

Insurance contracts are contracts through which a significant insurance risk is assumed. Investment contracts, i.e. contracts that do not transfer a significant insurance risk and that do not include a discretionary profit participation feature. They fall under the scope of IAS 39 (Financial Instruments).

Reinsurance contracts

Ceded reinsurance is stated in a separate item under assets. The profit and loss items (premiums and payments) are deducted openly from the corresponding items in the gross account, while commission income is reported separately as its own item. Reinsurance acquired (indirect business) is recognised as an insurance contract.

5. Technical provisions

Unearned premiums

For short-term insurance contracts, such as most property and casualty insurance policies, premiums relating to future years are reported as unearned premiums in line with the applicable regulations of US GAAP. The amount of these unearned premiums corresponds to the insurance cover granted proportionally in future periods.

Premiums levied upon entering into certain long-term contracts (e.g. upfront fees) are recognised as unearned premiums. In line with the applicable regulations of US GAAP, these fees are recorded in the same manner as the redemption of deferred acquisition costs.

These 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 insurance provision.

Insurance provisions

Insurance provisions are essentially established in the life and health insurance lines. Their carrying amount is determined based on 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. Insurance provisions are also established in the property and casualty lines that cover life-long obligations (accident pensions and as well as pensions in motor liability insurance). Insurance provision of the life insurer is calculated by taking into account prudent and contractually agreed calculation principles.

For policies that are mainly of investment character (e.g. unit-linked life insurance), the provisions of FAS 97 are used to measure insurance provision. Insurance provision is arrived at by combining the invested amounts, the change in value of the underlying investments and the withdrawals under the policy.

Insurance provisions for health insurance are determined based on calculation principles that correspond to the “best estimate”, taking into account safety margins. Once calculation principles have been determined, they have to be applied to the corresponding partial portfolio for the whole duration (locked-in principle).

Provisions for unsettled claims

Provisions for unsettled claims in the property and casualty insurance lines contain the actual and the expected amounts of future financial obligations, including direct claims settlement expenses appertaining thereto, based on accepted statistical methods. This applies for claims already reported as well as for claims incurred but not yet reported (IBNR). In insurance lines in which past experience does not allow the application of statistical methods individual loss provisions are set aside.

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

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

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

Provisions for premium refunds and profit participation

The provision for premium refunds includes the amounts for profit-related and non-profit related profit participation to which the policyholders are entitled on the basis of statutory or contractual provisions.

In life insurance policies with a discretionary participation feature, differences between local measurement and measurement in accordance with IFRSs are presented with deferred profit participation taken into account, whereby this is also reported in profit/(loss) for the period or in other comprehensive income depending on the recognition of the change in the underlying measurement differences. The amount of the provision for deferred profit participation generally comes to 85 per cent of the valuation differentials before tax.

Other technical provisions

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

Liability Adequacy Test

The Liability Adequacy Test evaluates whether the established IFRS reserves are sufficient. For the life insurance portfolio, a best estimate reserve is compared with the IFRS reserve less the deferred acquisition costs plus unearned revenue liability (URL). This calculation is done separately each quarter for mixed insurance policies, pension policies, risk insurance policies, and unit-linked and index-linked policies.

Because UNIQA already uses the best estimate approach for calculating loss reserves in non-life, only unearned premiums are tested. Only business areas that show a surplus of less than 10 per cent at the time of the annual calculation are tested every quarter. In non-life insurance, the business areas tested are motor vehicle, general liability insurance and other.

Gross
In € thousand

	Unearned premiums	Insurance provision	Provision for unsettled claims	Provision for non-profit related premium refunds	Provision for profit-related premium refunds and/or policyholder profit participation	Other technical provisions	Total
Property and casualty insurance							
At 1 January 2017	541,701	12,273	2,287,500	26,815	1,399	15,096	2,884,784
Foreign exchange differences	7,773	9	16,375	-2	46	366	24,566
Portfolio changes	12,508	-17	116,717				129,208
Additions		376		1,617	327	1,169	3,488
Disposals		-91		-188		-2,323	-2,603
Premiums written	2,639,699						2,639,699
Premiums earned	-2,638,167						-2,638,167
Claims reporting year			1,651,428				1,651,428
Claims payments reporting year			-840,646				-840,646
Change in claims previous years			-76,821				-76,821
Claims payments previous years			-662,186				-662,186
At 31 December 2017	563,515	12,550	2,492,366	28,242	1,771	14,308	3,112,751
Health insurance							
At 1 January 2017	7,780	2,660,066	158,203	10,684	44,621	561	2,881,916
Foreign exchange differences	-52	170	-489	-1	0	8	-363
Portfolio changes	16	3,582	1,265				4,863
Additions		135,247		9,797	26,404	102	171,549
Disposals		-26		-8,900	-19,480	-14	-28,420
Premiums written	1,041,964						1,041,964
Premiums earned	-1,038,981						-1,038,981
Claims reporting year			648,054				648,054
Claims payments reporting year			-551,643				-551,643
Change in claims previous years			52,083				52,083
Claims payments previous years			-141,980				-141,980
At 31 December 2017	10,727	2,799,040	165,494	11,580	51,545	657	3,039,042
Life insurance							
At 1 January 2017		10,774,952	139,844	3,923	919,019	4,795	11,842,533
Foreign exchange differences		-1,798	298	-1	368	0	-1,132
Portfolio changes		22,454	-103		-7,109		15,242
Additions		160,605		907	3,638	1,002	166,152
Disposals		-748,603			-107,968	-1,142	-857,713
Claims reporting year			1,608,701				1,608,701
Claims payments reporting year			-1,455,481				-1,455,481
Change in claims previous years			32,473				32,473
Claims payments previous years			-156,255				-156,255
At 31 December 2017		10,207,610	169,477	4,829	807,948	4,655	11,194,519
Total							
At 1 January 2017	549,482	13,447,291	2,585,547	41,422	965,038	20,452	17,609,233
Foreign exchange differences	7,721	-1,619	16,184	-3	415	374	23,071
Portfolio changes	12,524	26,019	117,879		-7,109		149,314
Additions		296,228		12,320	30,369	2,273	341,190
Disposals		-748,720		-9,089	-127,448	-3,479	-888,736
Premiums written	3,681,663						3,681,663
Premiums earned	-3,677,148						-3,677,148
Claims reporting year			3,908,183				3,908,183
Claims payments reporting year			-2,847,770				-2,847,770
Change in claims previous years			7,735				7,735
Claims payments previous years			-960,422				-960,422
At 31 December 2017	574,242	13,019,200	2,827,337	44,650	861,264	19,620	17,346,312

Reinsurers' share

In € thousand

	Unearned premiums	Insurance provision	Provision for unsettled claims	Provision for non-profit related premium refunds	Provision for profit-related premium refunds and /or policyholder profit participation	Other technical provisions	Total
Property and casualty insurance							
At 1 January 2017	23,021	13	151,227			2,158	176,419
Foreign exchange differences	588	0	505			-2	1,092
Portfolio changes	657		1,034				1,691
Disposals		-1				-366	-366
Premiums written	143,175						143,175
Premiums earned	-141,538						-141,538
Claims reporting year			30,932				30,932
Claims payments reporting year			-14,339				-14,339
Change in claims previous years			2,169				2,169
Claims payments previous years			-26,215				-26,215
At 31 December 2017	25,903	12	145,312			1,791	173,019
Health insurance							
At 1 January 2017	281	995	582				1,857
Foreign exchange differences	9	-21	0				-12
Portfolio changes	9						9
Additions		262					262
Disposals		-76					-76
Premiums written	1,116						1,116
Premiums earned	-1,214						-1,214
Claims reporting year			920				920
Claims payments reporting year			-893				-893
Change in claims previous years			1,019				1,019
Claims payments previous years			-1,598				-1,598
At 31 December 2017	200	1,159	31				1,391
Life insurance							
At 1 January 2017		141,556	4,789			-178	146,166
Foreign exchange differences		-38	22			0	-16
Portfolio changes		-2,313					-2,313
Additions		252				195	447
Disposals		-3,234					-3,234
Claims reporting year			23,226				23,226
Claims payments reporting year			-20,930				-20,930
Change in claims previous years			2,457				2,457
Claims payments previous years			-4,088				-4,088
At 31 December 2017		136,223	5,477			17	141,716
Total							
At 1 January 2017	23,302	142,563	156,598			1,980	324,443
Foreign exchange differences	597	-59	528			-2	1,064
Portfolio changes	666	-2,313	1,034				-614
Additions		514				195	709
Disposals		-3,311				-366	-3,676
Premiums written	144,291						144,291
Premiums earned	-142,752						-142,752
Claims reporting year			55,078				55,078
Claims payments reporting year			-36,162				-36,162
Change in claims previous years			5,644				5,644
Claims payments previous years			-31,901				-31,901
At 31 December 2017	26,103	137,394	150,820			1,808	316,126

Net
In € thousand

	Unearned premiums	Insurance provision	Provision for unsettled claims	Provision for non-profit related premium refunds	Provision for profit-related premium refunds and /or policyholder profit participation	Other technical provisions	Total
Property and casualty insurance							
At 1 January 2017	518,681	12,260	2,136,273	26,815	1,399	12,937	2,708,366
Foreign exchange differences	7,184	9	15,869	-2	46	368	23,475
Portfolio changes	11,851	-17	115,683				127,517
Additions		376		1,617	327	1,169	3,488
Disposals		-91		-188		-1,958	-2,237
Premiums written	2,496,524						2,496,524
Premiums earned	-2,496,629						-2,496,629
Claims reporting year			1,620,496				1,620,496
Claims payments reporting year			-826,307				-826,307
Change in claims previous years			-78,990				-78,990
Claims payments previous years			-635,971				-635,971
At 31 December 2017	537,612	12,538	2,347,053	28,242	1,771	12,516	2,939,733
Health insurance							
At 1 January 2017	7,499	2,659,072	157,622	10,684	44,621	561	2,880,058
Foreign exchange differences	-61	191	-489	-1	0	8	-351
Additions		134,985		9,797	26,404	102	171,288
Disposals		50		-8,900	-19,480	-14	-28,344
Premiums written	1,040,848						1,040,848
Premiums earned	-1,037,767						-1,037,767
Claims reporting year			647,134				647,134
Claims payments reporting year			-550,750				-550,750
Change in claims previous years			51,064				51,064
Claims payments previous years			-140,382				-140,382
At 31 December 2017	10,526	2,797,881	165,463	11,580	51,545	657	3,037,651
Life insurance							
At 1 January 2017		10,633,396	135,055	3,923	919,019	4,974	11,696,366
Foreign exchange differences		-1,760	276	-1	368	0	-1,117
Portfolio changes		24,767	-103		-7,109		17,555
Additions		160,353		907	3,638	807	165,705
Disposals		-745,369			-107,968	-1,142	-854,479
Claims reporting year			1,585,474				1,585,474
Claims payments reporting year			-1,434,551				-1,434,551
Change in claims previous years			30,016				30,016
Claims payments previous years			-152,168				-152,168
At 31 December 2017		10,071,387	164,000	4,829	807,948	4,638	11,052,803
Total							
At 1 January 2017	526,180	13,304,728	2,428,950	41,422	965,038	18,472	17,284,790
Foreign exchange differences	7,124	-1,560	15,656	-3	415	375	22,007
Portfolio changes	11,858	28,333	116,845		-7,109		149,927
Additions		295,714		12,320	30,369	2,078	340,481
Disposals		-745,409		-9,089	-127,448	-3,113	-885,059
Premiums written	3,537,372						3,537,372
Premiums earned	-3,534,396						-3,534,396
Claims reporting year			3,853,104				3,853,104
Claims payments reporting year			-2,811,608				-2,811,608
Change in claims previous years			2,090				2,090
Claims payments previous years			-928,521				-928,521
At 31 December 2017	548,138	12,881,806	2,676,517	44,650	861,264	17,812	17,030,187

The interest rates used as an accounting basis for the insurance provision were as follows:

For	Health insurance	Life insurance
In per cent		
2017		
For insurance provision	1.50 - 5.50	0.00 - 4.00
For deferred acquisition costs	1.50 - 5.50	2.49 - 2.54
2016		
For insurance provision	1.50 - 5.50	0.00 - 4.00
For deferred acquisition costs	1.50 - 5.50	2.50 - 3.12

Development of the provision for deferred profit participation

In € thousand

	31/12/2017	31/12/2016
At 1 January	837,520	905,019
Fluctuation in value, available-for-sale securities	-330,639	152,924
Revaluations of defined benefit obligations	515	-1,127
Revaluations through profit or loss	228,772	-15,330
Reclassifications held for sale	0	-203,967
At 31 December	736,168	837,520

Claims payments

In € thousand

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Financial year	596,020	680,427	751,599	773,996	714,267	778,329	798,573	729,222	734,691	746,846	814,664	
1 year later	910,954	1,020,882	1,130,543	1,138,253	1,068,406	1,142,524	1,174,639	1,106,066	1,106,222	1,118,644		
2 years later	988,825	1,108,613	1,228,232	1,229,475	1,177,160	1,255,972	1,285,030	1,204,327	1,202,760			
3 years later	1,029,929	1,152,195	1,286,633	1,276,504	1,225,202	1,308,792	1,334,305	1,251,179				
4 years later	1,061,900	1,178,204	1,311,375	1,300,643	1,251,970	1,339,606	1,362,980					
5 years later	1,078,782	1,197,413	1,327,499	1,318,705	1,266,660	1,358,361						
6 years later	1,090,094	1,208,719	1,341,509	1,329,655	1,278,874							
7 years later	1,098,971	1,219,432	1,350,716	1,338,526								
8 years later	1,107,299	1,228,579	1,358,874									
9 years later	1,109,434	1,233,379										
10 years later	1,114,559											

Cumulated payments and provision for unsettled claims

In € thousand

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Financial year	1,157,006	1,259,054	1,392,902	1,401,783	1,337,566	1,444,917	1,489,270	1,475,068	1,476,130	1,515,928	1,615,166	
1 year later	1,142,314	1,259,435	1,405,975	1,395,983	1,348,006	1,436,610	1,472,322	1,457,929	1,449,504	1,495,915		
2 years later	1,147,451	1,272,176	1,410,426	1,404,598	1,350,674	1,449,431	1,495,723	1,437,879	1,429,766			
3 years later	1,146,234	1,271,441	1,407,144	1,392,071	1,353,309	1,454,301	1,489,480	1,413,637				
4 years later	1,151,828	1,269,188	1,401,274	1,394,923	1,353,437	1,447,394	1,474,842					
5 years later	1,160,358	1,266,219	1,402,704	1,401,018	1,351,386	1,447,991						
6 years later	1,160,625	1,272,535	1,405,034	1,399,677	1,349,836							
7 years later	1,162,715	1,276,077	1,411,355	1,397,935								
8 years later	1,159,032	1,282,654	1,412,051									
9 years later	1,155,644	1,282,802										
10 years later	1,158,678											
Settlement gains/losses	-3,034	-149	-696	1,741	1,549	-598	14,637	24,242	19,738	20,013		77,444
Settlement gains/losses before 2007												-649
Total settlement gains/losses												76,795
Provision for unsettled claims for accident years before 2007												260,811
Provision for unsettled claims	44,119	49,423	53,177	59,409	70,962	89,631	111,863	162,459	227,006	377,270	800,503	2,045,822
Plus other reserve components (internal claims regulation costs, etc.)												185,732
Provisions for unsettled claims (gross) at 31 December 2017												2,492,366

6. Technical provisions for unit-linked and index-linked life insurance

This item relates to insurance provisions and remaining technical provisions for obligations from life insurance policies where the value or income is determined by investments for which the policyholder bears the risk or for which the benefit is index-linked. The investments in question are collected in asset pools, recognised at their fair value and kept separately from the other investments. As a general rule, the valuation for the provisions corresponds with the item “Unit-linked and index-linked life insurance investments”. The policyholders are entitled to all income from these investments. The unrealised gains and losses from fluctuations in the fair values of the investment pools are thus offset by the appropriate changes in these provisions. The reinsurers’ share corresponds to a liability for deposits in the same amount.

An unearned revenue liability allocated to future year premium shares (such as preliminary fees) is calculated for unit-linked and index-linked life insurance contracts in accordance with FAS 97 and amortised correspondingly to deferred acquisition costs over the contract period.

Technical provisions for unit-linked and index-linked life insurance

In € thousand

	31/12/2017	31/12/2016
Gross	5,019,325	4,846,591
Reinsurers’ share	-291,958	-318,636
Total	4,727,367	4,527,955

7. Premiums

The item “Premiums written (gross)” includes those amounts that have been called due either once or on an ongoing basis in the financial year for the purposes of providing the insurance coverage. In the event of payment in instalments premiums written are increased by the charges added during the year and the ancillary charges in line with the tariffs. In the case of unit-linked and index-linked life insurance, only the premiums decreased by the savings portion are stated in the item “Premiums written”.

Premiums

In € thousand

1–12/2017 1–12/2016

Premiums written - gross	4,811,666	4,643,113
Premiums written - reinsurer’s share	-179,825	-171,950
Premiums written - net	4,631,841	4,471,163
Change in premiums earned - gross	-5,555	-31,425
Change in premiums earned - reinsurers’ share	1,647	3,233
Premiums earned	4,627,933	4,442,970

Direct insurance

In € thousand

1–12/2017 1–12/2016

Property and casualty insurance	2,581,219	2,482,065
Health insurance	1,041,936	1,003,654
Life insurance	1,118,276	1,108,319
Total	4,741,430	4,594,038

Of which written in:

Austria	3,415,559	3,379,538
remaining EU member states and other states which are party to the Agreement on the European Economic Area	1,022,936	955,980
other countries	302,935	258,519
Total	4,741,430	4,594,038

Indirect insurance

In € thousand

1–12/2017 1–12/2016

Property and casualty insurance	58,480	36,367
Health insurance	28	2
Life insurance	11,728	12,706
Total	70,236	49,075

Property and casualty insurance premiums written

In € thousand

1–12/2017 1–12/2016

Direct insurance		
Fire and business interruption insurance	245,056	227,994
Liability insurance	242,206	235,949
Household insurance	187,059	178,439
Motor TPL insurance	582,418	579,705
Legal expense insurance	88,402	84,991
Marine, aviation and transport insurance	55,488	59,763
Other motor insurance	511,503	475,044
Other property insurance	243,505	229,123
Other forms of insurance	69,375	63,988
Casualty insurance	356,207	347,068
Total	2,581,219	2,482,065

Indirect insurance

Fire and business interruption insurance	29,949	21,983
Motor TPL insurance	14,858	5,745
Other forms of insurance	13,673	8,639
Total	58,480	36,367

Total direct and indirect insurance (amount consolidated)

2,639,699 2,518,432

Reinsurance premiums ceded

in € thousand

1–12/2017 1–12/2016

Property and casualty insurance	143,175	133,022
Health insurance	1,116	1,265
Life insurance	35,534	37,663
Total	179,825	171,950

Premiums earned

In € thousand

1–12/2017 1–12/2016

Property and casualty insurance	2,495,084	2,359,053
Gross	2,636,698	2,488,862
Reinsurers' share	-141,614	-129,809
Health insurance	1,038,875	1,000,356
Gross	1,039,900	1,001,599
Reinsurers' share	-1,025	-1,243
Life insurance	1,093,974	1,083,561
Gross	1,129,513	1,121,226
Reinsurers' share	-35,539	-37,665
Total	4,627,933	4,442,970

Premiums earned – indirect insurance

in € thousand

1–12/2017 1–12/2016

Recognised simultaneously	19,521	13,592
Recognised with a delay of up to 1 year	-7,481	19,679
Posted after more than 1 year	-184	106
Property and casualty insurance	11,856	33,377
Recognised with a delay of up to 1 year	-48	2
Health insurance	-48	2
Recognised simultaneously	2,790	0
Recognised with a delay of up to 1 year	8,618	12,222
Life insurance	11,407	12,222
Total	23,215	45,601

Earnings – indirect insurance

In € thousand

1–12/2017 1–12/2016

Property and casualty insurance	73,576	27,621
Health insurance	-1,019	970
Life insurance	7,223	7,792
Total	79,781	36,383

8. Insurance benefits

	Gross		Reinsurers' share		Net	
In € thousand	1–12/2017	1–12/2016	1–12/2017	1–12/2016	1–12/2017	1–12/2016
Property and casualty insurance						
Claims expenses						
Claims paid	1,567,200	1,449,961	–40,848	–54,383	1,526,352	1,395,578
Change in provision for unsettled claims	71,257	127,253	7,715	–3,756	78,972	123,496
Total	1,638,456	1,577,214	–33,133	–58,140	1,605,323	1,519,074
Change in insurance provision	318	–379	1	1	318	–377
Change in other technical provisions	–396	–464	0	0	–396	–464
Non-profit related and profit-related premium refund expenses	39,592	32,361	0	0	39,592	32,361
Total benefits	1,677,970	1,608,732	–33,132	–58,138	1,644,837	1,550,593
Health insurance						
Claims expenses						
Claims paid	700,202	664,665	–2,490	–275	697,711	664,390
Change in provision for unsettled claims	6,597	10,207	550	–559	7,148	9,648
Total	706,799	674,872	–1,940	–834	704,859	674,038
Change in insurance provision	136,173	125,983	–199	84	135,974	126,067
Change in other technical provisions	4	–564	0	0	4	–564
Non-profit related and profit-related premium refund expenses	36,774	44,030	0	0	36,774	44,030
Total benefits	879,750	844,321	–2,139	–750	877,611	843,571
Life insurance						
Claims expenses						
Claims paid	1,617,125	1,724,173	–25,075	–26,453	1,592,050	1,697,720
Change in provision for unsettled claims	29,858	–22,440	–671	230	29,187	–22,210
Total	1,646,983	1,701,732	–25,746	–26,222	1,621,237	1,675,510
Change in insurance provision	–633,129	–698,099	–3,110	–7,571	–636,238	–705,669
Change in other technical provisions	0	–4	–200	0	–200	–4
Non-profit related and profit-related premium refund expenses and/or (deferred) benefit participation expenses	51,403	21,564	0	0	51,403	21,564
Total benefits	1,065,257	1,025,194	–29,056	–33,793	1,036,201	991,401
Total	3,622,976	3,478,247	–64,327	–92,681	3,558,650	3,385,566

9. Operating expenses

In € thousand

1–12/2017 1–12/2016

Property and casualty insurance		
Acquisition costs		
Payments	565,827	549,185
Change in deferred acquisition costs	8,706	–9,590
Other operating expenses	225,164	233,529
Reinsurance commission and share of profit from reinsurance ceded	–11,222	–9,944
	788,475	763,180
Health insurance		
Acquisition costs		
Payments	101,929	106,621
Change in deferred acquisition costs	–12,165	–7,472
Other operating expenses	78,690	76,800
Reinsurance commission and share of profit from reinsurance ceded	–457	–463
	167,998	175,486
Life insurance		
Acquisition costs		
Payments	195,140	224,249
Change in deferred acquisition costs	19,204	27,681
Other operating expenses	116,444	106,702
Reinsurance commission and share of profit from reinsurance ceded	–11,286	–10,904
	319,501	347,728
Total	1,275,974	1,286,394

Other non-current assets

10. Property, plant and equipment

Property, plant and equipment are accounted for using the cost model.

