Group Report 2017 / UNIQA Group

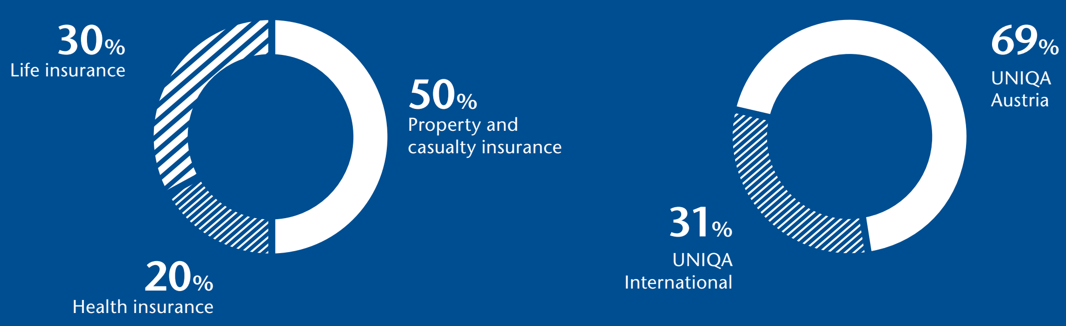
# Spot on.

Think UNIQA

# Think safer, better, longer living.

UNIQA Group is one of the leading insurance groups in its two core markets: Austria and Central and Eastern Europe (CEE). Around 20,000 employees and exclusive sales partners serve 9.5 million customers across 16 countries. Commanding a market share of 22 per cent, UNIQA is the second largest insurance group in Austria. In the CEE growth region, UNIQA is present in 15 markets: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia and Ukraine.

**Balanced portfolio …** **… in the core markets of Austria and CEE**




**Premium distribution**

Think UNIQA

[1] Evaluated externally

[2] Reviewed

# Spot on.

We do not want to bore you with the 2017 annual report, but just to give a brief account of where we stand: where we succeeded, and where we are still looking for better solutions, particularly in our long-term growth strategy, UNIQA 2.0, that we presented to you in 2011.

Even if we don't succeed in every aspect, and here and there something isn't happening as quickly as we would like, our profit for 2017 is further proof that we are on the right track. Spot on, so to speak: our premiums have risen, we've improved our earnings, and based on this, we would like to propose at the Annual General Meeting that the dividends be raised. Our capital ratio continues to be very strong, placing us at the highest international level. You can find all the details in this report – right to the point. Spot on.

# UNIQA Group at a glance

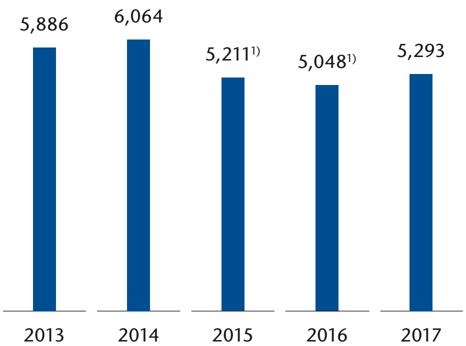
| Consolidated key figures<br>In € million | 2017 | 2016 | Change |
|---|---|---|---|
| **Premiums written** | **4,811.7** | **4,643.1** | **3.6%** |
| Savings portions from unit-linked and index-linked life insurance (before reinsurance) | 481.6 | 405.1 | +18.9% |
| **Premiums written including savings portions from unit-linked and index-linked life insurance** | **5,293.3** | **5,048.2** | **4.9%** |
| of which property and casualty insurance | 2,639.7 | 2,518.4 | +4.8% |
| of which health insurance | 1,042.0 | 1,003.7 | +3.8% |
| of which life insurance | 1,611.6 | 1,526.1 | +5.6% |
| of which recurring premiums | 1,357.7 | 1,356.9 | +0.1% |
| of which single premiums | 254.0 | 169.2 | +50.1% |
| **Premiums written including savings portions from unit-linked and index-linked life insurance** | **5,293.3** | **5,048.2** | **4.9%** |
| of which UNIQA Austria | 3,656.6 | 3,631.5 | +0.7% |
| of which UNIQA International | 1,608.5 | 1,399.9 | +14.9% |
| of which reinsurance | 1,091.6 | 1,130.8 | –3.5% |
| of which consolidation | –1,063.4 | –1,113.9 | –4.5% |
| | | | |
| **Premiums earned (net)** | **4,627.9** | **4,443.0** | **4.2%** |
| of which property and casualty insurance | 2,495.1 | 2,359.1 | +5.8% |
| of which health insurance | 1,038.9 | 1,000.4 | +3.9% |
| of which life insurance | 1,094.0 | 1,083.6 | +1.0% |
| Savings portions from unit-linked and index-linked life insurance (after reinsurance) | 476.2 | 384.7 | +23.8% |
| **Premiums earned including savings portions from unit-linked and index-linked life insurance** | **5,104.1** | **4,827.7** | **5.7%** |
| | | | |
| **Insurance benefits**[1] | **–3,558.6** | **–3,385.6** | **5.1%** |
| of which property and casualty insurance | –1,644.8 | –1,550.6 | +6.1% |
| of which health insurance | –877.6 | –843.6 | +4.0% |
| of which life insurance[2] | –1,036.2 | –991.4 | +4.5% |
| | | | |
| **Operating expenses (net)**[3] | **–1,276.0** | **–1,286.4** | **–0.8%** |
| of which property and casualty insurance | –788.5 | –763.2 | +3.3% |
| of which health insurance | –168.0 | –175.5 | –4.3% |
| of which life insurance | –319.5 | –347.7 | –8.1% |
| **Cost ratio (net after reinsurance)** | **25.0%** | **26.6%** | – |
| | | | |
| **Combined ratio (net after reinsurance)** | **97.5%** | **98.1%** | – |
| | | | |
| **Net investment income** | **560.9** | **588.9** | **–4.7%** |
| | | | |
| **Profit/(loss) on ordinary activities** | **242.2** | **225.5** | **7.4%** |
| **Net profit/(loss)** | **162.8** | **149.6** | **8.8%** |
| **Consolidated profit/(loss)** | **161.4** | **148.1** | **9.0%** |
| | | | |
| **Operating return on equity** | **9.3%** | **10.0%** | – |
| | | | |
| **Investments** | **19,877.7** | **20,024.8** | **–0.7%** |
| Shareholders' equity | 3,177.6 | 3,186.3 | –0.3% |
| **Equity, including non-controlling interests** | **3,193.4** | **3,212.8** | **–0.6%** |
| Technical provisions (net)[4] | 21,757.6 | 21,812.7 | –0.3% |
| **Total assets** | **28,743.9** | **33,639.2** | **–14.6%** |
| | | | |
| Number of insurance contracts | 19,372,143 | 18,785,051 | +3.1% |
| **Average number of employees (FTE)** | **12,839** | **12,855** | **–0.1%** |

1) Including expenditure for deferred profit participation and premium refunds
2) Including expenditure for (deferred) profit participation
3) Less reinsurance commissions and share of profit from reinsurance ceded
4) Including technical provisions for life insurance policies held on account and at risk of policyholders

Due to the sale of the Italian Group companies, the key figures for the 2016 financial year (except for total assets) are presented excluding Italy.