Gains from the disposal of property, plant and equipment are recorded under the item “Other insurance income”, while losses are recorded under “Other technical expenses”.

If the use of a property changes and an owner-occupied property becomes an investment property, the property is reclassified as investment land and buildings with the carrying amount at the date of the change.

Property, plant and equipment are depreciated on a straight line basis over a useful life for buildings of 10 to 77 years and for technical systems and operating and office equipment of 2 to 20 years. Depreciation methods, useful lives and residual values are reviewed on every reporting date and adjusted if necessary. The depreciation charges for property, plant and equipment are recognised in profit/(loss) for the period on the basis of allocated operating expenses under the items “Insurance benefits”, “Operating expenses” and “Net investment income” so that the expenses and earnings are distributed on the basis of their causation.

Acquisition costs

In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
At 1 January 2016	332,390	229,174	561,564
Currency translation	272	376	648
Change in basis of consolidation	-2,496	-7,439	-9,935
Additions	699	24,323	25,022
Disposals	-26,609	-8,432	-35,041
Reclassifications	-1,139	-1,200	-2,339
Reclassifications held for sale	-24,663	-13,957	-38,620
At 31 December 2016	278,454	222,845	501,299
At 1 January 2017	278,454	222,845	501,299
Currency translation	1,611	16	1,627
Change in basis of consolidation	2	0	2
Additions	3,095	19,789	22,884
Disposals	-1,754	-13,043	-14,797
Reclassifications	70,545	-2,621	67,924
At 31 December 2017	351,953	226,986	578,938

Accumulated amortisation and impairment losses

In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
At 1 January 2016	-110,029	-158,547	-268,575
Currency translation	-132	-328	-460
Change in basis of consolidation	1,674	64	1,738
Additions from amortisation	-10,400	-13,805	-24,206
Additions from impairment	-305	0	-305
Disposals	26,321	7,024	33,345
Reclassifications	5,483	-9	5,474
Reversal of impairment	0	33	33
Reclassifications held for sale	6,931	9,947	16,877
At 31 December 2016	-80,458	-155,621	-236,080
At 1 January 2017	-80,458	-155,621	-236,080
Currency translation	-591	112	-478
Additions from amortisation	-12,175	-15,223	-27,398
Additions from impairment	-256	0	-256
Disposals	84	10,977	11,061
Reclassifications	-15,157	-19	-15,176
At 31 December 2017	-108,553	-159,775	-268,327

Carrying amounts

In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
At 1 January 2016	222,361	70,628	292,989
At 31 December 2016	197,995	67,224	265,219
At 31 December 2017	243,400	67,211	310,611

The fair values of the land and buildings for own use are derived from expert reports and are comprised as follows:

Fair values

In € thousand

	Property and casualty insurance	Health insurance	Life insurance	Total
At 31 December 2016	179,153	14,843	126,858	320,854
At 31 December 2017	202,266	30,208	168,277	400,751

Other property, plant and equipment refers mainly to technical systems and operating and office equipment.

11. Intangible assets

Deferred acquisition costs

Based on US GAAP, deferred acquisition costs are accounted for in accordance with IFRS 4. In the case of property and casualty insurance contracts, costs directly attributable to the acquisition are deferred and distributed over the expected contract term or according to the unearned premiums. In life insurance, the deferred acquisition costs are amortised in line with the pattern of expected gross profits or margins. Deferred acquisition costs for insurance activities that are directly related to new business and/or to extensions of existing policies and that vary in line with that business are capitalised and amortised over the term of the related insurance contracts. If they are attributable to property and casualty insurance, they are amortised over the probable contractual term. For long-term health insurance contracts, the amortisation of acquisition costs is measured in line with the proportionate share of earned premiums in the present value of expected future premium income. In life insurance, the acquisition costs are amortised over the duration of the contract in the same proportion as the actuarial profit margin of each individual year is realised in comparison to the total margin to be expected from the contracts. The changes in deferred acquisition costs are recognised as part of profit/(loss) for the period under operating expenses.

Portfolio value

Values of life, property and casualty insurance policies relate to expected future margins from purchased operations and are recognised at the fair value at the acquisition date.

The amortisation of the current value of insurance contracts follows the progression of the estimated gross margins. The amortisation of the value of insurance contracts is recognised in the profit/(loss) for the period under “Amortisation of goodwill and impairment losses”.

Goodwill

Goodwill is valued at cost less accumulated impairment losses. The impairment of goodwill is recognised in profit/(loss) for the period under the item “Amortisation of goodwill and impairment losses”.

Ascertainment and allocation of goodwill

Goodwill arises from company mergers and acquisitions. It represents the difference between the acquisition costs and the proportional and current corresponding net fair value of identifiable assets, debts and specific contingent liabilities. Goodwill is not subject to amortisation, but reported at the acquisition cost less any accrued impairments.

For the purpose of the impairment test, UNIQA has allocated the goodwill to cash-generating units (CGUs). CGUs are the smallest identifiable groups of assets that generate cash flows that are to the greatest possible extent independent from the cash generating units of other assets or other groups of assets. The impairment test involves a comparison between the amount that can be generated by selling or using each CGU, the present value of future cash flows with its value to be covered, consisting of goodwill, the proportional net assets and any capital increases and internal loans. If the resulting value exceeds the realisable value of the unit based on the discounted cash flow method, an impairment loss is recognised.

The impairment test was carried out in the fourth quarter of 2017. UNIQA has allocated goodwill to the CGUs listed below, which coincide with the countries in which UNIQA operates.

An exception to this was the SIGAL Group, in which the three countries of Albania, Kosovo and Macedonia were combined as one CGU, due to their similar development and organisational connection:

- UNIQA Austria
- UNIQA Re
- Albania/Kosovo/Macedonia as subgroup of the “SIGAL Group” (SEE)
- Bosnia and Herzegovina (SEE)
- Bulgaria (SEE)
- Croatia (SEE)
- Liechtenstein (WE)
- Poland (CE)
- Romania (EE)
- Russia (RU)
- Switzerland (WE)
- Serbia (SEE)
- Montenegro (SEE)
- Slovakia (CE)
- Czech Republic (CE)
- Ukraine (EE)
- Hungary (CE)

Goodwill by CGU

In € thousand

31/12/2017 31/12/2016

	31/12/2017	31/12/2016
Albania/Kosovo/Macedonia as subgroup of the “SIGAL Group”	21,307	20,995
Bulgaria	55,812	55,812
Poland	28,461	26,955
Romania	101,092	103,753
Serbia	19,918	19,072
Czech Republic	8,305	7,849
Hungary	17,232	17,260
UNIQA Austria	37,737	37,737
Other	5,720	5,937
Total	295,584	295,369

Determining the capitalisation rate

The assumptions with regard to risk-free interest rate, market risk premium and segment betas made for determining the capitalisation rate are consistent with the parameters used in the UNIQA planning and controlling process and are based on the capital asset pricing model.

In order to depict the economic situation of income values as accurately as possible, considering the volatility on the markets, the capitalisation rate was calculated as follows: A uniform, risk-free interest rate according to the Svensson method (German treasury bonds with 30-year maturities) was used as a base interest rate.

The beta factor was determined on the basis of the monthly betas over the last five years for a defined peer group. The betas for the non-life, life and health segments were determined using the revenues in the relevant segments of the individual peer group companies. The health insurance segment, which is strongly focused on the Austrian market, is operated in a manner similar to life insurance. A uniform beta factor for personal insurance is therefore used in relation to the health and life insurance lines.

The market risk premium was determined on the basis of current standards. An additional country risk premium was defined in accordance with Professor Damodaran’s models (NYU Stern). The country risk premium in accordance with the Damodaran method is calculated as follows: starting from the rating of the country concerned (Moody’s), the spread from credit default swap spreads in a rating class to “risk-free” US government bonds is determined, and adjusted by the amount of the volatility difference between equity and bond markets.

The calculation also factored in the inflation differential for countries outside the eurozone. In general, the inflation differential represents inflation trends in different countries and is used as a key indicator in assessing competitiveness. In order to calculate the inflation differential, the deviation of the inflation forecast for the country of the CGU in question in relation to the inflation forecast for a risk-free environment (Germany, in this case) was used. This is adjusted annually in the detailed planning by the expected inflation, and is subsequently applied for perpetuity with the value of the last year of the detailed planning phase.

Impairment test for goodwill – ascertainment of the recoverable amount

UNIQA calculates the recoverable amount of the CGUs with goodwill allocated on the basis of value in use by applying generally accepted valuation principles by means of the discounted cash-flow method (DCF). The budget projections (detailed planning phase) of the CGUs, the estimate of the long-term net profits achievable by the CGUs and long-term growth rates (perpetuity) are used as the starting point for determination of the capitalised value.

The capitalised value is determined by discounting the future profits with a suitable capitalisation rate after assumed retention to strengthen the capital base. In the process, the capitalised values are separated by segment, which are then totalled to yield the value for the entire Company.

Cash flow forecast (multi-phase model)

Phase 1: five-year company planning

The detailed company planning generally encompasses a period of five years. The company plans used for the calculation are the result of a structured and standardised management dialogue, in combination with the reporting and documentation process integrated into this dialogue. The plans are formally approved by the Group Management

Board and also include material assumptions regarding the combined ratio, capital earnings, market shares and the like.

Phase 2: perpetuity growth rate

The last year of the detailed planning phase is used as the basis for determining cash flows in phase 2. The growth in the start-up phase leading up to phase two was determined using a projection of the growth in insurance markets.

This start-up phase denotes a period that is required for the insurance market to achieve a penetration rate equal to the Austrian level. It was assumed that the insurance markets would come into line with the Austrian level in terms of density and penetration in 40 to 60 years.

Capitalisation rate 2017

In per cent	Discount factor		Discount factor perpetuity		Growth rate (perpetuity)
	Property/casualty	Life & health	Property/casualty	Life & health	Property/casualty Life & health
Bosnia and Herzegovina	14.1	14.7	15.6	16.2	6.4
Bulgaria	8.4	8.9	10.2	10.7	5.8
Croatia	9.9	10.4	11.4	11.9	5.4
Liechtenstein	7.0	7.5	6.8	7.3	1.0
Montenegro	12.5	13.0	13.2	13.7	6.0
Austria	8.2	8.8	8.2	8.8	1.0
Poland	7.8	8.3	9.3	9.8	5.0
Romania	8.5	9.1	10.9	11.5	5.8
Russia	17.5	18.0	12.8	13.3	6.8
Switzerland	7.0	7.5	6.8	7.3	1.0
Serbia	12.8	13.4	14.1	14.7	6.3
Albania/Kosovo/Macedonia as subgroup of the "SIGAL Group"	11.5 - 14.1	12.1 - 14.6	12.1 - 14.2	12.7 - 14.7	6.3 - 6.9
Slovakia	8.8	9.3	8.8	9.3	4.6
Czech Republic	8.9	9.5	8.6	9.2	4.4
Ukraine	34.3	34.9	22.8	23.4	7.6
Hungary	10.4	11.0	11.4	12.0	5.3

The discount rate ranges listed for the SIGAL Group and the regions relate to the spread over the respective countries grouped under these headings.

Capitalisation rate 2016

In per cent	Discount factor		Discount factor perpetuity		Growth rate (perpetuity)
	Property/casualty	Life & health	Property/casualty	Life & health	Property/casualty Life & health
Bosnia and Herzegovina	15.6	16.1	12.8	13.2	6.3
Bulgaria	8.1	8.5	9.1	9.5	5.8
Croatia	12.1	12.6	10.3	10.7	5.3
Liechtenstein	5.7	6.2	6.1	6.6	1.0
Montenegro	11.2	11.6	10.3	10.7	6.0
Austria	7.7	8.2	7.7	8.2	1.0
Poland	6.8	7.3	8.7	9.2	4.9
Romania	8.4	8.8	10.1	10.6	5.8
Russia	17.5	18.0	11.6	12.1	6.6
Switzerland	5.7	6.2	6.1	6.6	1.0
Serbia	14.9	15.3	13.0	13.5	6.3
Albania/Kosovo/Macedonia as subgroup of the "SIGAL Group"	11.4 - 14.4	11.8 - 14.8	10.4 - 12.0	10.8 - 12.5	6.2 - 6.7
Slovakia	8.4	8.9	8.2	8.7	4.6
Czech Republic	7.7	8.2	8.1	8.5	4.4
Ukraine	36.0	36.5	20.3	20.8	7.2
Hungary	10.5	11.0	10.6	11.1	5.3

The discount rate ranges listed for the SIGAL Group and the regions relate to the spread over the respective countries grouped under these headings.

Uncertainty and sensitivity

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 reference sources included the following studies and materials:

- Internal research
- Damodaran – country risks, growth rate estimations, multiples

Sensitivity analyses of financial instruments

In order to substantiate the results of the calculation and estimation of the value in use, random sensitivity analyses with regard to the capitalisation rate and the main value drivers are performed.

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 national or regional economies (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 related assessment of how the situation in the markets will develop in the future, under the influence of the continuing finan-

cial crisis in individual markets, are the largest uncertainties in connection with measurement results.

In the event that the recovery from the economic crisis turns out to be much weaker and slower than assumed in the business plans and fundamental forecasts, and the insurance market trends differ entirely from the assumptions made in those business plans and forecasts, the individual goodwill amounts may incur impairment losses. Despite slower economic growth, income expectations have not changed significantly compared to previous years.

A sensitivity analysis shows that if there is a rise in interest rates of 50 basis points for Bosnia and Herzegovina, there could be a convergence between the value in use and the carrying amount or a value in use that is lower than the carrying amount. In the event of a higher rise in interest rates of 100 basis points or a change to the underlying cash flows by -5.0 or -10 per cent, there will also only be a risk of a convergence or a value in use that is lower than the carrying amount in Bosnia and Herzegovina.

The following table shows the recoverable amounts at the time of the impairment test for all CGUs with the necessary goodwill.

Cash generating unit

In € thousand

	Recoverable amount	Recoverable amount exceeds carrying amount	Impairment for the period
Bulgaria	110,436	35,172	0
Poland	307,889	185,662	0
Romania	195,268	36,063	0
UNIQA Austria	2,938,457	973,670	0

Backtesting

Backtesting is regularly carried out on the planning for the individual countries. The objective is to obtain information for internal purposes on the extent to which the operating units plan their profits accurately and on the extent to which details useful with regard to subsequent development are highlighted. Backtesting is intended to help draw conclusions that can be applied to the latest round of planning, in order to enhance the planning accuracy of forthcoming financial plans.

Other intangible assets

Other intangible assets include both purchased and internally developed software, which is depreciated on a straight-line basis over its useful economic life of 2 to 40 years.

Costs that are incurred at the research stage for internally generated software are recognised through profit or loss for the period in which they were incurred. Costs that are incurred in the development phase are deferred provided that it is foreseeable that the software will be completed, there is the intention and ability for future internal use and a future economic benefit arises from this.

The amortisation of the other intangible assets is recognised in profit/(loss) for the period on the basis of allocated operating expenses under the items “Insurance benefits”, “Operating expenses” and “Net investment income”.

Measurement of non-financial assets

The carrying amounts of UNIQA’s non-financial assets – excluding deferred tax assets – are reviewed at every reporting date to determine whether there is an indication of impairment. If this is the case, the recoverable amount of the asset is estimated. The goodwill and intangible assets under construction are tested for impairment annually.

An impairment loss on goodwill is not reversed. In the case of other assets, an impairment loss is reversed only to the extent that it does not increase the carrying amount of the asset above the carrying amount that would have been determined net of depreciation or amortisation had no impairment loss been recognised.

Acquisition costs

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
At 1 January 2016	1,210,789	169,026	562,451	196,720	2,138,985
Currency translation	263	-15	-932	176	-509
Change in basis of consolidation	-1,592	-2	-13,534	4,079	-11,048
Additions	0	0	0	21,905	21,905
Disposals	0	0	-16,121	-5,337	-21,458
Reclassifications	0	0	-38,774	-38	-38,812
Interest capitalised	150	0	0	0	150
Capitalisation	138,103	0	0	0	138,103
Amortisation	-147,308	0	0	0	-147,308
Reclassifications held for sale	-65,553	-55,513	-115,490	-26,011	-262,567
At 31 December 2016	1,134,853	113,496	377,599	191,493	1,817,441
At 1 January 2017	1,134,853	113,496	377,599	191,493	1,817,441
Currency translation	1,885	-593	422	803	2,517
Additions	0	0	0	53,973	53,973
Disposals	0	0	-207	-1,455	-1,662
Reclassifications	0	0	0	56	56
Interest capitalised	-4,425	0	0	0	-4,425
Capitalisation	117,421	0	0	0	117,421
Amortisation	-116,578	0	0	0	-116,578
At 31 December 2017	1,133,156	112,903	377,814	244,870	1,868,743

Accumulated amortisation and impairment losses

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
At 1 January 2016		-138,943	-133,191	-163,794	-435,927
Currency translation		52	-19	-319	-286
Change in basis of consolidation		2	12,673	4	12,679
Additions from amortisation		-7,858	0	-11,580	-19,438
Additions from impairment		-1,873	-16,590	0	-18,463
Disposals		0	16,121	3,529	19,650
Reclassifications		0	38,774	10	38,784
Reclassifications held for sale		53,440	2	24,479	77,921
At 31 December 2016		-95,179	-82,230	-147,672	-325,081
At 1 January 2017		-95,179	-82,230	-147,672	-325,081
Currency translation		627	0	-337	290
Additions from amortisation		-5,039	0	-9,991	-15,030
Disposals		0	0	626	626
At 31 December 2017		-99,591	-82,230	-157,374	-339,195

Carrying amounts

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
At 1 January 2016	1,210,789	30,083	429,260	32,926	1,703,058
At 31 December 2016	1,134,853	18,317	295,369	43,820	1,492,360
At 31 December 2017	1,133,156	13,313	295,584	87,496	1,529,548

The other intangible assets essentially consist of software.

Other current assets

12. Receivables, including insurance receivables

In € thousand	31/12/2017	31/12/2016
Reinsurance receivables		
Receivables from reinsurance business	35,605	38,024
	35,605	38,024
Insurance receivables		
from policyholders	219,665	210,396
from insurance intermediaries	20,171	23,066
from insurance companies	11,112	9,747
	250,948	243,209
Other receivables		
Interest and rent	181,509	191,850
Receivables from services	50,655	42,778
Receivables from transaction with investments	45,427	39,191
Other tax refund claims	17,155	14,861
Remaining receivables	57,251	32,711
	351,996	321,391
Subtotal	638,549	602,624
of which receivables with a remaining maturity of		
up to 1 year	634,928	596,312
more than 1 year	3,621	6,313
	638,549	602,624
of which receivables with values not yet impaired		
up to 3 months overdue	13,481	12,716
more than 3 months overdue	10,209	9,727
Other assets	37,365	36,071
Total receivables including insurance receivables	675,914	638,695

Other assets basically comprise the balance of the deferred income from the settlement of indirect business.

The fair values are essentially equal to the carrying amounts. The fair values are essentially equal to the carrying amounts.

Impairments

In € thousand	Reinsurance receivables		Insurance receivables ¹⁾		Additional receivables	
	2017	2016	2017	2016	2017	2016
At 1 January	-243	-116	-20,532	-31,086	-16,273	-14,672
Allocation	-500	-137	-5,169	-6,882	-761	-2,355
Use	220	0	3,862	3,295	95	324
Reversal	0	11	3,149	8,109	8,462	183
Currency translation	-1	-1	-168	57	468	247
Reclassifications held for sale	0	0	0	5,975	0	0
At 31 December	-525	-243	-18,858	-20,532	-8,010	-16,273

¹⁾ Impairment losses related to policyholders are shown under the cancellation provision.

There are no essential overdue liabilities that have not been impaired.

13. Cash and cash equivalents

They are measured at the exchange rate in effect on the reporting date. In the consolidated statement of cash flows, cash and cash equivalents include bank balances available upon demand, which are a central component of the management of the payment transactions.