## Premiums written

In € million

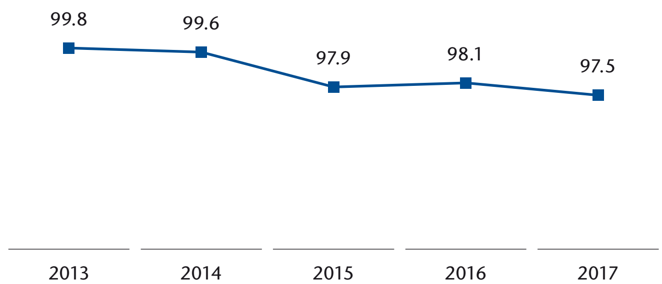



[1] Excluding Italy

(Including savings portions from unit-linked and index-linked life insurance)

## Combined ratio

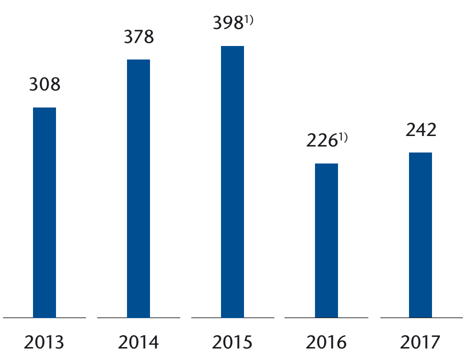
In per cent




(After reinsurance)

## Earnings before taxes

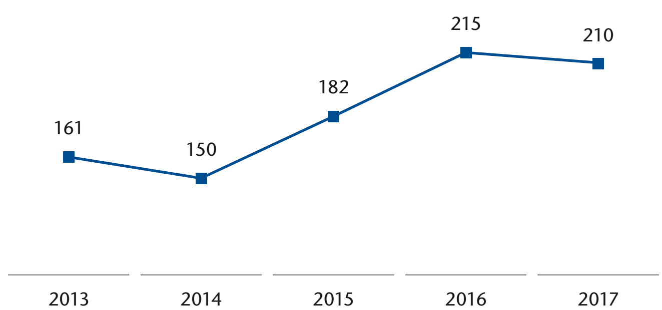
In € million




[1] Excluding Italy

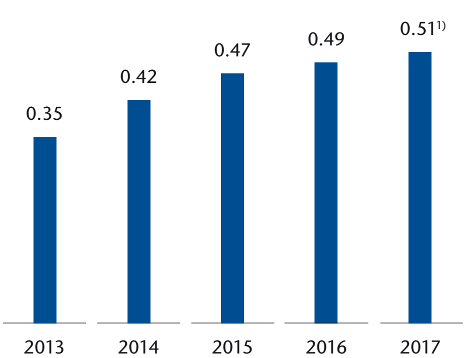
## Economic capital ratio (ECR ratio)

In per cent




## Dividend per share

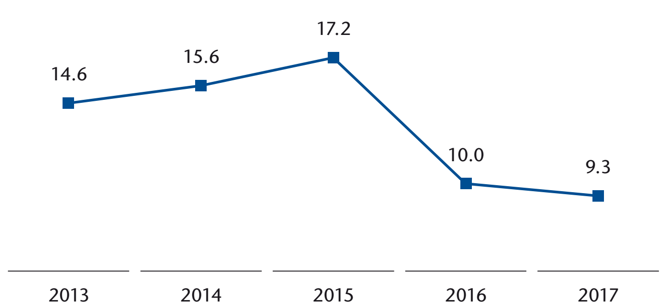
In €




[1] Proposal to the Annual General Meeting

## Operating return on equity

In per cent




Definitions of the essential key figures can be found in the glossary on page 174.

# Highlights of 2017

## UNIQA sets the course for the future

Since 1 January 2018, UNIQA has been dealing with topics such as the future of digitalisation and changing customer expectations and market requirements through separate functions represented at the Management Board level. Alexander Bockelmann now heads the Digitalisation department at both UNIQA Austria and UNIQA International, and therefore has taken on responsibility for this topic across the entire Group. Sabine Usaty-Seewald has taken over the Customers and Markets department at UNIQA Austria. Peter Humer took over responsibility for Sales on the Management Board of UNIQA Austria.

## UNIQA relies on partial internal model for Solvency II

The UNIQA Group has been relying on a partial internal model (PIM) for the purposes of determining the quantitative capital requirements in property and casualty insurance since 2017. This model, which has been approved by the Austrian Financial Market Authority (FMA), allows UNIQA to map actuarial risks more precisely in line with the Company's individual structure.

## UNIQA expands start-up portfolio

In October 2017, the UNIQA Group invested in the Czech fintech company Twisto, which provides innovative short-term financing options for everyday use. This was the fourth start-up in 2017 after "fragnebenan.at" (a neighbourhood platform), the SME funding platform "FinCompare" and "FINABRO", a digital advice service for private savings and long-term investments. And in 2018, things are continuing to progress at an undiminished pace: in February, the UNIQA Group invested in "bsurance", a start-up specialising in affinity products, providing insurance products to end-customers via retail enterprises and other companies with broad customer bases.

## S&P CONFIRMS UNIQA'S EXCELLENT RATING

In an update on UNIQA published in June 2017, Standard & Poor's confirmed UNIQA's current rating of "A–" with a stable outlook. Above all, the strong capital and earnings position, as well as the balanced product portfolio in life, property and health insurance, had a particularly positive impact on the rating.

## UNIQA invests in infrastructure

UNIQA made two further investments in the area of infrastructure in 2017. In Hungary, UNIQA co-financed the expansion of the airport terminal in Budapest, and in Germany UNIQA was involved in investments for the construction of an off-shore wind farm in the North Sea. As a result, UNIQA had investments of around €130 million in infrastructure bonds and loans at year-end.

# 200

## UNIQA employees support the Special Olympics World Winter Games 2017

The tasks the volunteers in Styria took on included catering for participants during the Games, security service tasks, and setup and removal activities during the competition.

## UNIQA SELLS SHARES IN CASINOS AUSTRIA

In January 2017, UNIQA decided to sell its indirect stake of 11.35 per cent in Casinos Austria Aktiengesellschaft to CAME Holding GmbH. The legal aspects of the sale were completed in the first quarter of 2018, and it therefore had an effect on the net income for this quarter with an extraordinary accounting profit of €47.5 million.

## UNIQA completes sale of its Italian subsidiaries

The legal aspects of the sale of UNIQA Assicurazioni SpA and its subsidiaries operating in Italy were completed on 16 May 2017. This allowed UNIQA to strengthen its focus on the core markets of Austria and Central and Eastern Europe. Although the transaction reduced net income for 2017 by €33.4 million, we significantly fortified our capital position and also reduced our market risk considerably as a result.

## UNIQA opens Innovation Lab at weXelerate

November 2017 saw the opening of a 9,000 square metre innovation centre and start-up hub in Vienna's Design Tower. It is the largest of its kind in Central and Eastern Europe. UNIQA is not just the lessor, but is also corporate partner to weXelerate, providing an opportunity for close collaboration between selected start-ups. This allows start-ups to benefit from the insurance company's established infrastructure, prominence, market experience, and – last but not least – financial strength.

## UNIQA Austria launches innovative health services

Acute care insurance "Akut-Versorgt" has given customers from Vienna, Lower Austria and Burgenland the opportunity to receive primary care for acute conditions at the Döbling Private Hospital around the clock since March 2017.

## UNIQA publishes its first ever SFCR for 2016

UNIQA published its Solvency and Financial Condition Report (SFCR) 2016 on 24 May 2017. The UNIQA Group's economic capital ratio, which serves as an indicator for capitalisation, was 215 per cent as at 31 December 2016, and therefore is at a very high level.

## UNIQA increases dividends to shareholders

The UNIQA Group continued its progressive dividend policy of recent years as planned in 2018, and proposed a dividend increase to 51 cents for the 2017 financial year to the Annual General Meeting.

## UNIQA is main sponsor of the Austrian Cup

The UNIQA Group will be the main sponsor and also the namesake of the UNIQA ÖFB Cup (Austrian Cup) for the next five years – until 2022.

Dear ladies and gentlemen,
dear shareholders,

For three reasons, 2017, the sixth full year of our long-term strategy programme UNIQA 2.0, was a good year for your UNIQA Insurance Group AG, as you will learn below.