14. Assets and liabilities in disposal groups held for sale, as well as discontinued operations

Assets and liabilities held for sale

Non-current assets and liabilities are classified as held for sale if it is highly probable that they will be realised through sale rather than continued use.

These assets or disposal groups are recognised at the lower of their carrying amounts or fair values less costs to sell. Any impairment loss of a disposal group is firstly attributed to goodwill and then to the remaining assets and liabilities on a proportional basis – with the exception that no loss is attributed to financial assets, deferred tax assets, assets in connection with employee benefits or investment property that continues to be measured based on the Group's other accounting policies. Impairment losses on the first-time classification as held for sale and any subsequent impairment losses are recognised in profit or loss.

Intangible assets held for sale and property, plant and equipment are no longer amortised or depreciated and any investments recognised using the equity method are no longer equity-accounted.

Due to the contract of assignment dated 3 January 2017, the 29 per cent holding in Medial Beteiligungs-Gesellschaft m.b.H. (Medial), Vienna, is stated under this item.

On 16 May 2017, the sale of the 99.7 per cent holding in the Group company UNIQA Assicurazioni SpA (Italian Group) was closed. Assets and liabilities that were recorded under the item "Assets and liabilities in disposal groups held for sale" up until the closing were derecognised accordingly.

Assets and liabilities in disposal groups held for sale are as follows:

In € thousand	31/12/2017	31/12/2016
Assets		
Property, plant and equipment	0	21,743
Intangible assets	0	112,003
Investments		
Investment property	0	1,354
Financial assets accounted for using the equity method	9,289	9,289
Other investments	0	4,156,674
Unit-linked and index-linked life insurance investments	0	354,215
Reinsurers' share of technical provisions	0	206,860
Receivables, including insurance receivables	0	163,135
Income tax receivables	0	16,719
Deferred tax assets	0	19,039
Cash and cash equivalents	0	12,697
Assets in disposal groups held for sale	9,289	5,073,729

In € thousand	31/12/2017	31/12/2016
Liabilities		
Technical provisions	0	4,213,530
Technical provisions for unit-linked and index-linked life insurance	0	354,215
Other provisions	0	10,999
Liabilities and other items classified as liabilities	0	231,068
Income tax liabilities	0	7,641
Deferred tax liabilities	0	44,775
Liabilities in disposal groups held for sale	0	4,862,227

In the course of the sale of the Italian Group, UNIQA provided a contractual guarantee to Società Reale Mutua di Assicurazioni in the amount of maximum €40 million from the sales partnership with Veneto Banca S.p.A. (Montebelluna, Italy), which remains in place until 2019. The reinsurance obligations towards the Italian Group that were entered into prior to the sale will be cleared by 31 December 2019.

As a result of insolvency proceedings regarding Veneto Banca S.p.A. that began in June 2017, Banca Intesa Sanpaolo (Turin, Italy) has taken over part of Veneto Banca's business. However, the sales partnership with the UNIQA Italian Group has not been taken over as yet. As a result, UNIQA is likely to be liable for payment of the full amount based on the contractu-

al guarantee. A corresponding provision of €40 million has been formed for this purpose.

The Italian Group was deconsolidated effective 30 June 2017. The net assets sold and the net profit from the deconsolidation are composed of the following:

In € thousand

	Italian Group	Intragroup balances	Total
Property, plant and equipment	22,556	0	22,556
Intangible assets	112,111	0	112,111
Investments			
Investment property	1,354	0	1,354
Other investments	4,327,348	0	4,327,348
Unit-linked and index-linked life insurance investments	361,209	0	361,209
Reinsurers' share of technical provisions	201,510	153,294	354,804
Receivables, including insurance receivables	135,846	7,134	142,980
Income tax receivables	16,625	0	16,625
Deferred tax assets	22,108	0	22,108
Cash and cash equivalents	12,129	0	12,129
Assets in disposal groups held for sale	5,212,796	160,428	5,373,224
Technical provisions	4,378,804	0	4,378,804
Technical provisions for unit-linked and index-linked life insurance	361,209	0	361,209
Financial liabilities	0	37,704	37,704
Other provisions	11,456	0	11,456
Liabilities and other items classified as liabilities	234,226	19,982	254,208
Income tax liabilities	8,109	0	8,109
Deferred tax liabilities	40,219	0	40,219
Liabilities in disposal groups held for sale	5,034,023	57,686	5,091,709
Net assets sold			281,515

In € thousand

Consideration received in cash	294,054
Adjustments to the sale price	
Obligation connected with the Veneto Banca sales partnership	-40,000
Other purchase price adjustments	-17,638
Less net assets sold (including non-controlling interests)	-281,515
Less the portion of net assets held by non-controlling interests	10,159
Profit/(loss) from the deconsolidation at 31 December 2017	-34,940

Discontinued operations

A discontinued operation is a part of the Group that has either been sold or has been categorised as held for sale, and which

- represents a major line of business or a geographical area of operations,

- is part of a single coordinated plan to dispose of a separate, major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The entity is classified as a discontinued operation when the aforementioned criteria are fulfilled.

If an operation is classified as a discontinued operation, the consolidated statement of comprehensive income as well as the data relating to it for the comparative year is adjusted so that it were as if the operation had been discontinued from the start of the comparative year.

In € thousand

	1–12/2017 ¹⁾	1–12/2016
Premiums earned (net)	349,438	1,237,722
Technical interest income	23,385	87,797
Other insurance income	363	208
Insurance benefits	-337,582	-1,196,318
Operating expenses	-28,678	-107,709
Other technical expenses	-1,988	-9,592
Technical result	4,938	12,107
Net investment income	20,293	98,564
Other income	2,179	6,664
Reclassification of technical interest income	-23,385	-87,797
Other expenses	-687	-3,668
Non-technical result	-1,601	13,764
Operating profit/(loss)	3,338	25,871
Impairment losses	-240	-1,571
Earnings before taxes	3,097	24,300
Income taxes	-356	-6,756
Current profit/(loss) from discontinued operations (after tax)	2,742	17,544
Profit/(loss) from deconsolidation	-34,940	-70,649
Disposal costs	-860	0
Profit/(loss) from discontinued operations (after tax)	-33,059	-53,105
of which attributable to shareholders of UNIQA Insurance Group AG	-32,971	-53,810
of which attributable to non-controlling interests	-88	705

¹⁾ Due to contractual arrangements with the seller, UNIQA only has a right to the profit of the first quarter of 2017.

Taxes

15. Deferred tax

Deferred tax is recognised with regard to temporary differences between the carrying amounts of assets and liabilities in the IFRS consolidated financial statements and the corresponding amounts used for tax purposes. Deferred tax is not recognised for:

- temporary differences on the first-time recognition of assets or liabilities in the event of a transaction that is not a business combination and that affects neither net earnings before taxes nor taxable income,
- temporary differences in connection with shares in subsidiaries, associates and jointly controlled entities, provided the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences on the first-time recognition of goodwill.

The calculation of deferred tax is based on the specific tax rates of each country, which were between 5 and 25 per cent in the financial year (2016: between 9 and 25 per cent). Changes in tax rates in effect at 31 December 2017 are taken into account.

Deferred tax assets and debts are netted out if the conditions for a legal claim to offsetting are met and the deferred tax claims and liabilities relate to income tax that is levied by the same tax authority, either for the same taxable item or for different taxable items, aimed at achieving a settlement on a net basis.

Deferred tax assets are tested for impairment on every reporting date and reduced to the extent that it is no longer probable that the associated tax advantage will be realised.

At 31 December 2017 UNIQA had deferred tax assets amounting to €169,379 thousand (2016: €190,278 thousand), of which €14,428 thousand (2016: €9,716 thousand) were attributable to tax loss carryforwards. The deferred tax assets result from tax loss carryforwards, from impairment in accordance with Section 12 of the Austrian Corporation Tax Act, and from deductible temporary differences between the carrying amounts of the assets and liabilities in the consolidated statement of financial position and their tax values.

An assessment of the ability to realise deferred tax assets for tax losses not yet used, tax credits not yet used and deductible temporary differences requires an estimate of the amount of future taxable profits. The resulting forecasts are based on business plans that are prepared, reviewed and approved using a uniform procedure throughout the Company. Especially convincing evidence regarding the value and future chance of realisation of deferred tax assets is required under internal Group policies if the relevant Group company has suffered a loss in the current or a prior period.

The differences between the tax carrying amounts and the carrying amounts in the IFRS consolidated statement of financial position have the following effect:

In € thousand	31/12/2017	31/12/2016
Deferred tax assets (gross)		
Technical items	48,526	49,174
Investments	44,409	48,266
Actuarial gains and losses on defined benefit obligations	52,747	76,336
Loss carried forward	14,428	9,716
Other items	9,269	6,786
Total	169,379	190,278
Deferred tax liabilities (gross)		
Technical items	-278,243	-257,393
Investments	-149,712	-167,668
Actuarial gains and losses on defined benefit obligations	-246	0
Other items	-44,747	-56,304
Total	-472,949	-481,365
Net deferred tax	-303,570	-291,087

The deferred tax assets and deferred tax liabilities stated in the consolidated statement of financial position performed as follows:

In € thousand	Net deferred tax
At 1 January 2016	-321,581
Changes recognised in profit/(loss)	27,977
Changes recognised in other comprehensive income	-23,203
Changes due to changes in basis of consolidation	37
Reclassifications held for sale	25,736
Foreign exchange differences	-53
At 31 December 2016	-291,087
At 1 January 2017	-291,087
Changes recognised in profit/(loss)	-26,116
Changes recognised in other comprehensive income	25,105
Changes due to changes in basis of consolidation	-10,788
Foreign exchange differences	-685
At 31 December 2017	-303,570

Changes recorded in other comprehensive income essentially relate to measurements of financial instruments available for sale and revaluation of defined benefit obligations.

Deferred tax assets from loss carryforwards in the amount of €24,808 thousand (2016: €23,905 thousand) were not recognised, as a realisation of these in the near future cannot be assumed, taking maturities into account.

These tax assets from loss carryforwards are forfeited as follows:

In € thousand	31/12/2017	31/12/2016
Up to 1 year	1,434	662
2 to 5 years	63,757	23,681
More than 5 years	174,365	152,937
Total	239,556	177,280

16. Income taxes

Tax expenses include actual and deferred tax. Actual tax and deferred tax are recognised in profit/(loss) for the period, with the exception of any amount associated with a business combination or with an item recognised directly in equity or other comprehensive income.

Actual tax

Actual tax includes the expected tax liability or tax receivable on taxable income for the financial year or the tax loss on the basis of interest rates that apply on the reporting date or will soon apply, plus all adjustments of the tax liability relating to previous years. Actual tax liability also includes all the tax liability that may arise as a result of income received domestically or abroad that is subject to a domestic or foreign withholding tax.

Income tax	1-12/2017	1-12/2016
In € thousand		
Actual tax – reporting year	12,233	61,847
Actual tax – previous year	7,886	-11,944
Deferred tax	26,229	-27,093
Total	46,348	22,810

The basic corporate income tax rate applied for all segments was 25 per cent. National tax regulations in conjunction with life insurance profit participation may lead to a higher than calculated tax rate on profits.

Reconciliation statement

1–12/2017 1–12/2016

In € thousand

Earnings before taxes	242,194	225,533
Expected tax expenses¹⁾	60,549	56,383
Adjusted by tax effects from		
Tax-free investment income	-14,351	-11,513
Amortisation of goodwill and impairment losses	0	4,148
Tax-neutral consolidation effect	-1,022	447
Other non-deductible expenses/other tax-exempt income	11,642	3,931
Changes in tax rates	107	-1,054
Deviations in tax rates	-8,302	-5,751
Taxes for previous years	-7,239	-20,318
Lapse of loss carried forward and other	4,965	-3,463
Income tax expenses	46,348	22,810
Average effective tax burden in per cent	19.1	10.1

1) Earnings before taxes multiplied by the corporate income tax rate

Income tax receivables

31/12/2017 31/12/2016

In € thousand

Receivables with a maturity of		
up to 1 year	43,173	65,710
more than 1 year	122	144
Total	43,294	65,854

Income tax liabilities

31/12/2017 31/12/2016

In € thousand

Liabilities with a maturity of		
up to 1 year	2,857	1,870
more than 1 year up to 5 years	51,589	77,250
Total	54,446	79,120

Group taxation

UNIQA exercises the option of forming a group of companies for tax purposes provided by the legislators in Austria; there are three taxable groups of companies with the parent groups UNIQA Insurance Group AG, PremiQaMed Holding GmbH and R-FMZ Immobilienholding GmbH.

The group members are generally charged, or relieved by, the corporation tax amounts attributable to them by the parent group through the distribution of their tax burden in the tax group. Losses from foreign group members are also included within the scope of taxable profits. The tax realisation for these losses is accompanied by a future tax obligation to pay income taxes at an unspecified point in time. A corresponding provision is therefore formed for future subsequent taxation of foreign losses.

Social capital

17. Defined benefit plans

There are individual contractual pension obligations, individual contractual bridge payments, and pension allowances in accordance with association recommendations.

The calculation of defined benefit obligations is carried out annually by a qualified actuary using the projected unit credit method. If the calculation results in a potential asset for the Group, the asset recognised is limited to the present value of any economic benefit available in the form of future refunds from the plan or reductions in future contributions to the plan. Any valid minimum funding requirements are included in the calculation of the present value of the economic benefit.

Revaluations of net liabilities from defined benefit plans are recognised directly in other comprehensive income. The revaluation includes the actuarial gains and losses, the income from plan assets (not including projected interest income) and the effect of any asset ceiling. Net interest expenses (income) on net liabilities (assets) from defined benefit plans are calculated for the reporting period by applying the discount rate used to measure the defined benefit obligation at the start of the annual reporting period. This discount rate is applied to net liabilities (assets) from defined benefit plans on this date. Any changes in net liabilities (assets) from defined benefit plans resulting from contribution and benefit payments over the course of the reporting period are taken into account. Net interest expenses and other expenses for defined benefit plans are recognised through profit or loss in profit/(loss) for the period.

If a plan's defined benefits are changed or a plan is curtailed, the resulting change in the benefit relating to past service or the gain or loss on the curtailment is recognised directly in profit/(loss) for the period. Gains and losses from the settlement of a defined benefit plan are recognised at the date of the settlement. The defined benefit obligations are stated under the balance sheet item "Other provisions".

Pension entitlements

Individuals who hold an individual contractual agreement can generally claim a pension when they reach the age of 60 or 65, subject to certain conditions. The amount of the pension generally depends on the number of their years of service and their last salary before leaving their active employment. In the event of death, the spouse of the individual entitled to the claim receives a pension at 60, 50 or 40 per cent depending on the policy. The pensions are suspended for any period in which a termination benefit is paid and their value is generally guaranteed. The pensions that are based on individual policies or on association recommendations are financed through provisions. The final pension contribution which guarantees a fixed cash value for when the beneficiary begins their retirement is

set aside during the contribution phase and transferred to the pension fund at the time of retirement. The financing is specified in the pension fund's business plan, in the works council agreement and in the pension fund contract.

Termination benefit entitlements

In the case of employees of Austrian companies whose employment began prior to 31 December 2002 and lasted three years without interruption, the employee is entitled to termination benefits when the employment is terminated, unless the employee resigns, leaves without an important reason or is guilty of an act resulting in dismissal.

Defined benefit obligations

In € thousand

	Defined benefit obligations for pensions	Plan assets at fair value	Net defined benefit obligations for pensions	Termination benefits	Total defined benefit obligations
At 1 January 2017	501,397	-75,612	425,785	173,856	599,641
Current service costs	16,502	0	16,502	6,758	23,259
Interest expense/income	7,969	0	7,969	1,489	9,458
Past service costs	1,559	0	1,559	4	1,563
Components of defined benefit obligations recognised in the income statement	26,030	0	26,030	8,250	34,280
Return on plan assets recognised in other comprehensive income	0	-5,066	-5,066	0	-5,066
Actuarial gains and losses that arise from changes in demographic assumptions	408	0	408	473	882
Actuarial gains and losses that arise from changes in financial assumptions	6,451	0	6,451	-329	6,122
Actuarial gains and losses that arise from experience adjustments	-4,169	0	-4,169	-1,458	-5,627
Other comprehensive income	2,690	-5,066	-2,376	-1,314	-3,690
Changes from currency translation	26	0	26	6	32
Payments	-20,629	0	-20,629	-12,875	-33,504
Contribution to plan assets	0	-7,124	-7,124	0	-7,124
Transfer in	5	0	5	76	80
Transfer out	-5,705	3,627	-2,078	0	-2,078
At 31 December 2017	503,814	-84,175	419,639	167,998	587,637

In € thousand	Defined benefit obligations for pensions	Plan assets at fair value	Net defined benefit obligations for pensions	Termination benefits	Total defined benefit obligations
At 1 January 2016	501,883	-77,246	424,637	175,757	600,394
Current service costs	16,183	0	16,183	6,837	23,020
Interest expense/income	9,720	0	9,720	2,162	11,882
Past service costs	1,582	0	1,582	1	1,584
Components of defined benefit obligations recognised in the income statement	27,485	0	27,485	9,001	36,485
Return on plan assets recognised in other comprehensive income	0	460	460	8	468
Actuarial gains and losses that arise from changes in demographic assumptions	0	0	0	273	273
Actuarial gains and losses that arise from changes in financial assumptions	-3,398	0	-3,398	5,613	2,215
Actuarial gains and losses that arise from experience adjustments	8,661	0	8,661	-4,011	4,650
Other comprehensive income	5,263	460	5,723	1,883	7,606
Changes from currency translation	-16	0	-16	-2	-17
Payments	-21,006	0	-21,006	-12,862	-33,867
Contribution to plan assets	0	-11,103	-11,103	0	-11,103
Transfer in	1	0	1	1,952	1,953
Transfer out	-12,213	12,277	64	-222	-158
Reclassifications held for sale	0	0	0	-1,652	-1,652
At 31 December 2016	501,397	-75,612	425,785	173,856	599,641

Expenses for defined benefit obligations attributable to members of the Management Board and executives amounted to €4,123 thousand (2016: €4,982 thousand).

The plan assets for the defined benefit obligations are comprised as follows:

In per cent	31/12/2017		31/12/2016	
	Listed	Unlisted	Listed	Unlisted
Bonds – euro	16.7	0.1	17.7	0.3
Bonds – euro high yield	5.1	0.0	7.3	0.4
Corporate bonds – euro	13.6	0.1	22.0	1.7
Equities – euro	9.6	0.0	11.7	0.0
Equities – non-euro	8.7	0.0	7.1	0.0
Equities – emerging markets	7.9	0.0	5.5	0.1
Alternative investment instruments	1.0	2.1	2.7	0.0
Land and buildings	0.0	4.5	0.0	0.0
Cash	0.0	27.9	0.1	19.2
HTM bonds/term deposits	0.0	2.8	4.2	0.0
Total	62.6	37.4	78.3	21.7

The measurement of the defined benefit obligations is based on the following actuarial calculation parameters:

Calculation factors applied	2017	2016
In per cent		
Discount rate		
Termination benefits	0.9	0.9
Pensions	1.5	1.6
Valorisation of remuneration	3.0	3.0
Valorisation of pensions	2.0	2.0
Employee turnover rate	dependent on years of service	dependent on years of service
Calculation principles	AVÖ 2008 P – Pagler & Pagler/ salaried employees	AVÖ 2008 P – Pagler & Pagler/ salaried employees

Weighted average duration in years	Pensions	Termination benefits
31/12/2017	13.5	7.7
31/12/2016	14.4	8.3

The essential risks from the benefit plan are limited to the investment risk, the interest rate risk, life expectancy as well as salary risk. The sensitivity of the defined benefit

obligations on changes in the weighted actuarial calculation parameters is:

Sensitivity analysis	Pensions		Termination benefits	
	2017	2016	2017	2016
Remaining life expectancy				
Change in DBO (+1 year)	2.5%	3.4%		
Change in DBO (-1 year)	-2.7%	-3.6%		
Discount rate				
Change in DBO (+1 percentage point)	-11.2%	-11.8%	-7.4%	-7.8%
Change in DBO (-1 percentage point)	13.8%	14.7%	8.4%	8.9%
Future salary increase rate				
Change in DBO (+0.75%)	2.2%	1.4%	6.0%	6.4%
Change in DBO (-0.75%)	-2.1%	-1.4%	-5.6%	-5.9%
Future pension increase rate				
Change in DBO (+0.25%)	3.3%	3.0%		
Change in DBO (-0.25%)	-3.1%	-2.9%		

18. Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as expenses through profit or loss as soon as the associated work is performed. Prepaid contributions are recognised as assets if an entitlement to refund or reduction of future payments arises. The defined contribution plan is financed largely by UNIQA.

Pension entitlements

Board members, special policyholders and active employees in Austria are subject to a basic defined contribution pension fund scheme. The beneficiaries are also entitled to a final pension fund contribution which guarantees them a fixed cash value for retirement when they begin their retirement. This obligation is to be classified as a defined benefit in the contribution phase. The works council agreement states the extent to which a final pension fund contribution is provided to the beneficiary's individual assurance cover account in the event of a transfer to the old-age pension or of an incapacity to work or the death as a participant. UNIQA has no obligations during the benefit phase.

Contributions to company pension funds

Under defined contribution company pension schemes, the employer pays the fixed amounts into company pension funds. The insurance contributions to company pension funds amounted to €2,210 thousand (2016: €2,011 thousand). The employer has satisfied their obligation by making these contributions.