**Firstly,** we have further strengthened the foundation of our "house"[1], i.e. our **balance sheet and capital position**. Above all, due to the sale of our Italian subsidiaries and the capital this released, our SCR quote has increased to a strong – even in an international comparison – 250 per cent. Our even stricter internal measure, the economic capital quote ECR, is sitting at 210 per cent as at the end of 2017; well above the target range of 190 per cent. As a result, UNIQA now has surplus capital amounting to around €700 million. Over the next few years, we want to use it prudently, to selectively invest in sustainably profitable growth when the opportunity arises.

**Secondly,** we are constantly making progress on our **five Group initiatives,** which we presented in March 2016 and which form the "first floor" of our "house". Supported by the economic tailwind, the demand for insurance products in both our core regions has seen good growth. Thanks to the attractiveness of the UNIQA brand, we benefit exceptionally from this: in terms of premium volume, we grew organically by 4.9 per cent in 2017 – not just stronger than expected, but stronger than most of the insurance industry in Europe.

- We significantly improved the long-term profitability of the **life insurance** line in the low-interest-rate environment by selling (Italy) or ceasing (Austria) capital-intensive business. We are now accelerating the supply of products that focus on hedging biometric risks.
- Despite an above-average claim load, we have continued to develop the **property and casualty insurance** line, in line with our strategy. In 2017, the entire primary and reinsurance industry was hit hard by natural catastrophes; UNIQA losses amounted to around €50 million above the average for the previous years. Nevertheless, we were able to further improve the combined ratio to 97.5 per cent – an encouraging step on our way towards the desired 95 per cent in 2020.
- The **health insurance** business line performed well at a high profitability level. When it comes to health insurance, we earn an attractive pre-tax margin of around 350 basis points on the technical reserves.
- The implementation of the **UIP** (UNIQA Insurance Platform), our new component-based core system, links the expected high capital with human resources. The project requires a great deal of attention and time, but is progressing according to plan. Beginning in summer 2018, the production of our new life insurance products in bank sales in Austria will start running on the new platform.

The **regulation** of our business also requires extensive IT resources. We are implementing new, EU-wide regulations, such as the new insurance distribution guideline IDD or the EU General Data Protection Regulation, just as diligently today as we prepare for the new accounting regulation, IFRS 9 and 17, which takes effect in 2021. This project alone is likely to debit us with more than €30 million – much more than the introduction of Solvency II.

- The thorough renewal of all business processes in our largest sales market in Austria under the working title **TOM** (Target Operating Model).

"In terms of premium volume, we grew by 4.9 per cent in 2017 – not just stronger than expected, but stronger than most of the insurance industry in Europe."

[1] The "UNIQA house" symbolises the third phase (2016–2020) of the UNIQA 2.0 strategy programme, which began in 2011. This figure can be found on page 31 of this report.

**Thirdly,** on the “second floor” of our “house”, where we are building the future of our Company around **digitalisation and innovation,** we are getting better and better at using our resources – already limited due to the UIP’s large appetite – more effectively. In the short-term, we want to significantly improve the customer experience at selected relevant brand touchpoints – not just in the digital customer experience, but also in the existing, analogue world. In the long-term, we are working intensely on the future of the four ecosystems: Health, Mobility, Smart Home and Finance/Risk Management, where we are also investing in select start-ups through our own corporate venture entity. In 2017, we also took into account the special significance of this sector and the associated new working methods with three personnel adjustments: as a member of the Group Management Board, Alexander Bockelmann is responsible for Digitalisation and Innovation throughout the Group; Sabine Usaty-Seewald (Customers and Markets) and Peter Humer (Sales) strengthen the UNIQA Austria Management Board.

On the subject of personnel changes: following the inauguration of Hartwig Löger, who was CEO of UNIQA Austria until December, as the Austrian Federal Minister of Finance, Kurt Svoboda, CFO/CRO of UNIQA Insurance Group AG, temporarily took on this role. In the medium-term, however, he will not maintain this dual role.