19. Employees

Personnel expenses

In € thousand

	1-12/2017	1-12/2016
Salaries and wages	412,124	418,409
Expenses for termination benefits	8,250	9,001
Pension expenses	26,030	27,485
Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions	108,035	108,663
Other social expenditures	9,005	7,968
Total	563,443	571,524
of which sales	119,219	132,490
of which administration	422,646	417,661
of which retirees	21,578	21,374

Average number of employees

	31/12/2017	31/12/2016
Total	12,839	12,855
of which sales	4,456	4,630
of which administration	8,383	8,225

Equity

20. Subscribed capital and capital reserves

The share capital is comprised of 309,000,000 no-par bearer shares. Capital reserves include unallocated capital reserves, which primarily result from share premiums.

Items recognised in other comprehensive income

Unrealised gains and losses from the revaluation of available-for-sale financial instruments impacted the equity in the item “Other comprehensive income”, taking into account deferred profit participation (for life insurance) and deferred tax.

Actuarial gains and losses from pension and termination benefit provisions were posted as “Revaluation from defined benefit obligations” after deducting deferred policyholder profit participation and deferred tax. The change in the deferred tax included in the equity without affecting income amounts to €25,105 thousand (2016: € -23,203 thousand).

21. Dividends paid

A dividend of €0.49 per share was paid on 12 July 2017. This corresponds with a distribution amounting to €150,413 thousand.

Subject to the approval of the Annual General Meeting, a dividend payment in the amount of €0.51 per share is planned for the financial year, which equates to a distribution in the amount of €156,552 thousand.

22. Treasury shares

Treasury shares

31/12/2017 31/12/2016

UNIQA Insurance Group AG		
Number of shares	819,650	819,650
Cost in € thousand	10,857	10,857
Share of subscribed capital in %	0.27	0.27
UNIQA Österreich Versicherungen AG		
Number of shares	1,215,089	1,215,089
Cost in € thousand	5,774	5,774
Share of subscribed capital in %	0.39	0.39
Total	2,034,739	2,034,739

Authorisations of the Management Board

In accordance with the resolution of the Annual General Meeting dated 26 May 2014, the Management Board is authorised to increase the Company’s share capital up to and including 30 June 2019 with the approval of the Supervisory Board by a total of up to €81,000,000 by issuing up to 81,000,000 no-par value bearer or registered shares in exchange for payment in cash or in kind, one time or several times.

In accordance with the resolution of the Annual General Meeting dated 26 May 2015, the Group Management Board was authorised, with the approval of the Supervisory Board, to acquire treasury shares for a period of 30 months from 28 November 2015. The newly acquired shares may reach a maximum of 10 per cent of the share capital together with the treasury shares that already exist. A decision taken at the Annual General Meeting on 30 May 2016 amended this authorisation to the effect that treasury shares may be acquired at a nominal value of at least €1.00 (previously €7.00) and no more than €15.00 (previously €20.00) per no-par value share.

The treasury shares held via UNIQA Österreich Versicherungen AG stem from the merger of BL Syndikat Beteiligungs Gesellschaft m.b.H., the transferring company, with UNIQA Insurance Group AG, the acquiring company. These shares held are not to be counted towards the 10 per cent limit.

23. Capital requirement

Capital requirements are influenced by business performance resulting from organic growth and by acquisitions. In the context of Group management, the appropriate coverage of the solvency requirement in accordance with Solvency II on a consolidated basis is constantly monitored.

Quantitative and qualitative information related to capital management according to Solvency II are included in the Solvency and Financial Condition Report (SFCR).

24. Non-controlling interests

Non-controlling interests are measured at the acquisition date with their proportionate share in the identifiable net assets of the acquired entity.

Changes in the share in a subsidiary that do not result in a loss of control are recognised directly as equity transactions with non-controlling interests.

Non-controlling interests

In € thousand	31/12/2017	31/12/2016
In valuation of financial instruments available for sale	1,630	3,199
In actuarial gains and losses on defined benefit plans	-728	-768
In retained profit	5,256	6,273
In other equity	9,643	17,809
Total	15,801	26,513

Subordinated liabilities

In July 2013, UNIQA Insurance Group AG successfully placed a supplementary capital bond in the volume of €350 million with institutional investors in Europe. The bond has a maturity period of 30 years and may only be cancelled after 10 years. The coupon equals 6.875 per cent per annum during the first ten years, after which a variable interest rate applies. The supplementary capital bond meets the requirements for equity netting as Tier 2 capital under the Solvency II regime. The issue was also aimed at replacing older supplementary capital bonds from Austrian insurance groups and at bolstering UNIQA's capital resources and capital structure in preparation for Solvency II and optimising these over the long term. The supplementary capital bond has been listed on the Luxembourg Stock Exchange since the end of July 2013. The issue price was set at 100 per cent.

In July 2015, UNIQA Insurance Group AG successfully placed a subordinated capital bond (Tier 2) to the value of €500 million with institutional investors in Europe. The bond is eligible for netting as Tier 2 capital under Solvency II. The bond is scheduled for repayment after a period of 31 years and subject to certain conditions, and can only be cancelled by UNIQA after eleven years have elapsed and under certain conditions. The coupon amounts to 6.00 per cent per annum during the first eleven years, after which a variable interest rate applies. The bond has been listed on the Vienna Stock Exchange since July 2015. The issue price was set at 100 per cent.

Carrying amounts

In € thousand	Supplementary capital
At 1 January 2016	1,095,745
Amortisation of transaction costs	297
Ordinary amortisation	-250,000
At 31 December 2016	846,043
At 1 January 2017	846,043
Amortisation of transaction costs	316
At 31 December 2017	846,358

Maturity

In € thousand	2017 long term	2017 short term	2016 long term	2016 short term
Subordinated liabilities	846,358	0	846,043	0

Projected funds flow at 31 December 2017

In € thousand	2018	2019	2020	2021	2022	> 2023
Subordinated liabilities	54,109	54,109	54,109	54,109	54,109	994,850

Projected funds flow at 31 December 2016

In € thousand	2017	2018	2019	2020	2021	> 2022
Subordinated liabilities	54,813	54,813	54,813	54,964	54,813	1,050,960

Other current and non-current liabilities

25. Financial liabilities

Maturity

In € thousand	2017 long term	2017 short term	2016 long term	2016 short term
Liabilities from loans	13,837	0	14,959	9
Derivative financial instruments	17,897	6,911	15,842	14,713
Total	31,735	6,911	30,801	14,723

The carrying amounts of the financial liabilities are equal to the fair values.

Carrying amounts

In € thousand	Liabilities from loans	Derivative financial instruments
At 1 January 2016	15,658	17,922
Additions	0	12,805
Changes from currency translation	2	0
Profit or loss from changes of exchange rates	0	-173
Ordinary amortisation	-691	0
At 1 January 2017	14,968	30,555
Additions	294	-1,974
Changes from currency translation	-1	22
Profit or loss from changes of exchange rates	0	-3,794
Ordinary amortisation	-1,424	0
At 31 December 2017	13,837	24,809

Projected funds flow at 31 December 2017

In € thousand	2018	2019	2020	2021	2022	> 2022
Liabilities from loans	959	929	929	11,361	29	973
Derivative financial instruments	6,911	1,038	556	3,201	4,342	8,760
Total	7,871	1,966	1,485	14,563	4,371	9,733

Projected funds flow at 31 December 2016

In € thousand	2017	2018	2019	2020	2021	> 2021
Liabilities from loans	978	960	951	942	8,349	2,910
Derivative financial instruments	14,713	231	750	2,939	10,018	1,903
Total	15,691	1,191	1,701	3,881	18,367	4,813

Changes in financial liabilities

In € thousand	Subordinated liabilities	Financial liabilities	Changes in financial liabilities
At 1 January 2016	1,095,745	33,574	1,129,320
Payments from other financing activities	-249,703	-2,220	-251,922
Currency translation	0	2	2
Other changes	0	14,167	14,167
At 31 December 2016	846,043	45,524	891,566
At 1 January 2017	846,043	45,524	891,566
Payments from other financing activities	0	-1,131	-1,131
Currency translation	0	21	21
Other changes	316	-5,768	-5,452
At 31 December 2017	846,358	38,646	885,004

26. Liabilities and other items classified as liabilities

In € thousand	31/12/2017	31/12/2016
Reinsurance liabilities		
Deposits retained on assumed reinsurance	428,793	459,839
Reinsurance settlement liabilities	52,395	28,139
	481,188	487,978
Insurance liabilities		
to policyholders	129,505	124,367
to insurance brokers	45,701	45,347
to insurance companies	12,541	5,802
	187,746	175,517
Liabilities to credit institutions	3,807	4,001
Other liabilities		
Personnel-related obligations	81,708	82,467
Liabilities from services	35,366	34,237
Liabilities from investment contracts	60,470	59,924
Liabilities from investment transactions	25,738	41,809
Liabilities towards fund owners outside the Group	75,587	1,002
Obligation for interest payment	24,696	25,347
Other tax liabilities (without income tax)	56,527	75,071
Other liabilities	77,850	31,805
	437,942	351,662
Subtotal	1,110,684	1,019,157
of which liabilities with a maturity of		
up to 1 year	741,300	621,256
more than 1 year up to 5 years	18,768	18,595
more than 5 years	350,616	379,306
	1,110,684	1,019,157
Other debt	16,652	23,087
Total liabilities and other items classified as liabilities	1,127,336	1,042,244

Other liabilities basically comprise the balance of the deferred income from the settlement of indirect business.

Other non-technical income and expenses

27. Other income

In € thousand	1–12/2017	1–12/2016
Property and casualty insurance	25,134	23,199
Health insurance	7,514	5,013
Life insurance	4,001	14,357
of which from		
services	13,766	10,542
changes in exchange rates	10,966	20,519
other	11,917	11,507
Total	36,649	42,569

28. Other expenses

In € thousand	1–12/2017	1–12/2016
Property and casualty insurance	37,403	40,994
Health insurance	7,177	6,226
Life insurance	11,871	5,925
of which from		
services	17,742	9,518
exchange rate losses	11,194	9,994
other	27,515	33,633
Total	56,451	53,145

Other disclosures

29. Group holding company

UNIQA's Group holding company is UNIQA Insurance Group AG. In addition to its duties as Group holding company, this company also performs the duties of a group reinsurer.

30. Remuneration for the Management Board and Supervisory Board

The active salaries of the members of the Management Board at UNIQA Insurance Group AG amounted to €2,790 thousand in the reporting year (2016: €4,621 thousand). Existing pension expenses for the members of the Management Board amounted to €677 thousand (2016: €619 thousand). The amount expended on pensions in the reporting year for former members of the Management Board and their survivors was €717 thousand (2016: €815 thousand).

The compensation to the members of the Supervisory Board for their work in the 2016 financial year was €470 thousand. Provisions in the amount of €482 thousand have been recognised for the remuneration to be paid for this work in the 2017 financial year. The amount paid out in attendance fees and cash expenditures in the reporting year was €61 thousand (2016: €77 thousand).

There are no advance payments or loans to or liabilities for members of the Management Board and the Supervisory Board.

For the 2017 financial year the members of the Management Board at UNIQA Insurance Group AG are expected to receive variable remuneration (STI) in the amount of €1,656 thousand in 2018 (2016: €1,739 thousand).

31. Share-based remuneration agreement with cash settlement

In the 2013 financial year, the UNIQA Group introduced a share-based remuneration programme for members of the Management Board of UNIQA Insurance Group AG (UIG) and for the members of the Management Board of UNIQA Österreich Versicherungen AG and UNIQA International AG. In line with this programme, qualified members of the Management Board were granted virtual UNIQA shares between 2013 and 2016, which give them the right to a cash payment after the end of the benefit period, provided certain key performance targets are met, with maximum limits also agreed.

The selected key performance targets are aimed at ensuring a relative market-based performance measurement and absolute performance measurement in accordance with the individual corporate objectives of the UNIQA Group. These defined equally-weighted key performance targets include the Total Shareholder Return (TSR) of the UNIQA ordinary share compared with the TSR of the shares in the companies on the DJ EURO STOXX TMI Insurance, the P&C Net Combined Ratio in UNIQA's property and casualty business and the return on risk capital (the return on equity required).

The programme stipulates annual investments in UNIQA shares with a holding period also of four years in each case.

The cash settlement is calculated as follows for each tranche of shares: $\text{payment} = A \times B \times C$

A = number of virtual shares awarded for the performance period.

B = average price of the UNIQA ordinary share in the period of six months before the end of the performance period.

C = degree of target achievement at the end of the performance period. The maximum target achievement is 200 per cent.

The fair value on the date that share-based payment awards are granted is recognised as expense over the period in which the unconditional entitlement to the award is obtained. The fair value is based on expectations with respect to achievement of the defined key performance targets. Changes in valuation assumptions result in an adjustment of the recognised provision amounts affecting income. Obligations from share-based remuneration are stated under "Other provisions".

As at 31 December 2017 a total of 1,071,669 virtual shares (2016: 990,291 shares) were relevant for the valuation. The fair value of share-based remuneration at the reporting date amounts to €5,731 thousand (2016: €2,868 thousand).

32. Related companies and persons

Companies in the UNIQA Group maintain various relationships with related companies and persons.

Related companies are identified as those companies which either exercise a controlling or crucial influence on UNIQA. The group of companies also includes the non-consolidated subsidiaries, associates and joint ventures of UNIQA.

The related individuals include the members of management holding key positions along with their close family members. This also includes in particular the members of management in key positions at those companies which exercise either a controlling or crucial influence on UNIQA, along with their close family members.

Transactions with related Companies

In € thousand

	Companies with significant influence on UNIQA Group	Affiliated but not consolidated companies	Associated companies of UNIQA Group	Other related parties	Total
Transactions 2017					
Premiums written (gross)	3,238	386	859	57,498	61,982
Interest income from loans with companies that are related parties	0	0	0	206	206
Interest expenses from loans with companies that are related parties	0	0	0	-2,789	-2,789
Interest income from loans with banks that are related parties and from investments in companies that are related parties	1,636	1,100	13,805	4,049	20,590
Interest expenses from loans with banks that are related parties and from investments in entities that are related parties	-860	0	0	-25	-885
At 31 December 2017					
Investments at fair value	230,649	5,452	535,754	40,300	812,155
Bank deposits	239,187	0	0	150,468	389,655

In € thousand

	Companies with significant influence on UNIQA Group	Affiliated but not consolidated companies	Associated companies of UNIQA Group	Other related parties	Total
Transactions 2016					
Premiums written (gross)	0	463	1,420	29,724	31,607
Interest income from loans with companies that are related parties	0	79	0	252	331
Interest expenses from loans with companies that are related parties	0	0	0	-2,388	-2,388
Interest income from loans with banks that are related parties and from investments in companies that are related parties	1,371	0	9,511	4,105	14,987
Interest expenses from loans with banks that are related parties and from investments in entities that are related parties	-309	0	0	-20	-328
At 31 December 2016					
Investments at fair value	155,653	10,166	532,129	57,202	755,150
Bank deposits	276,278	0	0	147,016	423,294

Transactions with related persons

In € thousand

	1-12/2017	1-12/2016
Premiums written (gross)	386	1,861
Salaries and short term benefits ¹⁾	3,832	5,168
Pension expenses	951	407
Compensation on termination of employment contract	215	2,513
Expenditures for share-based payments	1,444	2,495
Other income	135	203

¹⁾ This item includes fixed and variable Management Board remuneration paid in the financial year and remuneration of the Supervisory Board.

33. Other financial obligations and contingent liabilities

Leasing

In € thousand

	1-12/2017	1-12/2016
Current lease expenses	5,470	3,018
Future leasing rates		
up to 1 year	4,975	2,186
more than 1 year up to 5 years	5,315	4,363
Total	10,290	6,549

Options to purchase granted

There are option agreements in place with the remaining non-controlling shareholders in UNIQA Insurance Company, Private Joint Stock Company (Kiev, Ukraine) to acquire additional company shares in 2020 based on previously agreed purchase price formulas.

There is also the possibility of exercising a mutual option between UNIQA and the minority shareholders in the SIGAL Group for the purchase of additional company shares in the option window between 1 July 2020 and 30 June 2021 based on previously agreed purchase price formulas.

34. Expenses for the auditor of the financial statements

The auditor fees in the financial year were €1,652 thousand (2016: €1,567 thousand); of which €498 thousand (2016: €485 thousand) is attributable to the annual audit, €1,038 thousand (2016: €859 thousand) to other auditing services and €116 thousand (2016: €223 thousand) to other general services.

35. Affiliated companies and associates

Subsidiaries

Subsidiaries are entities controlled by UNIQA. UNIQA is regarded as controlling an entity if:

- UNIQA is able to exercise power over the relevant entity,
- UNIQA is exposed to fluctuating returns from its participation and
- UNIQA is able to influence the amount of the returns as a result of the power it exercises.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control begins until the date control ends.

Loss of control

If UNIQA loses control of a subsidiary, the subsidiary’s assets and liabilities and all associated non-controlling interests and other equity components are derecognised. Any resulting profit or loss is recognised in profit/(loss) for the period. Any retained interest in the former subsidiary is measured at fair value at the date of the loss of control.

Investment in associates

Associates are all the entities over which UNIQA has significant influence but does not exercise control or joint control over their financial and operating policies. This is generally the case as soon as there is a voting share of between 20 and 50 per cent or a comparable significant influence is guaranteed legally or in practice via other contractual regulations.

36. Consolidation principles

Business combinations

If the Group has obtained control, it accounts for business combinations in line with the acquisition method. The consideration transferred for the acquisition and the identifiable net assets acquired are measured at fair value. Any profit from an acquisition at a price below the fair value of the net assets is recognised directly in profit/(loss) for the period. Transaction costs are recognised as expenses immediately.

The consideration transferred does not include any amounts associated with the fulfilment of pre-existing relationships. Such amounts are generally recognised in profit/(loss) for the year.

Any contingent obligation to pay consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not revalued, and a settlement is accounted for within equity. Otherwise, later changes in the fair value of the contingent consideration are recognised in profit/(loss) for the period.

Transactions eliminated on consolidation

Intragroup balances and transactions and all unrealised income and expenses from intragroup transactions are eliminated when consolidated financial statements are prepared.

Basis of consolidation	31/12/2017	31/12/2016
Consolidated companies		
Austria	35	54
Other countries	59	62
Associates		
Austria	6	6
Other countries	1	1

Shares in subsidiaries that are not consolidated, associates as well as joint ventures that are not accounted for using the equity method are classified as financial assets available for sale and stated under the item “Other investments”.

Controlled investment funds are included in the consolidation unless the relevant fund volumes were considered to be immaterial when viewed separately and as a whole.

Restructuring processes

For the purposes of streamlining the structure of the Group a total of 19 companies (17 real estate companies and two domestic group service companies) were merged into the companies UNIQA Real Estate Property Holding GmbH (Vienna) (previously: UNIQA Real Estate Dritte Beteiligungsverwaltung GmbH (Vienna)), UNIQA Retail Property GmbH (Vienna) (previously: Raiffeisen-Fachmarktzentrum VIER GmbH (Vienna)) and R-FMZ Immobilienholding GmbH (Vienna) in 2017 as acquiring companies.

Sales

By means of a transfer agreement dated 3 January 2017, UNIQA sold its 29 per cent holding in Medial Beteiligungs-Gesellschaft mbH (Vienna) (Medial) to CAME

Holding GmbH (Vienna) (CAME). Medial is therefore reported under “Assets in disposal groups held for sale” (Group functions segment). Medial has an equity investment of around 38 per cent in Casinos Austria Aktiengesellschaft (Vienna); correspondingly, UNIQA has a holding of around 11 per cent in Casinos Austria Aktiengesellschaft. The sale to CAME has been agreed subject to a condition precedent. The conditions precedent were mandatory approvals required under merger law and public law approvals. See the chapter on “Events after the reporting date” with regard to the completion of this sale.

The sale of the 99.7 per cent holding in UNIQA Assicurazioni SpA (Milan, Italy) to Società Reale Mutua di Assicurazioni (Turin, Italy), as decided by the Supervisory Board on 2 December 2016, was closed on 16 May 2017. This also included the subsidiaries operating in Italy UNIQA Previdenza SpA (Milan, Italy) and UNIQA Life SpA (Milan, Italy).

Company	Type	Location	Equity interest at 31/12/2017 In per cent	Equity interest at 31/12/2016 In per cent
Domestic insurance companies				
UNIQA Insurance Group AG (Group Holding Company)		Vienna		
UNIQA Österreich Versicherungen AG	Fully consolidated	Vienna	100.0	100.0
SK Versicherung Aktiengesellschaft	At equity	Vienna	25.0	25.0
Foreign insurance companies				
UNIQA Re AG	Fully consolidated	Switzerland, Zurich	100.0	100.0
UNIQA Assicurazioni S.p.A. (Deconsolidation: 16/5/2017)	Fully consolidated	Italy, Milan	0.0	99.7
UNIQA poisťovňa a.s.	Fully consolidated	Slovakia, Bratislava	99.9	99.9
UNIQA pojišť'ovna, a.s.	Fully consolidated	Czech Republic, Prague	100.0	100.0
UNIQA osiguranje d.d.	Fully consolidated	Croatia, Zagreb	100.0	100.0
UNIQA Towarzystwo Ubezpieczeń S.A.	Fully consolidated	Poland, Lodz	98.6	98.6
UNIQA Towarzystwo Ubezpieczeń na Życie S.A.	Fully consolidated	Poland, Lodz	99.8	99.8
UNIQA Biztosító Zrt.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA Versicherung AG	Fully consolidated	Liechtenstein, Vaduz	100.0	100.0
UNIQA Previdenza S.p.A. (Deconsolidation: 16/5/2017)	Fully consolidated	Italy, Milan	0.0	99.7
UNIQA osiguranje d.d.	Fully consolidated	Bosnia and Herzegovina, Sarajevo	100.0	99.8
UNIQA Insurance plc	Fully consolidated	Bulgaria, Sofia	99.9	99.9
UNIQA Life Insurance plc	Fully consolidated	Bulgaria, Sofia	99.6	99.6
UNIQA životno osiguranje a.d.	Fully consolidated	Serbia, Belgrade	100.0	100.0
UNIQA Insurance Company, Private Joint Stock Company	Fully consolidated	Ukraine, Kiev	100.0	100.0
UNIQA LIFE Private Joint Stock Company	Fully consolidated	Ukraine, Kiev	100.0	100.0
UNIQA životno osiguranje a.d.	Fully consolidated	Montenegro, Podgorica	100.0	100.0
UNIQA neživotno osiguranje a.d.	Fully consolidated	Serbia, Belgrade	100.0	100.0
UNIQA neživotno osiguranje a.d.	Fully consolidated	Montenegro, Podgorica	100.0	100.0
UNIQA Asigurari S.A.	Fully consolidated	Romania, Bucharest	100.0	100.0
UNIQA Asigurari de Viata S.A.	Fully consolidated	Romania, Bucharest	100.0	100.0
Raiffeisen Life Insurance Company LLC	Fully consolidated	Russia, Moscow	75.0	75.0
UNIQA Life S.p.A. (Deconsolidation: 16/5/2017)	Fully consolidated	Italy, Milan	0.0	89.7
SIGAL UNIQA Group AUSTRIA sh.a.	Fully consolidated	Albania, Tirana	86.9	86.9
UNIQA AD Skopje	Fully consolidated	Macedonia, Skopje	86.9	86.9
SIGAL LIFE UNIQA Group AUSTRIA sh.a.	Fully consolidated	Albania, Tirana	86.9	86.9
SIGAL UNIQA Group AUSTRIA sh.a.	Fully consolidated	Kosovo, Pristina	86.9	86.9
UNIQA Life AD Skopje	Fully consolidated	Macedonia, Skopje	86.9	86.9
SIGAL LIFE UNIQA Group AUSTRIA sh.a	Fully consolidated	Kosovo, Pristina	86.9	86.9
SH.A.F.P SIGAL LIFE UNIQA Group AUSTRIA sh.a.	Fully consolidated	Albania, Tirana	44.3	44.3
Group domestic service companies				
UNIQA Real Estate Management GmbH	Fully consolidated	Vienna	100.0	100.0
Versicherungsmarkt-Servicegesellschaft m.b.H.	Fully consolidated	Vienna	100.0	100.0
Agenta Risiko- und Finanzierungsberatung Gesellschaft m.b.H.	Fully consolidated	Vienna	100.0	100.0
UNIQA IT Services GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Capital Markets GmbH	Fully consolidated	Vienna	100.0	100.0
call us Assistance International GmbH	Fully consolidated	Vienna	50.2	50.2
UNIQA International AG	Fully consolidated	Vienna	100.0	100.0
UNIQA internationale Beteiligungs-Verwaltungs GmbH	Fully consolidated	Vienna	100.0	100.0
Assistance Beteiligungs-GesmbH	Fully consolidated	Vienna	64.0	64.0
UNIQA Real Estate Beteiligungsverwaltung GmbH (Merger: 1/7/2017)	Fully consolidated	Vienna	0.0	100.0
UNIQA Real Estate Finanzierungs GmbH	Fully consolidated	Vienna	100.0	100.0

Company	Type	Location	Equity interest at 31/12/2017 In per cent	Equity interest at 31/12/2016 In per cent
UNIQA Group Audit GmbH	Fully consolidated	Vienna	100.0	100.0
Valida Holding AG	At equity	Vienna	40.1	40.1
RHG Management GmbH (Merger: 9/9/2017)	Fully consolidated	Vienna	0.0	100.0
UNIQA Finanzbeteiligung GmbH	Fully consolidated	Vienna	100.0	100.0
Group foreign service companies				
UNIQA Raiffeisen Software Service Kft.	Fully consolidated	Hungary, Budapest	60.0	60.0
UNIQA Group Service Center Slovakia, spol. s r.o. (formerly: InsData spol. s r.o.)	Fully consolidated	Slovakia, Nitra	98.0	98.0
UNIPARTNER s.r.o.	Fully consolidated	Slovakia, Bratislava	99.9	99.9
UNIQA InsService spol. s r.o.	Fully consolidated	Slovakia, Bratislava	99.9	99.9
UNIQA Ingatlanhasznosító Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA Számítástechnikai Szolgáltató Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Vitosha Auto OOD	Fully consolidated	Bulgaria, Sofia	99.8	99.8
UNIQA Raiffeisen Software Service S.R.L.	Fully consolidated	Romania, Cluj-Napoca	60.0	60.0
sTech d.o.o	Fully consolidated	Serbia, Belgrade	100.0	100.0
DEKRA-Expert Műszaki Szakértői Kft.	At equity	Hungary, Budapest	50.0	50.0
UNIQA GlobalCare SA (formerly: UNIQA Assurances SA)	Fully consolidated	Switzerland, Geneva	100.0	100.0
Financial and strategic domestic shareholdings				
Medial Beteiligungs-Gesellschaft m.b.H. (classified as asset held for sale since 30/9/2015)	At equity	Vienna	29.6	29.6
UNIQA Leasing GmbH	At equity	Vienna	25.0	25.0
PremiQaMed Holding GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Privatkliniken GmbH	Fully consolidated	Vienna	100.0	100.0
Ambulatorien Betriebsgesellschaft m.b.H.	Fully consolidated	Vienna	100.0	100.0
STRABAG SE	At equity	Villach	14.3	14.3
PremiQaMed Management GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Beteiligungs-Holding GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.	Fully consolidated	Vienna	100.0	100.0
Diakonissen & Wehrle Privatlinik GmbH	Fully consolidated	Gallneukirchen	60.0	60.0
PremiQaMed Beteiligungs GmbH	Fully consolidated	Vienna	100.0	100.0
Goldenes Kreuz Privatlinik BetriebsGmbH	Fully consolidated	Vienna	75.0	75.0
Real-estate companies				
UNIQA Real Estate CZ, s.r.o.	Fully consolidated	Czech Republic, Prague	100.0	100.0
UNIQA Real s.r.o.	Fully consolidated	Slovakia, Bratislava	100.0	100.0
UNIQA Immobilien-Projektterrichtungs GmbH	Fully consolidated	Vienna	100.0	100.0
DIANA-BAD Errichtungs- und Betriebs GmbH	At equity	Vienna	33.0	33.0
UNIQA Real Estate GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Immobilien GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Zweite Beteiligungsverwaltung GmbH (Merger: 1/7/2017)	Fully consolidated	Vienna	0.0	100.0
Design Tower GmbH	Fully consolidated	Vienna	100.0	100.0
Aspernbrückengasse Errichtungs- und Betriebs GmbH (Merger: 1/7/2017)	Fully consolidated	Vienna	0.0	99.0
UNIQA Real Estate Holding GmbH (Merger: 27/5/2017)	Fully consolidated	Vienna	0.0	100.0
UNIQA Real Estate Property Holding GmbH (formerly: UNIQA Real Estate Dritte Beteiligungsverwaltung GmbH)	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Vierte Beteiligungsverwaltung GmbH (Merger: 7/6/2017)	Fully consolidated	Vienna	0.0	100.0
“Hotel am Bahnhof” Errichtungs GmbH & Co KG	Fully consolidated	Vienna	100.0	100.0
GLM ErrichtungsGmbH (Merger: 1/7/2017)	Fully consolidated	Vienna	0.0	100.0

Company	Type	Location	Equity interest at 31/12/2017 In per cent	Equity interest at 31/12/2016 In per cent
EZL Entwicklung Zone Lassallestraße GmbH & Co. KG	Fully consolidated	Vienna	100.0	100.0
Fleischmarkt Inzersdorf Vermietungs GmbH (Merger: 9/9/2017)	Fully consolidated	Vienna	0.0	100.0
Praterstraße Eins Hotelbetriebs GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Inlandsholding GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Plaza Irodaház és Ingatlankezelő Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Floreasca Tower SRL	Fully consolidated	Romania, Bucharest	100.0	100.0
Pretium Ingatlan Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA Szolgáltató Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA poslovni centar korzo d.o.o.	Fully consolidated	Croatia, Rijeka	100.0	100.0
UNIQA-Invest Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Knesebeckstraße 8-9 Grundstücksgesellschaft mbH	Fully consolidated	Germany, Berlin	100.0	100.0
UNIQA Real Estate Bulgaria EOOD	Fully consolidated	Bulgaria, Sofia	100.0	100.0
UNIQA Real Estate d.o.o.	Fully consolidated	Serbia, Belgrade	100.0	100.0
Renaissance Plaza d.o.o.	Fully consolidated	Serbia, Belgrade	100.0	100.0
IPM International Property Management Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA Real Estate Polska Sp. z o.o.	Fully consolidated	Poland, Warsaw	100.0	100.0
Black Sea Investment Capital LLC	Fully consolidated	Ukraine, Kiev	100.0	100.0
LEGIWATON INVESTMENTS Limited Company	Fully consolidated	Cyprus, Limassol	100.0	100.0
UNIQA Real III, spol. s r.o.	Fully consolidated	Slovakia, Bratislava	100.0	100.0
UNIQA Real Estate BV	Fully consolidated	Netherlands, Hoofddorp	100.0	100.0
Reytarske LLC	Fully consolidated	Ukraine, Kiev	100.0	100.0
ALBARAMA Limited Company	Fully consolidated	Cyprus, Nikosia	100.0	100.0
AVE-PLAZA LLC	Fully consolidated	Ukraine, Kharkiv	100.0	100.0
Asena LLC	Fully consolidated	Ukraine, Nikolaev	100.0	100.0
Kremser Landstraße Projektentwicklung GmbH (Merger: 9/9/2017)	Fully consolidated	Vienna	0.0	100.0
Schöpferstrasse Projektentwicklung GmbH (Merger: 9/9/2017)	Fully consolidated	Vienna	0.0	100.0
“BONADEA” Immobilien GmbH (Merger: 9/9/2017)	Fully consolidated	Vienna	0.0	100.0
“Graben 27– 28” Besitzgesellschaft m.b.H. (Merger: 9/9/2017)	Fully consolidated	Vienna	0.0	100.0
Hotel Burgenland Betriebs GmbH	Fully consolidated	Vienna	100.0	100.0
R-FMZ Immobilienholding GmbH	Fully consolidated	Vienna	100.0	100.0
Neue Marktgassee Einkaufspassage Stockerau GmbH (Merger: 10/10/2017)	Fully consolidated	Vienna	0.0	100.0
DEVELOP Baudurchführungs- und Stadtentwicklungs-Gesellschaft m.b.H. (Merger: 10/10/2017)	Fully consolidated	Vienna	0.0	100.0
Raiffeisen-Fachmarktzentrum Mercurius GmbH (Merger: 30/9/2017)	Fully consolidated	Vienna	0.0	100.0
Raiffeisen-Fachmarktzentrum ZWEI GmbH (Merger: 30/9/2017)	Fully consolidated	Vienna	0.0	100.0
Raiffeisen-Fachmarktzentrum Ivesis GmbH (Merger: 1/9/2017)	Fully consolidated	Vienna	0.0	100.0
UNIQA Retail Property GmbH (formerly: Raiffeisen-Fachmarktzentrum VIER GmbH)	Fully consolidated	Vienna	100.0	100.0
Raiffeisen-Fachmarktzentrum SIEBEN GmbH (Merger: 1/9/2017)	Fully consolidated	Vienna	0.0	100.0
R-FMZ “MERCATUS” Holding GmbH (Merger: 1/8/2017)	Fully consolidated	Vienna	0.0	100.0

37. Changes in major accounting policies as well as new and amended standards

With the exception of the following changes, the outlined accounting policies were consistently applied to all periods presented in these consolidated financial statements.

Amendments and standards to be applied for the first time

The Group applied the following amendments to standards, and they were first adopted at 1 January 2017. None of the new regulations arising from this have any essential impact on UNIQA's financial position.

Standard	Content	First time application by UNIQA	Impact on UNIQA
IAS 12	Income tax – recognition of assets from deferred taxes for unrealised losses	1 January 2017	Yes
IAS 7	Statement of Cash flows – Disclosure Initiative	1 January 2017	Yes

New and amended standards to be applied in the future

The IASB has also published a range of new standards that will be applicable in the future. The Group does not intend to adopt these standards early.

Standard	Content	First time application by UNIQA	Endorsement by the EU at 31 December 2017	Likely to be relevant for UNIQA
New standards				
IFRS 9	Financial Instruments	1 January 2021	Yes	Yes
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Yes	Yes
IFRS 16	Leases	1 January 2019	Yes	Yes
IFRS 17	Insurance Contracts	1 January 2021	No	Yes
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	No	Yes
Amended standards				
Miscellaneous	Annual Improvements Project 2014–2016	1 January 2017	No	Yes
IFRS 4	Insurance Contracts – Applying IFRS 9 together with IFRS 4	1 January 2018	Yes	Yes
IFRS 2	Share-based Payment – Classification and Measurement of Transactions with Share-based Payments	1 January 2018	No	Yes
IAS 40	Investment Property – Clarification of Classification	1 January 2018	No	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	No	No
IAS 28	Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures	1 January 2019	No	Yes
IFRS 9	Financial Instruments – Prepayment Features with Negative Compensation	1 January 2021	No	Yes

The following standards to be applied in future are expected to have a significant impact on reporting at UNIQA:

IFRS 9 – Financial Instruments

The IASB published the final version of IFRS 9 (Financial instruments) in July 2014. This replaces IAS 39 (Financial Instruments: Recognition and Measurement) in its entirety and comes into force effective 1 January 2018. The different effective dates applicable to IFRS 9 and IFRS 17 which must be applied to reporting periods as of 1 January 2021 would result in increased volatilities in profits and duplicate migration efforts for the transition period. As a result of this, the IASB published adjustments in 2016 to

IFRS 4 (Insurance Contracts) which allow insurance companies to recognise certain profits or losses in other comprehensive income (overlay approach) or to defer the initial application time for IFRS 9 until IFRS 17 comes into force (deferral approach) as part of a transition process. UNIQA intends to adopt the deferral approach. This will be applied for reporting periods as of 1 January 2018. Under the deferral approach there must be a statement regarding how the insurance company stating its accounts qualifies for the temporary exception, and information must also be provided which enables a comparison with companies that are already drawing up their balance sheet in accordance with IFRS 9.

IFRS 9 is introducing new regulations on classification and measurement and on the impairment of financial assets plus regulations on the procedure for hedge accounting. The classification and measurement of financial liabilities remains unchanged compared to IAS 39.

The classification by measurement categories takes place on the one hand based on the business model used to manage the financial instruments, and on the other based on the features of the underlying contractual cash flow. Measurement at amortised cost is only permitted if the contractual cash flows can be characterised as interest payments and repayments (SPPI criterion – Solely Payments of Principal and Interest”) and the asset is assigned to a business model that is aimed at holding financial instruments for the collection of contractual cash flows. The fair value measurement not recognised in profit or loss is only permitted for those financial instruments which meet the SPPI-criterion and are assigned to a business model (hold and sell). All other assets are measured at fair value through profit or loss. There is also the option of recognising equity instruments not held for trading at fair value in other comprehensive income.

The rules on impairment under IFRS 9 are applied to financial instruments which are recognised at fair value or at amortised cost in other comprehensive income. This way a risk provision must be formed for each financial instrument during initial recognition in the same amount as the defaults which are expected to occur within the next twelve months. The risk provision must be increased to a lifetime expected credit loss in the course of the subsequent measurements, if the probabilities of default increase significantly compared to the time of the initial recognition.

It must be assumed that the new classification rules under IFRS 9 will result in an increase in the number of financial instruments which are accounted for at fair value through profit or loss and that the volatility of the profits will likewise increase. Effects on equity can also be expected from the new impairment model for debt instruments.

UNIQA is currently at the project stage of the technical model development for the SPPI-decision tree and of system integration of the SPPI-logic developed for the Group’s entire securities portfolio. According to initial rough estimates, the overwhelming proportion of UNIQA’s securities portfolio will pass the SPPI-test, as this is of a simple interest payment and repayment nature. The second project phase associated with the SPPI-criterion in-

volves the systematic quality assurance and detailed analysis of more complex financial instruments.

The business model to which the financial instruments are assigned is crucial for the purposes of arriving at a comprehensive assessment of the impact of IFRS 9. It must be assumed that the “hold and sell” business model is the appropriate business model for insurance companies. Its objective is to hold financial assets in order to collect contractual cash flows on the one hand and on the other to generate cash flows from selling them. However, it will only become clear in the final interaction with IFRS 17 which options are exercised with respect to the business models applied in order to manage the volatility on profits mentioned above.

IFRS 16 – Leases

The new leasing standard replaces IAS 17 and governs the reporting of leases. UNIQA acts both as a lessee and a lessor. There are no material adjustments to accounting on the lessor side necessary as a result of the introduction of IFRS 16. With contracts for which UNIQA is the lessee, the contracts previously classified as operating leases would now be subject to capitalisation in the form of a right-of-use asset with a corresponding leasing obligation.

The standard will be applied to reporting periods beginning on or after 1 January 2019. UNIQA has selected the modified retrospective assessment for the initial application. There are around 2,000 contracts across the entire Group which fall within the scope of IFRS 16 and for which UNIQA is lessee. Most of the portfolio is made up of standard contracts that are not very complex and on the whole relates to real estate and operating and office equipment. The lease payments recorded each year amount to around €30 million. Most of the contracts feature a term of between three to five years. However, there is an increase in the total assets and liabilities stated in the balance sheet as a result of the capitalisation of the usage right and the statement of the corresponding obligation as a liability, although this is not expected to exceed 0.3 per cent of the total assets according to initial estimates. There will be no material impact on the items in the income statement and no differences in the statements made as a result of the regulations in IFRS 16.

UNIQA will exercise the option not to capitalise the usage rights for short-term leases and contracts for low-value assets.

IFRS 17 – Insurance Contracts

IFRS 17 was published in May 2017 and covers the classification, recognition and measurement of insurance contracts. The previous standard IFRS 4 ceases to be effective as a result of IFRS 17.

IFRS 17 describes the regulations for presenting assets and liabilities arising from insurance contracts on the balance sheet. Three key approaches to mapping are included in IFRS 17:

- The general measurement model represents the basic model for mapping insurance contracts. The profit from entering into insurance contracts is assessed in this as the contractual service margin (CSM) which forms a separate liability item in order to avoid stating an immediate profit. The planned dissolution of the CSM over the contractual term results in an insurance undertaking's profit. At the same time the CSM also acts as a buffer in the event of adjustments to actuarial items. The general measurement model applies to all insurance contracts which fall within the scope of IFRS 17, unless any of the following exceptions applies.
- The premium allocation approach is a simplified form of the general measurement model which applies to contracts for which the measurement under the premium allocation approach does not result in any material change as compared with the general management model, or which feature a term of less than one year. In its basic form the premium allocation approach corresponds with existing property and casualty insurance in which a type of unearned premium is formed. However, claim provisions also need to be accounted for on the balance sheet in this simplified approach based on an expected cash value plus a risk margin.
- The variable fee approach is a further variation on the general measurement model for insurance contracts whose payments are contractually linked to the income from certain reference values (direct participating features). The CSM is variable in this approach as a result of the profit participation.
- The approach and the measurement of insurance contracts take place at the group level. The insurance contracts are pooled in portfolios, with portfolios characterised by the fact that contracts contained within these are exposed to similar risks and are managed together. However, these contracts must be divided further into at least three subgroups:
 - group of contracts that already involve a loss when the contract is formed,
 - group for which it is unlikely that the contracts will involve a loss during the term of the contract, or
 - remaining group.

Insurance contracts that have been issued at an interval of more than one year cannot belong to the same group.

UNIQA will apply the standard retrospectively for the first time in the reporting period starting on 1 January 2021.

The actuarial measurements were outlined in more detail in 2017 based on the preliminary studies already carried out. Model calculations were completed for these for the portfolio of UNIQA Österreich Versicherungen AG, which holds a significant part of UNIQA's insurance portfolio. The models created for these will continue to be consistently tracked and developed over the next few years and also gradually rolled out to other Group companies. The pilot projects show that intensive use of resources can still be expected until final implementation of IFRS 17. This relates to both the adaptation of the actuarial model as well as the corresponding IT systems in the finance area.

38. Currency translation

Functional currency and reporting currency

The items included in the financial statements for each operating subsidiary are measured based on the currency that corresponds with the currency of the primary economic environment in which the subsidiary operates (functional currency). The consolidated financial statements are prepared in euros which is UNIQA's reporting currency.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Group entity at the exchange rate on the date of the transaction or, in the case of revaluations, at the time of the valuation.

Monetary assets and liabilities denominated in a foreign currency on the reporting date are translated into the functional currency at the closing rate. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the rate valid on the date the fair value is calculated. Currency translation differences are generally recognised in profit/(loss) for the period. Non-monetary items recognised in a foreign currency at historical acquisition cost or at cost of self-construction are stated with the historical exchange rate. This results in no currency translation difference.

Currency translation differences from equity instruments available for sale are recognised in other comprehensive income by way of derogation from the general principle. An exception to this are impairments for which currency translation differences are reclassified from other comprehensive income to profit/(loss) for the period.

Foreign operations

Assets and liabilities from foreign operations, including the goodwill and fair value adjustments that result from the acquisition, are translated into euros at the closing rate on the reporting date. Income and expenses from foreign operations are translated at the monthly closing rates.