“The revolutionary changes in the insurance industry make our industry one of the most exciting in the world at the moment.”

Finally, ladies and gentlemen, I would like to reiterate our intention to continue to pay out a higher dividend per share every year – not from the substance of our Company, but on the basis of continuously growing income, our extremely strong capital position and sustainable cash flow.

I would also like to thank you all on behalf of all of our employees for your interest in our Company. The revolutionary changes in the insurance industry – the low interest rates, technological developments, transition of the business model, disruptive competitors and ever-changing customer needs – make our industry one of the most exciting in the world at the moment. My colleagues on the Board and I are, therefore, happier than ever working for you, and hope that we are making a small contribution towards ensuring that our customers, and you as well, enjoy safer, better and longer living.

Best regards,

**Andreas Brandstetter**
CEO UNIQA Insurance Group AG

# “People are the sum of their data.”

An interview with Markus Müller,
rector of the Medical University of Vienna

**Professor Müller, as Austria's largest health insurance provider we would like to know: what are the biggest trends that will shape medicine in the years to come?**

Today, we are at the point where we can portray a human genome – the thing that makes this one person different from everybody else – at an economically viable price. In the beginning, this cost 3 billion US dollars; today, it is feasible for around €500. Behind this lies the incredible progress of digitalisation. And meanwhile, we are already approaching the next phase – the new model emerging in medicine, which states: people are the sum of their data. So now you can not only characterise a person in detail at the genetic level, but also at many other levels, such as that of their proteins and metabolism and save a digital "avatar" of a person. This means you are in a position to predict how a person's health will develop in future.

**So, do these developments mean that humans will live longer?**

Yes, because it means that any disease will be seen as a unique situation. You don't just have cancer, but rather a specific and individual tumour that will also be treated individually. This concept could be used for any illness, not just for oncology.

**Won't medication become extremely expensive if it has to be made specially for each patient?**

Not necessarily. In Austria, we currently have about 10,000 medicines at our disposal. What we often don't know is exactly which of them will be useful against a disease. So we don't really have a good basis for making decisions; medication is administered on an empirical basis. With the new methods you can basically look for the needle in the haystack, so to speak, to find the pivotal switch that is causing the disease. Then you can analyse exactly which of the existing medications will work best in that particular case.

**What does this development mean for a sick person?**

In about ten years we will probably analyse every person's genome right when they are born. That will make the so-called precision-medicine model viable, meaning that you will no longer get off-the-shelf medicine, but rather customised medicine.

## MARKUS MÜLLER

Markus Müller has been rector of the Medical University of Vienna since 2015. Previous to that he was head of the University Clinic for Clinical Pharmacology at the Vienna General Hospital (AKH). He completed his training as a specialist in internal medicine and clinical pharmacology in Austria, the US and Sweden.

> "Today, we are at the point where we can portray a human genome at an economically viable price. In the beginning, this cost several billion dollars; today, it is feasible for around €500."

**Then society would become healthier as a whole?**

Yes, that is the hope. Today, we mainly practise curative medicine – so we wait until a disease appears and then we treat it. This isn't really ideal. Conversely, the idea behind the new technologies that I mentioned is to target prevention. In other words: moving away from hospitals and towards near-patient care. Ideally, you discover a disposition towards a certain illness very early, and can already start treatment in this early stage. And so the trend is moving away from curative medicine to preventative medicine.

**How would a person's lifetime develop in light of these new changes in medicine?**

There are futurists who say that a person can live to be 130 years old. And then there are realists who say that the goal is not to maximise the amount of years you have, but rather to have as many healthy years as you can. Because this is our biggest problem nowadays, especially in Austria. We are living long, but we are unhealthy for many of those years. From the age of 60, most of us have plenty of pains and often end up spending the next 20 years in suffering. I think the challenge is to reduce this period of suffering from the bottom up. And the best way to add healthy years

"The objective is not to maximise the years you have, but to have as many healthy years as you can. Because this is our biggest problem nowadays, especially in Austria. We are living very long, but we are also unhealthy for many of those years."

to your life is through a healthy lifestyle: nutrition, way of living, hygiene, exercise. The fact that we live to be 80 nowadays instead of 40 is a civilisational achievement.