Currency translation differences are reported in other comprehensive income and recognised in equity as a part of the accumulated profits in the item "Differences from currency translation" if the foreign exchange difference is not attributable to non-controlling interests.

Significant events after the reporting date

39. Sale of the stake in Medial Beteiligungs-Gesellschaft m.b.H.

The sale of Medial Beteiligungs-Gesellschaft m.b.H. to CAME Holding GmbH was finally completed on 15 January 2018 following the approvals and authorisations under public law required under merger law for the transfer and following the decision of the general assembly of Casinos Austria AG. As a result of the sale, earnings in the amount of €47.5 million will be reported in the first quarter of 2018.

Major exchange rates

	EUR closing rates		EUR average rates	
	31/12/2017	31/12/2016	1–12/2017	1–12/2016
Hungarian forint (HUF)	310.3300	309.8300	309.3500	312.2223
Croatian kuna (HRK)	7.4400	7.5597	7.4652	7.5441
Polish złoty (PLN)	4.1770	4.4103	4.2556	4.3659
Romanian leu (RON)	4.6585	4.5390	4.5711	4.4957
Ukrainian hryvnia (UAH)	33.6798	28.5130	30.2620	28.2317
Russian rouble (RUB)	69.3920	64.3000	66.0349	73.8756
US dollar (USD)	1.1993	1.0541	1.1307	1.1021

40. Risk report

40.1 Risk strategy

Principles

UNIQA's strategic objectives are directly linked to the company's risk strategy. We are conscious of our responsibility towards customers, employees and shareholders and consider it an obligation to safeguard the strength of our capital resources and our earnings capacity along with our brand reputation, including in a turbulent market environment.

Our business strategy and the risks that this involves form the cornerstones of our risk strategy. Clear definition of our risk preference creates the foundation for all of our business policy decisions.

We actively seek to assume technical risks, assume market risks and operational risks where the business model requires this, and attempt to avoid other accompanying risks. This forms the basis for consistently generating our income from our core business. We also strive to ensure a balanced mix of risk in order to achieve the greatest possible effect from diversification.

Organisation

Our core business is to relieve our customers of risk, pool the risk to reduce it and thereby generate profit for our Company. Here, the focus is placed on understanding risks and their particular features.

To ensure that we keep our focus on risk, we have created a separate risk function on the Group's Management Board with a Group Chief Risk Officer (CRO) who is also acting concurrently as Group Chief Financial Officer (CFO). In our group companies, the Chief Risk Officer (CRO) is also a part of the Management Board. This ensures that decision-making is risk-based in all relevant bodies. We have established processes that allow us to identify, analyse and manage risks. Our business involves a large range of different risk types, which is why we employ specialists to identify and manage these.

We regularly validate our risk profile at all levels of the hierarchy and hold discussions in specially instituted committees with the members of the Management Board. We draw on internal and external sources to obtain a complete picture of our risk position. We regularly check for new threats both in the Group and in our subsidiaries.

Risk-bearing capacity and risk appetite

We take risks and do so in full knowledge of our risk-bearing capacity. We define this as our ability to absorb potential losses from extreme events so that our medium and long-term objectives are not put in danger.

At the centre of our risk decisions is our economic capital model (ECM), by means of which we quantify our risks and determine our own economic capital. The ECM is based on the standard model according to Solvency II and also reflects our own risk assessment. This is expressed in the quantification of the risks from the non-life sectors, in which we focus on a stochastic cash flow model, additional capital requirements of government bonds and a mark-to-market valuation of asset-backed securities. Based on this model, we are aiming for a risk capital cover (capital ratio) of between 155 per cent and 190 per cent. However, immediate steps will be taken to improve the capital position if the marginal value falls below 135 per cent.

We also seek external confirmation of the path we have chosen. Standard & Poor's has given us a credit rating of "A-". One of our key objectives is to maintain the rating at this level or to improve upon it.

Non-quantifiable risks, in particular operational risk, litigation risk and strategic risk are identified as part of the risk assessment process and then assessed using scenario-based techniques. This assessment is then used as the basis for implementing any necessary risk mitigation measures.

Our risk strategy specifies the risks we intend to assume and those we plan to avoid. As part of our strategy process, we define our risk appetite on the basis of our risk-bearing capacity. This risk appetite is then used to determine tolerances and limits, which provide us with an early warning system sufficient for us to initiate prompt corrective action should we deviate from our targets. We also consider risks outside our defined appetite. We counter risks that fall into this category, such as reputational risk, with proactive measures, transparency and careful assessment.

We analyse our income and the underlying risk, optimising our portfolio using value-based principles. We therefore strive for a balance between risk and return.

Opportunities

Risk also means opportunity. We regularly analyse trends and risks that influence our society and thus our customers and ourselves. We involve our employees in the whole of the business to identify and analyse trends at an early stage, produce suitable action plans and develop innovative approaches.

40.2 Risk management system

The focus of risk management with management structures and defined processes is the attainment of UNIQA's and its group companies' strategic goals.

UNIQA's Risk Management Guidelines form the basis for a uniform standard at various company levels. The guidelines are approved by the CFRO and the full Management Board and describe the minimum requirements in terms of organisational structure and process structure. They also provide a framework for all risk management processes for the most important classes of risk.

In addition to the Group Risk Management Guidelines, similar guidelines have also been prepared and approved for the group companies. The Risk Management Guidelines at company level were approved by the Management Board of the UNIQA group companies and are consistent with UNIQA's Risk Management Guidelines.

They aim to ensure that risks relevant to UNIQA are identified and evaluated in advance.

Organisational structure (governance)

The detailed setup of the process and organisational structure of risk management is set out in UNIQA's Risk Management Guidelines. They reflect the principles embodied in the concept of "three lines of defence" and the clear differences between the individual lines of defence.

First line of defence: risk management within the business activity

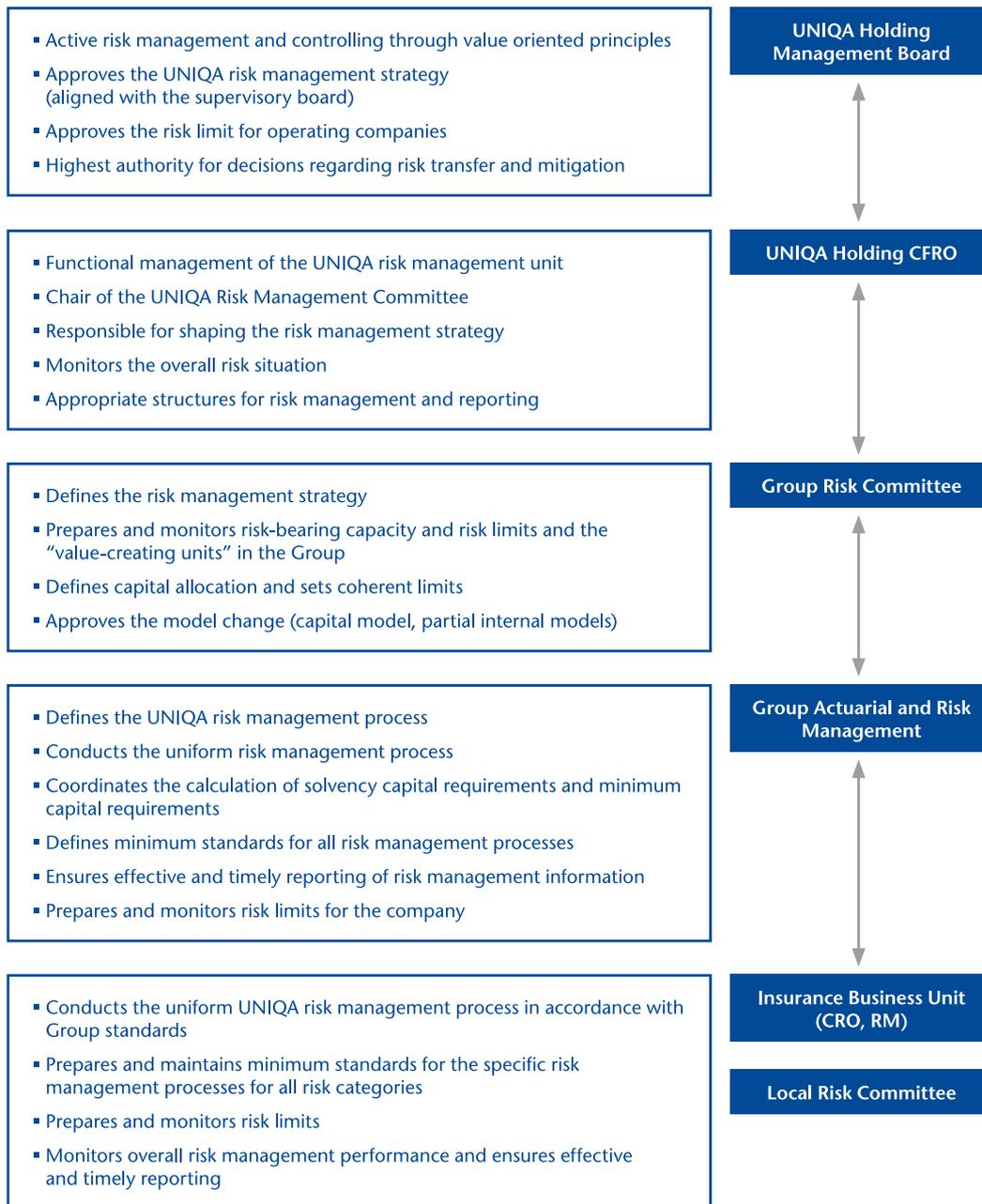
Those responsible for business activities must develop and put into practice an appropriate risk control environment to identify and monitor the risks that arise in connection with the business and processes.

Second line of defence: supervisory functions including risk management functions

The risk management function and the supervisory functions, such as controlling, must monitor business activities without encroaching on operational activities.

Third line of defence: internal and external auditing

This enables an independent review of the formation and effectiveness of the entire internal control system, which comprises risk management and compliance (e.g. internal auditing).



Group Management Board and Group functions

The UNIQA Insurance Group AG Management Board is responsible for establishing the business policy objectives and determining the associated risk strategy.

The function of Chief Financial and Risk Officer (CFRO) is a separate area of responsibility at the Group Management Board level. The CFRO is supported in the implementation and fulfilment of risk management duties by the Group Actuarial and Risk Management unit.

A central component of the risk management organisation is UNIQA's risk management committee, which carries out monitoring and initiates appropriate action in relation to the current development and the short and long-term management of the risk profile. The risk management committee establishes the risk strategy, monitors and controls compliance with risk-bearing capacity and limits, and therefore plays a central role in the management process implemented under UNIQA's risk management system.

UNIQA insurance companies

In the UNIQA insurance companies, the CRO function has also been established at the Management Board level, with the functions of the risk manager at the next level down. A consistent, uniform risk management system has therefore been set up throughout the Group.

As at Group level, each of the UNIQA insurance companies has its own risk management committee, which forms a central element of the risk management organisation. This committee is responsible for the management of the risk profile and the associated specification and monitoring of risk-bearing capacity and limits.

The Supervisory Board at UNIQA Insurance Group AG receives comprehensive risk reports at Supervisory Board meetings.

Risk management process

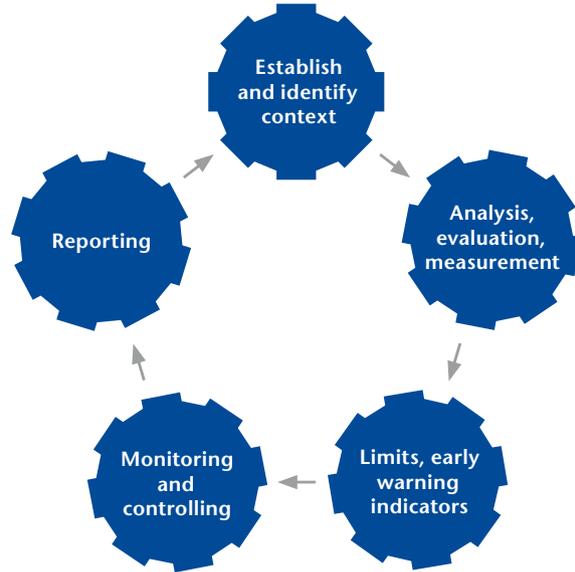
UNIQA’s risk management process delivers periodic information about the risk profile and enables the top management to make the decisions for the long-term achievement of objectives.

The process concentrates on risks relevant to the Company and is defined for the following classes of risk:

- Actuarial risk (property and casualty insurance, health and life insurance)
- Market risk/Asset-Liability Management risk (ALM risk)
- Credit risk/default risk
- Liquidity risk
- Concentration risk
- Strategic risk
- Reputational risk
- Operational risk
- Contagion risk
- Emerging risk

A Group-wide, standardised risk management process regularly identifies, evaluates and reports on risks to UNIQA and its group companies within these classes of risk.

UNIQA’s risk management process



Risk identification

Risk identification is the starting point for the risk management process, systematically recording all major risks and describing them in as much detail as possible. In order to conduct as complete a risk identification as possible, different approaches are used in parallel, and all classes of risk, subsidiaries, processes and systems are included.

Evaluation/measurement

The risk categories of market risk, technical risk and default risk are evaluated at UNIQA by means of quantitative methods based on the Solvency II standard approach and the ECM approach. Furthermore, risk drivers are identified for the results from the standard approach, and analysed to assess whether the risk situation is adequately represented (in accordance with the Company’s Own Risk and Solvency Assessment (ORSA)). All other classes of risk are evaluated quantitatively or qualitatively with their own risk scenarios.

The scenario analysis (of UNIQA’s internal and external economic risk situation) is generally a crucial element in the risk management process.

A scenario is a possible internal or external event that has a short-term or medium-term effect on consolidated profit/(loss), the solvency position or sustainability of future results. The scenario is formulated with respect to its inherent characteristic (e.g. the start of Greece's insolvency) and evaluated in terms of its financial effect on UNIQA. The likelihood that the scenario will actually occur is also assessed.

Limits/early warning indicators

The limit and early warning system determines risk-bearing capacity (economic capital) and capital requirements based on the risk situation at ongoing intervals, thereby deriving the level of coverage. If critical coverage thresholds are reached, then a precisely defined process is set in motion, the aim of which is to bring the level of solvency coverage back to a non-critical level.

Reporting

A report on the largest identified risks is prepared for each UNIQA insurance company and for the UNIQA Group on the basis of detailed risk analysis and monitoring. The reports for each individual UNIQA group company and the UNIQA Group itself have the same structure, providing an overview of major risk indicators such as risk-bearing capacity, solvency requirements and risk profile. In addition, quantitative and qualitative reporting (in the form of the quantitative reporting templates and the narrative report respectively) is implemented for the UNIQA Group and for all group companies for which Solvency II reporting is mandatory.

Activities and objectives in 2017

Based on external and internal developments, activities in 2017 focused on the following:

- first steps towards the UNIQA Insurance Platform (UIP),
- approval of the partial internal model for the property and casualty insurance business, and
- sale of the Italy Group.

In signing the contract with general contractor IBM on 22 December 2016, UNIQA launched its largest ever project for the renewal of the core systems for all lines of business – UNIQA Insurance Platform (UIP) – and the organisational transformation associated therewith. This step was the response to the need to renew the existing IT systems which are at the end of their life-cycle, and to the increasing need to adapt to changes in customer requirements for modern insurance products. The kick-off date for the UIP project was January 2017, with the first im-

portant milestone being the planned go-live for a new product in life insurance from mid-2018. The preparatory work for implementation and migration of the legacy products in life insurance, and the preparatory work on implementation in property insurance are taking place in parallel. Intangible assets in the amount of €43.9 million were reported under "Property, plant and equipment" as at 31 December 2017.

In addition to the standard regulatory approach defined, Solvency II also gives insurance undertakings the option of using their own model, known as an internal model for calculation of the risk capital requirements. Any use of this type of model is subject to approval from the supervisory authority. The UNIQA Group has developed such a model for the technical risk in property/casualty insurance and submitted this to the College of Supervisors for the UNIQA Group under the direction of the Austrian Financial Market Authority (FMA) in 2017 for approval. Approval for use of the model was awarded effective 11 December 2017. Correspondingly, the UNIQA Group and some of the larger group companies are allowed to state the regulatory risk capital requirements at 31 December 2017 using the partial internal model for the first time.

40.3 Challenges and priorities in risk management for 2018

Challenges

Low interest rate environment

The period of low interest rates also continued throughout 2017. This situation has a particularly marked effect in life insurance. Depending on the investment strategy, the persistently low interest rates can lead to a situation in which the income generated is insufficient to finance the guarantees made to policyholders. The topic of low interest rates continues to be of concern to the entire European insurance industry and is leading to intensive discussions about how insurance companies can ensure that customer options and guarantees (in both existing and new business) are financed over the long term. Significant measures taken by UNIQA within the defined life strategy have been to focus on implementing the ALM approach including stringent management rules (e.g. regarding the management of profit participation) and to provide continuous portfolio management to support the new business strategy in the personal injury insurance business.

Investment programme

UNIQA Insurance Platform

One of the most important key projects is the business transformation (business processes and IT systems) of all portfolio, benefit, collection/payment, commission, partner, text and printing and fund management systems for UNIQA in Austria. The existing systems have largely reached the end of their useful lives. UNIQA is therefore working on establishing the UNIQA Insurance Platform (UIP). It will gradually replace the systems set out above and consolidate these in a forward-looking and modern platform solution. The actual preparations for this began in 2016 and UNIQA has been working on implementation since early 2017. This programme involves modernisation of the most important insurance software and thereby allows the company to respond to the constantly changing competitive environment and meet customer needs and effectively manage the products in the modern insurance market. The modernisation of IT, in terms of scale, duration and complexity, is the UNIQA Group's biggest challenge in the coming years. The risks and difficulties of remaining on budget are well-known from knowledge of other system modernisations carried out in the industry.

Transformation Roadmap

In order to complement the efforts to establish the UIP, a Transformation Roadmap was developed in 2017 which covers renewal of additional cross and frontend systems. Implementation of regulatory requirements in the legacy systems as well as in the new systems is also ensured. Implementation of the Transformation Roadmap will support integrated end-to-end processes using modern systems which provide our customers with a state-of-the-art customer experience. They permit efficient and largely automated processing in sales and in back office operations. In addition to the UIP, substantial additional funds were invested in implementation of the Transformation Roadmap, which safeguards the technical updates to the systems and ensures a modern insurance business over the coming years.

Digitalisation

UNIQA is currently working on implementation of a target operating model for Austria, to enable the IT modernisation project to be implemented successfully. Processes for the handling of business transactions have been influenced by mergers and takeovers since 1999, resulting in a highly complex process landscape with lots of dependencies. The project for implementation of a target operating model transforms the handling of business transactions to a two-stage logic: Level 1 cases will only be processed either automatically or by a Group service company in Nitra, Slovakia. Level 2 cases will be processed in central units under the responsibility of the Board members in charge of actuarial practice for life and/or property and casualty business. The material risk in this project involves maintaining stable business operations.

Modernisation of processes is essential if UNIQA is to remain innovative and able to respond to the wishes and needs of customers and owners. This necessarily also involves the world of digitalisation towards which we are making great strides. There is an increasing focus on issues surrounding cybercrime, phishing attacks and data theft. UNIQA has already taken precautions to cover the risk of data security.

In order to ensure that the customer experiences adjust to the new digital business models, the team for digitalisation at UNIQA (Team Digital) is using agile working methods to develop projects which use the same risk-reduction measures as other projects at UNIQA. The risks identified are monitored with preventive measures taken as required in order to minimise the probability of a risk occurring. These risks are evaluated continuously with stakeholders and the project team and if needed, escalated to higher levels.

A product is only implemented once the defined implementation criteria have been met based on structured tests.

The cooperation of the Customer Experience Team (CX team), among other things, helps to identify customer needs at an early stage. This minimises the risk of damage to reputation or of not being able to meet customer expectations. New digital solutions also undergo established IT security checks in order to identify and mitigate risks of this type at an early stage.

Right of cancellation

Something that affects the entire insurance industry is the topic of potential cancellation rights in life insurance – as a result of incorrect information that was provided regarding cancellations – which received widespread media coverage in 2017. A decision by the European Court of Justice in 2013 (Endress vs. Allianz) was followed by a decision of the Austrian Supreme Court in 2015 (7 Ob 107/15h), to the effect that the cancellation period has not yet started under European law where the information provided on cancellations was defective, and therefore the relevant party is still able to cancel the contract.

In addition to publications and expert opinions from prestigious university professors, UNIQA also holds the legal view that a cancellation is too late if made once the cancellation period has expired, even if the information provided on cancellations was defective.

Cases in which policyholders wish to rescind their contract based on their claim that the information provided regarding cancellations was defective are individually reviewed and evaluated by UNIQA.

A provision has been formed accordingly for the pending proceedings.

Priorities

UNIQA is setting up a Shared Service Center (SSC) for actuarial and risk management activities, in order to be able to continue fulfilment of existing and future regulatory requirements based on the required quality levels. The SSC will relieve daily work burdens from the local companies in order to ensure more time for quality-oriented work. UNIQA is able to overcome resource shortages more effectively through the synergy effects of a central organisation unit. This step forms the basis for designing timely and high-quality supervisory reporting processes going forward.

UNIQA has also decided to extend the partial internal model to include the market risk module. A preliminary study was completed on this in May 2017. Fundamental

preliminary decisions were taken on this related to the modelling assumptions and suitable software. Comprehensive test runs and further modelling phases are planned for 2018 following the intensive modelling phase in the second half of 2017. In order to meet the ambitious timetable, the topic and the associated resources required are being given high priority.

Implementation of an integrated risk-oriented internal control system (ICS) approach began in mid-2017 with a focus on all material operational risks. This approach establishes a link with topics such as data protection, security of information, IT security, emergency planning, outsourcing, etc. with due regard to the “three lines of defence”. A uniform Group-wide valuation methodology ensures that there is an adequate data basis for management information. This allows the operational risks to be managed across the entire Group and enables synergy effects to be used from risk mitigation. The risk-based approach is scheduled to be implemented in full by the end of 2018.

The EU General Data Protection Regulation (GDPR) and Austrian Data Protection Amendment Act 2018 (DSG 2018) which come into force on 25 May 2018 and require significant action on the part of UNIQA are also crucial topics. The high financial risk with significant increases in penalties of €20 million or 4 per cent of annual revenues, along with the risk to reputation in the event of incidents or a failure to ensure compliance, are being handled in a structured manner through implementation of a Data Protection Management System. Data protection is an integral part of the UNIQA organisation and is constantly developed as part of a continuous improvement process. The short implementation time frame, and in some cases, the high level of technical complexity, leads to the implementation project being assigned high priority in the project portfolio.

UNIQA is also paying greater attention to further development of future IFRSs (IFRS 17 and IFRS 9 in particular are crucial here in the long term). The major changes expected in the assessment (balance sheet as well as income statement) of the insurance business require an adequate lead time in order for the content and process-related challenges to be implemented accordingly. Further information on the IFRS standards to be applied in the future can be found in the section “Changes in major accounting policies as well as new and amended standards”.

As of today UNIQA does not see any direct risk which could represent a risk to the Group's continued existence.

40.4 Capitalisation

As Solvency II came into force on 1 January 2016, the definitions and methods used to calculate available own funds, as well as capital requirements and management standards, have been replaced by Solvency II standards.

Statutory requirements

Risk capital requirements and available own funds have been calculated according to Solvency II regulations since 1 January 2016.

Internal capital adequacy

UNIQA defines risk appetite on the basis of the economic capital model (ECM). Based on this model, we are aiming for risk capital cover (capital ratio) of between 155 per cent and 190 per cent. Details for the reporting date of 31 December 2017, including a detailed analysis of changes, can be found in the Group Economic Capital Report.

Standard and Poor's model

UNIQA also takes the potential impact on the rating by recognised rating agencies into account in the capital management process. S&P currently applies a credit rating of "A-" to UNIQA Insurance Group AG. In the S&P capital model, however, UNIQA achieves significant surplus coverage for the current level. UNIQA assumes that it will secure its surplus coverage of the AA level at a minimum in the long term and will also improve the rating in line with the corporate strategy as a result.

UNIQA Österreich Versicherungen AG and UNIQA Re AG each have a rating of "A"; UNIQA Versicherung AG in Liechtenstein is rated with "A-". The supplementary capital bonds issued in 2013 (€350.0 million Tier 2, First Call Date: 31 July 2023) and in 2015 (€500.0 million Tier 2, First Call Date: 27. July 2026) are rated "BBB" by Standard & Poor's. The agency rates the outlook for all the companies as stable.

40.5 Risk profile

UNIQA's risk profile is very heavily influenced by life insurance and health insurance portfolios in UNIQA Österreich Versicherungen AG. This situation means that market risk plays a central role in UNIQA's risk profile. The composition of market risk is described in the section "Market and credit risk".

The group companies in Central Europe operate in the property and casualty segment as well as in the life and health insurance segment.

In the regions of Southeastern (SEE) and Eastern Europe (EE), insurance business is currently conducted primarily in the property and casualty segment.

This structure is important to UNIQA, because it creates a high level of diversification from the life and health insurance lines dominated by the Austrian companies.

The distinctive risk features of the regions are also reflected in the risk profiles determined by using the internal measurement approach.

After every calculation for the life, non-life and composite insurers at UNIQA, benchmark profiles are created and compared with the risk profile for each company. The benchmark profiles show that, for composite insurers, there is a balance between market and actuarial risk. Composite insurers are also in a position to achieve the highest diversification effect.

Market and credit risk

The characteristics of the market and credit risks depend on the structure of the capital investment and allocation of this into the different categories of investment. The table below shows investments classified by asset category.

Asset allocation

In € thousand	31/12/2017	31/12/2016
Fixed-income securities	16,541,550	16,556,545
Real estate assets	1,236,630	1,356,041
Equity investments and other stocks	855,308	803,721
Equities	604,563	439,657
Time deposits	331,191	579,951
Derivative financial instruments	165,037	135,122
Other investments	110,252	113,703
Loans	33,135	40,033
Total	19,877,666	20,024,773

However, the market and credit risks not only have impact on the value of investments, but also influence the level of actuarial liabilities. Thus, there is – particularly in life insurance – a dependence between the (price) growth of assets and liabilities from insurance contracts. UNIQA manages the income expectations and risks of assets and liabilities arising from insurance contracts as part of the asset liability management (ALM) process. The objective is to achieve a return on capital that is sustainably higher

than the technical liabilities carried forward while retaining the greatest possible security. To do this, assets and liabilities are allocated to different accounting groups.

The following two tables show the main accounting groups generated by the various product categories.

Assets

In € thousand

	31/12/2017	31/12/2016
Long-term life insurance contracts with guaranteed interest and profit participation	12,158,962	12,664,450
Long-term unit-linked and index-linked life insurance contracts	5,034,492	4,879,928
Long-term health insurance contracts	3,575,455	3,352,381
Short-term property and casualty insurance contracts	5,036,955	4,755,872
Total	25,805,865	25,652,631

These values refer to the following items:

- Property, plant and equipment
- Investment property
- Financial assets accounted for using the equity method
- Other investments
- Unit-linked and index-linked life insurance investments
- Cash and cash equivalents

Technical provisions and liabilities

(net)

In € thousand

	31/12/2017	31/12/2016
Long-term life insurance contracts with guaranteed interest and profit participation	11,187,817	11,836,846
Long-term unit-linked and index-linked life insurance contracts	5,019,325	4,846,591
Long-term health insurance contracts	3,038,285	2,880,768
Short-term property and casualty insurance contracts	2,940,919	2,708,379
Total	22,186,347	22,272,584

These values refer to the following items:

- Technical provisions
- Technical provisions for unit-linked and index-linked life insurance
- Reinsurance liabilities (only securities account liabilities from reinsurance ceded)
- Reinsurers' share of technical provisions
- Reinsurers' share of technical provisions for unit-linked and index-linked life insurance

Interest rate risk

Interest rate risk arises on all statement of financial position asset and liability items whose value fluctuates as a result of changes in risk-free yield curves or associated volatility. Given the high proportion of interest-bearing securities in the investment, interest rate risk forms an important part of market risk. A structural reduction in the interest rate risk has been achieved as a result of the ALM-based investment strategy pursued for several years.

The following table shows the maturity structure of fixed-income securities.

Exposure by term

In € thousand

	31/12/2017	31/12/2016
Up to 1 year	1,157,926	1,368,044
More than 1 year up to 3 years	1,920,831	2,123,798
More than 3 years up to 5 years	2,475,017	2,375,886
More than 5 years up to 7 years	2,507,702	2,571,683
More than 7 years up to 10 years	2,846,914	2,424,867
More than 10 years up to 15 years	2,323,211	2,232,827
More than 15 years	3,309,949	3,459,442
Total	16,541,550	16,556,545

In comparison with this, the next table shows the insurance provision before reinsurance in health and life insurance and the gross provision for unsettled claims in non-life insurance, broken down into annual brackets. In health and life insurance the breakdown takes place using expected cash flows from the ALM process.

IFRS reserve by expected maturity date

In € thousand	31/12/2017	31/12/2016
Up to 1 year	1,443,546	1,334,940
More than 1 year up to 3 years	1,690,150	2,311,871
More than 3 years up to 5 years	1,124,251	1,434,894
More than 5 years up to 7 years	1,088,078	1,177,977
More than 7 years up to 10 years	1,687,476	1,797,645
More than 10 years up to 15 years	2,383,198	2,307,471
More than 15 years	6,082,316	5,357,720
Total	15,499,016	15,722,518

Due to the particular importance of the ALM process in life insurance, the focus will be placed on this segment. For practical reasons, it is not possible to fully achieve the objective of matching cash flows for assets and liabilities. The duration of the assets in life insurance is 8.1 years, while for liabilities it is longer. This difference is known as a duration gap and means that changes in interest rates result in different changes in value in the assets and liabilities (interest rate risk). The discount rate that may be used in the costing when new business is written in most UNIQA companies takes into account a maximum discount rate imposed by the relevant local supervisory authority. In all those countries in which the maximum permissible discount rate is not imposed in this way, appropriate prudent, market-based assumptions are made by the actuaries responsible for the calculation. In our core market of Austria, the maximum interest rate beginning 1 January is 0.5 per cent per year. However, the portfolio also includes older contracts with different discount rates. In the relevant markets of the UNIQA Group, these rates amount to as much as 4.0 per cent per year. The following table provides an overview of the average discount rates by region and currency.

Average technical discount rates, core business by region and currency

In per cent	EUR	USD	Local currency
Austria (AT)	2.4		
Central Europe (CE)	3.4		3.2
Eastern Europe (EE)	3.6	3.9	3.3
Southeastern Europe (SEE)	2.7	2.1	1.4
Russia (RU)	3.0	2.9	4.0

As these discount rates are guaranteed by the insurance company, the financial risk lies in not being able to generate these returns. Since classic life insurance business predominantly invests in interest-bearing securities, the unpredictability of long-term interest rate trends is the most significant financial risk for a life insurance company. Investment and reinvestment risk arises from the fact that premiums received in the future must be invested to achieve the rate of return guaranteed when a policy is written. However, it is entirely possible that no appropriate securities will be available at the time the premium is received. In the same way, future income must be reinvested to achieve a return equivalent to at least the original discount rate. For this reason, UNIQA has already decided to offer products to its key markets that are only based on a low or zero discount rate. One example of this in Austria is the sale of deferred pension products with a discount rate of 0 per cent.

Spread risk

Spread risk refers to the risk of changes in the price of asset or liability items in the financial statement, as a consequence of changes in credit risk premiums or associated volatility, and under Solvency II is ascertained for individual securities in accordance with their rating and duration. When investing in securities, UNIQA chooses securities with a wide variety of ratings, taking into consideration the potential risks and returns.

The following table shows the credit quality of those fixed-income securities that are neither overdue nor written down, based on their ratings.

Exposure by rating

In € thousand	31/12/2017	31/12/2016
AAA	4,316,755	3,227,227
AA	4,063,019	5,337,798
A	4,042,640	3,766,503
BBB	2,287,377	2,351,805
BB	961,445	1,151,994
B	198,127	124,947
≤ CCC	183,097	232,220
Not rated	489,089	364,052
Total	16,541,550	16,556,545

Equity risk

Equity risk arises from movements in the value of equities and similar investments as a result of fluctuations in international stock markets, and therefore, stems in particular from the asset categories of shares and investments and other interests. The effective equity weighting is controlled by hedging with the selective use of derivative financial instruments.

Currency risk

Foreign currency risk is caused by fluctuations in exchange rates and associated volatility. Given the international nature of the insurance business, UNIQA invests in securities denominated in different currencies, thus following the principle of ensuring matching liabilities with assets in the same currency to cover liabilities at the coverage fund or company level. Despite the selective use of derivative financial instruments for hedging purposes, it is not always possible on cost grounds or from an investment point of view to achieve complete and targeted currency matching between the assets and liabilities. The following table shows a breakdown of assets and liabilities by currency.

Currency risk

31/12/2017

In € thousand	Assets	Provisions and liabilities
EUR	24,868,208	22,547,049
USD	487,254	87,257
CZK	586,717	474,119
HUF	485,880	578,675
PLN	1,167,861	1,011,021
RON	289,729	220,337
Other	858,235	632,036
Total	28,743,885	25,550,494

Currency risk

31/12/2016

In € thousand	Assets	Provisions and liabilities
EUR	29,645,082	27,759,009
USD	738,810	81,978
CZK	525,420	443,214
HUF	450,209	542,874
PLN	944,326	832,182
RON	282,564	209,137
Other	1,052,749	558,000
Total	33,639,160	30,426,394

Concentration risk

UNIQA strives to keep investment concentrations in securities from individual issuers or groups of issuers as low as possible depending on their credit rating.

Liquidity risk

Ongoing liquidity planning takes place in order to ensure that UNIQA is able to meet its payment obligations over the next twelve months.

To cover the obligations, which have a term of more than twelve months, the ALM process uses a maximum, though not complete, maturity match between assets and liabilities. Aside from this, a majority of the securities portfolio is listed in liquid markets and can be sold quickly and without significant markdowns if cash is required.

Regarding private equity investments, there are still remaining payment obligations in the amount of €1.0 million.

Sensitivities

Market and credit risk

Stress tests and sensitivity analyses are used in particular to measure and manage market and credit risk, in addition to figures from the established market and credit risk models (MCEV, SCR, ECR, etc.)

The following tables show the most important market risks in the form of key sensitivity figures, along with their impact on profit/(loss) and equity. Depending on the measurement principle to be applied, any future losses from the measurement at fair value may result in different fluctuations in profit/(loss) for the period or in other comprehensive income. 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 countermeasures taken in the various market scenarios.

Sensitivities are determined by simulating each scenario for each individual item, with all other parameters remaining constant in each case.

Interest rate risk

	31/12/2017		31/12/2016	
In € thousand	+100 basis points	-100 basis points ¹⁾	+100 basis points	-100 basis points ¹⁾
Government bonds	-768,284	746,481	-755,100	641,797
Corporate bonds (incl. covered)	-372,587	281,189	-333,366	181,071
Other	-28,592	32,926	-28,373	8,757
Total	-1,169,463	1,060,595	-1,116,839	831,625

¹⁾ An interest rate floor of 0% is taken into account in the calculation for the interest rate decline scenario.

Spreadrisk

	31/12/2017	31/12/2016
In € thousand	+100 basis points	+100 basis points
Total	-1,184,283	-1,133,350

Equity risk

	31/12/2017		31/12/2016	
In € thousand	30%	-30%	30%	-30%
Total	277,757	-247,797	220,730	-173,966

Currency risk

	31/12/2017		31/12/2016	
In € thousand	10%	-10%	10%	-10%
USD	27,209	-27,209	50,257	-50,261
HUF	16,776	-16,776	22,718	-22,718
RON	14,893	-14,893	17,868	-17,868
CZK	37,314	-37,314	34,196	-34,196
PLN	47,743	-47,743	43,386	-43,386
Other	57,374	-55,908	54,219	-53,228
Total	201,308	-199,842	222,645	-221,659

2017	Interest rate shock (+100 bp)	Interest rate shock (-100 bp)	Spread shock (+100 bp)	Equity shock (+30%)	Equity shock (-30%)	Currency shock ¹⁾ (+10%)	Currency shock ¹⁾ (-10%)
In € thousand							
Income statement	-1,235	4,152	-8,842	42,945	-19,012	185,406	-183,941
Equity	-1,168,228	1,056,443	-1,175,441	234,812	-228,785	15,902	-15,902
Total	-1,169,463	1,060,595	-1,184,283	277,757	-247,797	201,308	-199,842

¹⁾ Market value changes that are without impact on the balance sheet include reclassified bonds, in the case of interest rate and spread risk, and real estate in the case of foreign currency risk.

2016	Interest rate shock (+100 bp)	Interest rate shock (-100 bp)	Spread shock (+100 bp)	Equity shock (+30%)	Equity shock (-30%)	Currency shock ¹⁾ (+10%)	Currency shock ¹⁾ (-10%)
In € thousand							
Income statement	-11,262	-7,036	-9,918	35,475	-29,443	184,378	-183,309
Equity	-1,091,855	827,829	-1,105,996	185,254	-144,522	14,671	-14,671
Total	-1,103,117	820,793	-1,115,914	220,730	-173,966	199,049	-197,980

¹⁾ Currency shock from land and buildings amounting to €23.2 million (+10%) and €-23.2 million (-10%) will not be incurred either on the income statement or in equity, because real estate is recognised at amortised cost and shocks on a fair value basis.

Life insurance

In life insurance the interest rate assumptions are the crucial influencing factor on the liability adequacy test

and deferred acquisition costs. The impact of the implied new funds assumption (including reinvestment) is therefore stated below.

If new funds are assumed with a + 100 bp increase, then the resulting net effect (after accounting for deferred profit participation) amounts to €+8.35 million. A -100 bp reduction in this assumption results in a net effect of €-8.41 million. The effects described relate to the changes in deferred acquisition costs along with the impact on the liability adequacy test. The results were determined using the traditional business in Austria which makes up the majority of insurance provision in the Group.

Non-life insurance

Provision for unsettled insurance claims is formed based on reported claims and applying accepted statistical methods. One crucial assumption here is that the pattern of claims observed from the past can be sensibly extrapolated for the future. Additional adjustments need to be made in cases where this assumption is not possible.

The calculation of claim provisions is associated with uncertainty based on the time required to process claims. In addition to the normal chance risk, there are also other factors that may influence the future processing of the claims that have already occurred. In particular, the reserving process for court damages in property and casualty insurance should be mentioned here. A reserve estimate is prepared here for these damages based on expert assessment, although this estimate can be exposed to high levels of volatility specifically with major damage at the start of the process for collecting court costs.

The partial internal model in property and casualty insurance is a suitable instrument for quantifying the volatility involved in processing. Pursuant to analysis of these model results, it was determined that a deviation of 5 per cent from the basic provision determined may represent a realistic scenario. Based on the current provision for unsettled claims of €2,425 million (excluding additional provisions such as provisions for claim settlement) in the Group on a gross basis, this would mean an increase in claims incurred by €121.2 million.

Health insurance

Health insurance operated on the similar to life technique is now also affected by the period of low interest rates. Since 1 January 2018 only tariffs with the 1 per cent discount rate are being sold. That fact, together with the tariffs sold in 2017 at the discount rate of 1.75 per cent, further reduce the average discount rate.

A reduction in the capital earnings by 100 bp (based on investment results 2017) would reduce the profit from ordinary activities by approx. €32 million.

Actuarial risks

Non-life

The actuarial risk in the non-life segment is broken down into the three risk categories of premium, reserve and catastrophe risk.

Premium risk is defined as the risk that future benefits and expenses in connection with insurance operations will exceed the premiums collected for the insurance concerned. Such a loss may also be caused in insurance operations by exceptionally significant, but rare loss events, known as major claims or shock losses. Appropriate distribution assumptions are made to ensure that these events are also adequately incorporated into risk modelling. Natural disasters represent a further threat from events that are infrequent but that nevertheless cause substantial losses. This risk includes financial losses caused by natural hazards, such as floods, storms, hail or earthquakes. In contrast to major individual claims, insurance companies in this case refer to cumulative losses.

Reserve risk refers to the risk that technical provisions recognised for claims that have already occurred will turn out to be inadequate. The loss in this case is referred to as settlement loss. The claim reserve is calculated using actuarial methods. External factors, such as changes in the amount or frequency of claims, legal decisions, repair and/or handling costs, can lead to differences compared with the estimate.

To counter and actively manage these risks, UNIQA runs a number of processes integrated into its insurance operations. For example, Group guidelines specify that new products may only be launched if they satisfy certain profitability criteria. Major claims and losses from natural disasters are appropriately managed by means of special risk management in the underwriting process (primarily in corporate activities) and by the provision of suitable reinsurance capacity.

In connection with claim reserves, guidelines also specify the procedures to be followed by local units when recognising such reserves in accordance with IFRSs. A quarterly monitoring system and an internal validation process safeguard the quality of the reserves recognised in the whole of the Group.

An essential element in risk assessment and further risk management is the use of the non-life partial model. This risk model uses stochastic simulations to quantify the risk capital requirement for each risk class at both Company and Group levels. The model also produces further key figures that are then used as part of the risk- and value-based management of the insurance business.

Life

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

- Interest: the discount rate is set so low that it can be produced as expected in each year.
- Mortality: the probabilities of dying are deliberately and carefully calculated for each type of insurance.
- Costs: these are calculated in such a way that the costs incurred by the policy can be permanently covered by the premium.

Carefully selecting the calculation principles gives rise to well-planned profits, an appropriate amount of which is credited to the policyholders as part of profit participation.

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 contract is balanced out by the law of large numbers.

The following risks exist for a life insurance company:

- The calculation principles prove to be insufficient despite careful selection.
- Random fluctuations prove disadvantageous for the insurer.
- Policyholders exercise certain implicit options to their advantage.

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

Long-term life insurance contracts with guaranteed interest and profit participation

In € thousand	31/12/2017	31/12/2016
Austria (AT)	10,092,306	10,802,566
Western Europe (WE)	115	-541
Central Europe (CE)	364,428	340,922
Eastern Europe (EE)	37,704	31,117
Southeastern Europe (SEE)	490,533	501,436
Russia (RU)	209,433	167,031
Total	11,194,519	11,842,533

Long-term unit-linked and index-linked life insurance contracts

In € thousand	31/12/2017	31/12/2016
Austria (AT)	4,457,284	4,377,911
Western Europe (WE)	0	0
Central Europe (CE)	554,202	464,667
Eastern Europe (EE)	0	0
Southeastern Europe (SEE)	7,839	4,012
Russia (RU)	0	0
Total	5,019,325	4,846,591

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

The table below shows the distribution of the premium portfolio by type and region:

Premium portfolio by type In per cent	Endowment assurance		Life insurance		Pension insurance	
	2017	2016	2017	2016	2017	2016
Austria (AT)	42.1	43.7	9.1	9.4	22.2	19.6
Central Europe (CE)	15.9	16.8	2.5	2.5	0.2	0.2
Eastern Europe (EE)	30.6	46.8	3.2	4.7	0.0	0.0
Southeastern Europe (SEE)	77.4	80.2	8.0	7.0	0.4	0.4
Russia (RU)	98.0	96.8	0.0	0.0	0.0	0.0
Total	42.7	44.6	7.7	7.9	16.7	15.1

Premium portfolio by type In per cent	Unit-linked and index-linked		Residual debt insurance		Other	
	2017	2016	2017	2016	2017	2016
Austria (AT)	25.5	26.2	0.0	0.0	1.1	1.1
Central Europe (CE)	53.3	57.6	10.1	9.1	18.1	13.7
Eastern Europe (EE)	0.0	0.0	63.7	44.3	2.6	4.2
Southeastern Europe (SEE)	3.1	2.2	0.8	0.6	10.2	9.6
Russia (RU)	0.0	0.0	2.0	3.2	0.0	0.0
Total	26.7	27.6	2.4	1.7	3.8	3.1

Mortality

With respect to assurance involving death risk, premiums are calculated based on an accounting table, implicitly allowing for the safety loading of risk premiums.

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 improvement of mortality rates means that the real mortality probabilities are consistently smaller than the values shown in the accounting table. Analyses of mortality data carried out at Group level show that, historically, the level of premiums has been sufficient to cover the death benefits.

Due to the large number of lives insured by UNIQA in the Austrian market, the mortality trends are of particular importance here. According to the 2010/2012 mortality table published by Statistics Austria, life expectancy has increased and is over 80 years for new-borns for the first time.

Life expectancy at birth

Mortality table	Men	Women
1970 – 72	66.6	73.7
1980 – 82	69.2	76.4
1990 – 92	72.5	79.0
2000 – 02	75.5	81.5
2010 – 12	78.0	83.3

The reduction in the probability of dying at any given age is causing a huge amount of uncertainty in the annuity business. Improvements in mortality rates as a result of medical progress and changed lifestyles are 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. In the UNIQA Group, longevity risk relates mainly to the Austrian life insurance companies because very few pension products are sold in the regions covered by the international business.

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.

Antiselection

UNIQA's portfolios contain large quantities of risk insurance policies with a premium adjustment clause, particularly in Austria. This allows the insurer to raise the premiums in case of an (unlikely) 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.

The right to choose 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. from the insurer's point of view 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.

Costs

Besides the risks discussed above, the cost risk must also be mentioned: 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).

Health

The health insurance business is operated primarily in Austria (92.4 per cent in Austria). Health insurance outside of Austria has been reduced to approx. 5 per cent through the sale of UNIQA Assicurazioni SpA. As a result, risk management in this line focuses mainly on Austria.

Health insurance is a loss insurance which is calculated under consideration of biometric risks and is operated in Austria according to the "similar to life technique".

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, the health insurer has the possibility to adjust the premiums as necessary to reflect the changed calculation principles.

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 coverage ("aging provision") is built up through calculation according to "similar to life techniques" and reduced again in later years because this is used to finance an ever larger part of the benefits that increase with age.

The discount rate for this insurance provision is 3.0, 2.5 or 1.75 per cent. If the discount rate is not achieved by the investment, there are safety margins in the premiums that can be used to cover insufficient investment results. A new circular was published by the Austrian Financial Market Authority (FMA) in July 2017 related to the discount rate in health insurance, stating that the FMA expects that tariffs will only be sold with 1 per cent discount rate as of 1 January 2018. This results in a further improvement of the risk in cases where the investment results are insufficient. The average discount rate at 31 December 2017 was approximately 2.89 per cent.

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 are being observed by the insurance association, and attempts will also be made where necessary to react to negative developments from the perspective of the private health insurer.

The premium volume for the health insurance business abroad amounts to approx. €56 million. The health insurance business from Switzerland was transferred to UNIQA Liechtenstein (approx. €14 million) as Solvency II also applies here in terms of supervisory law instead of the SST (Swiss Solvency Test). The remaining premiums are practically divided between all UNIQA insurance companies internationally, but are generally of only minor importance. As UNIQA has no obligations to life-long contracts abroad and the contracts are pre-dominantly one-year contracts, the risk of health insurance similar to property technique must be categorised as somewhat low.

Other risks

Operational risk

Operational risk includes losses that are caused by insufficient or failed internal processes, as well as losses caused by systems, human resources or external events.

Operational risk includes legal risk, but not reputation or strategic risk. Legal risk is the risk of uncertainty due to lawsuits or uncertainty in the applicability or interpretation of contracts, laws or other legal requirements. At UNIQA, legal risks are monitored on an on-going basis and reports made to the Group Management Board. UNIQA's risk management process also defined the risk process for operational risks in terms of methodology, workflow and responsibilities. The risk manager is responsible for compliance throughout all group companies.

A distinctive feature of operational risk is that it can surface in all processes and departments. This is why operational risk is identified and evaluated in every operational company at a very broad level within UNIQA. Risks are identified with the help of a standardised risk catalogue that is regularly checked for completeness. Scenarios are defined for evaluating these risks; these scenarios are meant to convey the likelihood of occurrence and the possible amount of the claim. The results are then presented in the form of a summarised risk report.

This process is usually conducted twice a year.

Business Continuity Management (BCM)

According to international standards, the UNIQA Group – as a financial service provider – forms part of the critical infrastructure of key importance to the national community. If this infrastructure were to fail or become impaired, it would cause considerable disruption to public safety and security or lead to other drastic consequences.

As a rule, emergencies, crises and disasters are unexpected events for which it is impossible to plan, although systems and processes can be put in place to deal with such events. The systems and processes must then be treated as a special responsibility of management and must be dealt with professionally, efficiently and as quickly as possible.

UNIQA has implemented a BCM system covering the issues of crisis prevention, crisis management and business recovery (including business continuity plans). The UNIQA BCM model is based on international rules and standards and is developed on a continuous basis.

Reputational and strategic risk

Reputational risk describes the risk of loss that arises due to possible damage to the Company's reputation, a deterioration in prestige, or a negative overall impression due to negative perception by customers, business partners, shareholders or supervisory agencies.

Reputational risks that occur in the course of core processes such as claim processing or advising and service quality are identified, evaluated and managed as operational risks in the group companies.

The most important reputational risks are presented, like the operational risks, in an aggregated form in the risk report.

Group risk management then analyses whether the risk observed in the Group or in another unit may occur, and whether the danger of “contagion” within the Group is possible.

Strategic risk describes the risk that results from management decisions or insufficient implementation of management decisions that may influence current and/or future income or solvency. This includes the risk that arises from management decisions that are inadequate because they ignore a changed business environment.

Like operational and reputational risks, strategic risks are evaluated twice a year. Furthermore, important decisions in various committees, such as the Risk Committee, are reported to the Group Management Board. As outlined in the explanation of the risk management process, the management receives a monthly update regarding the most significant risks in the form of a heat map.

Sustainability risks

Sustainability risks are not currently classified as a separate risk category but are allocated among the existing categories. Up until now, UNIQA has identified potential sustainability risks with the following topics from the materiality analysis: clear evaluation of damage and rapid assistance, process for handling data and new technologies, customer information and financing, complaints management, avoidance of critical investment, employee satisfaction as well as ethics and compliance. UNIQA's risk identification process is subject to continuous development and will also ascertain in the future whether an identified risk is relevant from a sustainability point of view. According to the definition used by UNIQA this is the case if a risk exists in relation to ecological and/or social aspects of the sustainability topics.

40.6 Reinsurance

The Group Management Board determines, directly and indirectly, the strategic contents of reinsurance policy with its decisions regarding risk and capital policy. The following principles can be derived to structure the purchasing of external reinsurance.

Reinsurance structures support the continuous optimisation of the required risk capital and the management of the use of this risk capital. Great importance is attached to the maximum use of diversification effects. Decisions regarding all reinsurance business ceded are taken with special consideration of their effects on the required risk capital. Continuous analysis of reinsurance purchasing for efficiency characteristics is an essential component of internal risk management processes.

UNIQA Re AG in Zurich, Switzerland, is responsible for the operational implementation of these tasks. It is responsible for and guarantees the implementation of reinsurance policies issued by the Group Management Board. It is responsible for issuing Group-wide guidelines governing all activities, organisation and questions regarding internal and external reinsurance relationships. UNIQA Re AG is available to all Group companies as the risk carrier for their reinsurance needs. Naturally, internal risk transfers are subject to the same requirements and valuation processes in terms of efficiency measurement, risk capital optimisation and diversification as retrocessions to external reinsurance partners.

The assessment of the exposure of the portfolios assumed by the Group companies is of central importance. Periodic risk assessments have been performed for years in the interest of a value-based management of the capital commitment. Extensive data are used to assess risk capital requirements for affected units. Reinsurance programmes are consistently structured systematically in accordance with their influence on the cedent's risk situation.

For the property and casualty insurer, promises of performance for protection against losses resulting from natural disasters frequently represent the greatest stress on risk capital by far due to the volatile nature of such claims and the conceivable amount of catastrophic damages. UNIQA has set up a specialised unit within UNIQA Re AG in order to deal with this problem. Exposure is constantly monitored and evaluated at the country and Group levels in cooperation with internal and external authorities. UNIQA substantially eases the pressure on its risk capital through the targeted utilisation of all applicable

diversification effects and the launching of a highly efficient retrocession programme.

UNIQA Re AG has assumed almost all of the UNIQA Group's required reinsurance business ceded in the reporting period. Only in the life insurance line was a portion of the necessary cessions given directly to external reinsurance partners. The Group's retrocessions in the non-life insurance line were carried out on a non-proportional basis. The Group assumes reasonable deductibles in the affected programmes based on risk and value-based approaches.

Approval for publication

These consolidated financial statements were prepared by the Management Board as at the date of signing and approved for publication.

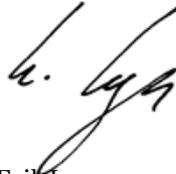
Declaration of the legal representatives

Pursuant to Section 124(1) of the Austrian Stock Exchange Act, the Management Board of UNIQA Insurance Group AG hereby confirms, that, to the best of our knowledge, the consolidated financial statements, which were prepared in accordance with the relevant accounting standards, give a true and fair view of the financial position, financial performance and cash flows of the group, and that the Group management report describes the relevant risks and uncertainties which the Group faces.

Vienna, 9 March 2018



Andreas Brandstetter
Chairman of the Management Board



Erik Leyers
Member of the Management Board



Kurt Svoboda
Member of the Management Board

Audit opinion

Report on the consolidated financial statements

Audit opinion

We have audited the enclosed consolidated financial statements of UNIQA Insurance Group AG, Vienna, and its subsidiaries (the Group), consisting of the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ending on this reporting date as well as the notes to the consolidated financial statements.

In our opinion, the attached consolidated financial statements comply with the legal requirements and provide a true and fair view of the financial position and of the Group's earnings position at 31 December 2017 for the financial year ending on this reporting date, in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the EU and the additional requirements of Section 245a of the Austrian Commercial Code and the supplementary provisions of Section 138(8) of the Austrian Insurance Supervision Act.

Basis for the audit opinion

We have conducted an audit of these financial statements in accordance with Regulation (EU) No. 537/2014 (hereafter the EU Regulation) and following the Austrian principles of proper auditing of financial statements. These principles require the application of the international audit standards (International Standards on Auditing, ISAs). Our responsibilities according to these regulations and standards are outlined in detail in the section of our audit opinion entitled "Responsibilities of the auditor for the audit of the consolidated financial statements". Our work has been completed independently of the Group and is in line with Austrian company law and professional regulations, and our other professional duties have been discharged in line with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit assessment.

Particularly relevant data related to the audit

Particularly relevant data related to the audit are those data that, in our judgement, had a significant impact on our audit of the consolidated financial statement for the reporting year. These areas were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we will not issue a separate opinion on these areas.

Our discussion of these particularly relevant data is structured as follows:

- Relevant facts
- Method of audit
- Reference to additional information

1. Valuation of technical provisions and assets in life insurance

– Relevant facts

As a result of the current sustained environment of low interest rates, there is a risk that the technical provisions and/or assets in life insurance are not valued appropriately. Identifying assumptions related to interest rates, costs, mortality and lapses in valuating insurance provisions and assets in life insurance requires the Management Board to produce subjective estimates of future developments. Minor alterations to these assumptions and the methodologies used could produce a significant change in the valuation. The Group tests the appropriateness of the technical provisions at each reporting date based on current estimates.

Based on the relevant facts as described, the valuation of the technical provisions in life insurance was considered to be particularly relevant data by us in our audit.

– Method of audit

Across the Group, we have:

- conducted spot-check comparisons between the data used for the evaluation and basic documentation,

- involved actuarial specialists from PwC and compared the models and assumptions used with industry-specific knowledge and our professional experience with recognised actuarial practices,
 - assessed the plausibility of the modelled findings,
 - evaluated that valuation methods were applied consistently,
 - evaluated processes and tested core monitoring, and
 - conducted actuarial assessments of the appropriateness of the insurance provisions.
- **Reference to additional information**
See the section in the general disclosures in the notes to the consolidated financial statements: “Use of discretionary decisions and estimates”.

2. Appropriateness of the claim reserve

- **Relevant facts**
The calculation of the claim reserve requires the Management Board to take discretionary decisions and provide estimates and assumptions. Minor alterations to these assumptions and the methodologies used could produce a significant change in the valuation. The Group tests the appropriateness of the claims reserves at each reporting date using current estimates.

Based on the relevant facts as described, in our audit we considered the appropriateness of the claims reserves to be particularly important data.

- **Method of audit**
Across the Group, we have:
- conducted spot-check comparisons between the data used for the evaluation and basic documentation,
 - involved actuarial specialists from PwC and compared the models and assumptions used with industry-specific knowledge and our professional experience with recognised actuarial practices,
 - assessed the plausibility of the best-estimate reserves against PwC-internal calculations,
 - evaluated that valuation methods were applied consistently, and
 - evaluated processes and tested core monitoring.
- **Reference to additional information**
See the section in the general disclosures in the notes to the consolidated financial statements: “Use of discretionary decisions and estimates”.

3. Valuation of investments

- **Relevant facts**
The ongoing volatility in capital markets and challenging macroeconomic environment constitute an inherent risk in assessing valuations of investments insofar as these valuations are not based on stock exchange prices or other market prices, e.g. as is the case with structured and/or illiquid bonds. In this context the Management Board will need to take discretionary decisions and provide estimates and assumptions. Minor alterations to these assumptions and the methodologies used could produce a significant change in the valuation.

Based on the relevant facts as described, in our audit we considered the valuation of the equity participations and capital investments to be particularly important data.

- **Method of audit**
Across the Group, we have:
- conducted spot-tests of valuations,
 - validated the valuations calculated and audited the balance sheet items’ recoverability,
 - involved actuarial specialists from PwC and compared the models and assumptions used with our industry-specific knowledge and our experience against suitable benchmarks,
 - evaluated that valuation methods were applied consistently, and

- evaluated processes and tested core monitoring.

– **Reference to additional information**

See the section in the general disclosures in the notes to the consolidated financial statements: “Use of discretionary decisions and estimates”.

Responsibility of the Management and the Audit Committee for the consolidated financial statements

The Company’s management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a of the Austrian Commercial Code and the supplemental regulations under Section 138(8) of the Austrian Insurance Supervision Act that accurately reflects the Group’s assets, financial position and profitability. The legal representatives are additionally responsible for the internal controls which they consider to be required in order to enable the preparation of consolidated financial statements that are free from material intentional or unintentional false representations.

The legal representatives are responsible as part of the preparation of consolidated financial statements to assess the Group’s ability to continue its business activities, to provide pertinent data related to the continuation of business activities and to apply relevant accounting standards to the continuation of business activities unless the legal representatives intend to liquidate the Group or discontinue business activities or have no other realistic alternative than to do so.

The Audit Committee is responsible for monitoring the Group’s accounting processes.

Responsibilities of the auditors in auditing the consolidated financial statements

Our goal is to secure an adequate level of certainty that the consolidated financial statements, as a whole, are basically free of erroneous representations, whether intentional or unintentional, and to provide a report containing our audit opinion. This adequate level of certainty provides a high degree of certainty, though not a full guarantee, that an audit conducted fully in line with the EU Regulation and with the Austrian principles of proper auditing of financial statements, which stipulate the application of ISA rules, will in each case reveal any essentially false representation that may exist. False representations may be an instance of fraud or may be a result of errors and will in principal be identified as such in cases in which there is a reasonable expectation that a single instance or group of these could influence decisions taken by readers on the basis of information provided by the consolidated financial statements.

As part of any audit of financial statements that has been executed in compliance with the EU Regulation and the Austrian principles of proper auditing of financial statements, which require the application of the ISAs, we exercise due discretion and maintain a critical stance throughout the entire process of the audit.

In addition,

- we identify and evaluate risks in the statements of intended or unintended false presentations, devise substantive procedures in response to these risks, execute them and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. There is a greater risk that a false presentation resulting from fraud will not be uncovered than one resulting from error since fraud could involve deceitful collusion, falsifications, purposeful omissions, deceptive presentations or the suspension of internal control measures.
- We gain an understanding of the internal control system relevant for the audit of the consolidated financial statements in order to plan audit actions that are reasonable under the given circumstances, but not with the objective of providing an audit opinion on the effectiveness of the company’s internal control system.
- We assess the reasonableness of the accounting principles applied and of the validity of the values estimated by the legal representatives in the accounting along with as assessment of related statements.
- We draw conclusions with respect to the adequacy of the application of the going concern principle by the legal representatives and, on the basis of the audit evidence obtained, to whether any fundamental uncertainty results from circumstances or events that could create significant doubt about the Group’s ability to continue its business activities. If it is concluded that a significant uncertainty does exist, we are required to draw attention in our audit report to the relevant entries in the consolidated financial statements or, if this type of statement is inappropriate, to modify our audit opinion. We draw our conclusions based on the audit evidence that was acquired up to the date of the audit opinion. However, future events or circumstances may result in the Group’s deviation from the going concern principle.

- We evaluate the consolidated financial statements' overall presentation, its structure and contents, including the provided data and whether the consolidated financial statements present the business activities and circumstances in an honest and complete manner.
- We request sufficient and relevant audit evidence regarding financial information related to the units or business activities within the Group in order to provide an audit opinion on the consolidated financial statements. We are responsible for guiding, monitoring and conducting the audit of the consolidated financial statements. We assume full and sole responsibility for our audit opinion.

We communicated with the Audit Committee regarding, among other things, the intended scope and scheduling of the audit and significant findings of the audit, including any significant shortcomings in the internal system of monitoring that we were able to identify over the course of our audit.

We provided the Audit Committee with a statement to the effect that we maintained the requirements for professional conduct and independence and provided said committee with information regarding all circumstances and facts which could reasonably be seen to have a possible effect on our independence and – when relevant – related precautionary measures.

We certify that the data that we shared with the Audit Committee were the most pertinent data in auditing the reporting year's consolidated financial statements and therefore represented particularly significant audit data. We describe this data in our audit opinion unless there are laws or other legal regulations that preclude sharing this information or we have determined, in a very small number of cases, that any the benefit of sharing certain information in the audit opinion in the interest of serving the public interest is outweighed by the probable negative effects of publication.

Other legal and regulatory requirements

Comments on the Group Management Report

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and whether it was prepared in line with applicable legal requirements.

The legal representatives are responsible for preparing the management report in line with Austrian company law and insurance supervisory regulations.

We prepared our audit in line with professional principles related to conducting audits of management reports.

Opinion

In our opinion, the management report for the Group has been prepared in line with applicable legal requirements and is consistent with the consolidated financial statements.

Declaration

Based on the data collected during the audit of the consolidated financial statements and familiarity with the Group and its circumstances, we have identified no erroneous information in the management report.

Other disclosures

The legal representatives are responsible for all other information. Other information includes all information in the annual report, excluding the consolidated financial statements, the management report and the audit opinion. The annual report was only provided after the date of the audit opinion.

Our audit opinion on the consolidated financial statements does not cover this other information, and we can offer no assurances of any kind with respect to it.

In conjunction with our audit of the consolidated financial statements, it is our responsibility to review this other information as soon as it is made available and determine whether it contradicts or compromises the validity of any of the findings of the audit in an essential way.

Additional information in accordance with Article 10 of the EU Regulation

We were selected as statutory auditors by the Annual General Meeting on 30 May 2016. We were appointed by the Supervisory Board on 21 November 2016. We have acted as statutory auditors continuously since 31 December 2013.

We hereby declare that the audit opinion in the section “Report on the consolidated financial statements” is in accordance with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We hereby declare that we have not provided any prohibited non-audit services (Article 5(1) of the EU Regulation) and that we maintained our independence from the company audited in carrying out our audit of the consolidated financial statements.

Public accountant responsible for the project

The public accountant responsible for this project is Werner Stockreiter.

Vienna, 9 March 2018

PwC Wirtschaftsprüfung GmbH



signed:

Werner Stockreiter
Chartered Accountant

Publication and duplication of the consolidated financial statements together with the audit opinion in a form differing from the version audited by us is not permitted. This audit opinion refers exclusively to the German version of the complete consolidated financial statements and the Group management report. For differing versions, the regulations of Section 281(2) Austrian Commercial Code apply.

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Information

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This is a translation of the German Group Report of UNIQA Group. In case of any divergences, the German original is legally binding.

Clause regarding predictions about the future

This report contains statements which refer to the future development of the UNIQA Group. These statements present estimations which were reached upon the basis of all of the information available to us at the present time. If the assumptions on which they are based do not occur, the actual events may vary from the results currently expected. As a result, no guarantee can be provided for the information given.