**Why is Austria doing so poorly?**
Because many Austrians smoke and drink alcohol on a regular basis.

**So, that means that Austrians would have to eat differently, more vegetarian, in order to live longer and, above all, healthier?**
Well, you don't necessarily have to eat a vegetarian diet, but a healthier one. This would allow us to make progress and reduce costs in the healthcare system.

**Can I picture the genome like a personal code?**
Yes, exactly. You are made up of about 25,000 genes and the genome is like a book that contains everything your parents passed on to you. In addition, there are also other influencing factors, such as the environment, and risks to which you expose your body.

**But what does that mean now for insurance? Will insurance companies in future only provide health insurance to people who can show that they have a good genome in terms of health?**
There are certainly many discussions about that. But this "cherry picking" would go against the concept of insurance, after we had just evened the odds against fate.

**What effect will these trends have on hospitals?**
Austria continues to be among the front-runners when it comes to the number of hospital admissions and the length of stays compared to other countries. This isn't very wise because a hospital is not a safe environment – there are dangerous germs there. In the US, the first "hospital without patients" was founded. This is a telemedicinal concept that uses sensors and wearables via Skype to try to prevent patients from going to the hospital, and instead to support them at home so that they can take care of themselves. It works quite well for some diseases, such as diabetes. This form of self-management will become a trend. And that means that huge hospitals like the ones we know today may cease to exist.

"The genome is like a book that contains everything your parents passed on to you."

We also see this very prominently in oncology: today, around 80 per cent of patients receive their chemotherapy on an out-patient basis. The step from in-patient to out-patient care will become more common. We also won't need to have doctors for every specialisation any more. One example might be radiology, or, image recognition. You have already seen this on your mobile phone, where photo recognition can pick out all the pictures of your mother automatically. In future, you will send in an x-ray and a machine will generate a report. This means that patients will no longer be dependent on the subjective impression of a radiologist. The principle is also similar in pathology. It's about pattern recognition, and that's what machines will do in future. Because it's so easy to process by machine, pure knowledge no longer has any economic value, which means that even as a well-informed human you no longer have any competitive advantage.

"Austria continues to be among the front-runners when it comes to the number of hospital admissions and the length of stays compared to other countries."

"Today, around 80 per cent of patients receive their chemotherapy on an out-patient basis. The step from in-patient to out-patient care will become more common."

**Will it ever come to the point where humans have built-in sensors and in future are simply notified when they should go to the doctor?**

I think so, in 20 to 30 years maybe. It's already being worked on. Many things that happen today were unthinkable 30 years ago. It was thought that it would be impossible to identify a genome in less than 100 years. At that time, they simply underestimated the rapid development of technology. In 2045 there will likely be an interface between humans and machines. That means you will be able to process information that is formed in the brain directly on a computer. So you could save the information stored in your brain on a hard drive, where your feelings, your memories, would be recorded. But I am not worried that doctors will disappear, quite the contrary. There are many things that machines cannot do nearly as well as we do: show feelings, integrate and cooperate, be creative. In future in this high-tech environment doctors will stand by their patients as empathetic companions. And in my opinion that is good, because it helps to make the medical field less technical and cold. Doctors will accompany people along life's path.

"In 2045 there will be an interface between humans and machines. That means you can plug the brain into a computer."

"In future, you will send in an x-ray and a machine will generate a report. This means that patients will no longer be dependent on the subjective impression of a radiologist."

# Who are we?

Four words are enough to describe UNIQA's mission: our customers should enjoy safer, better and longer living.

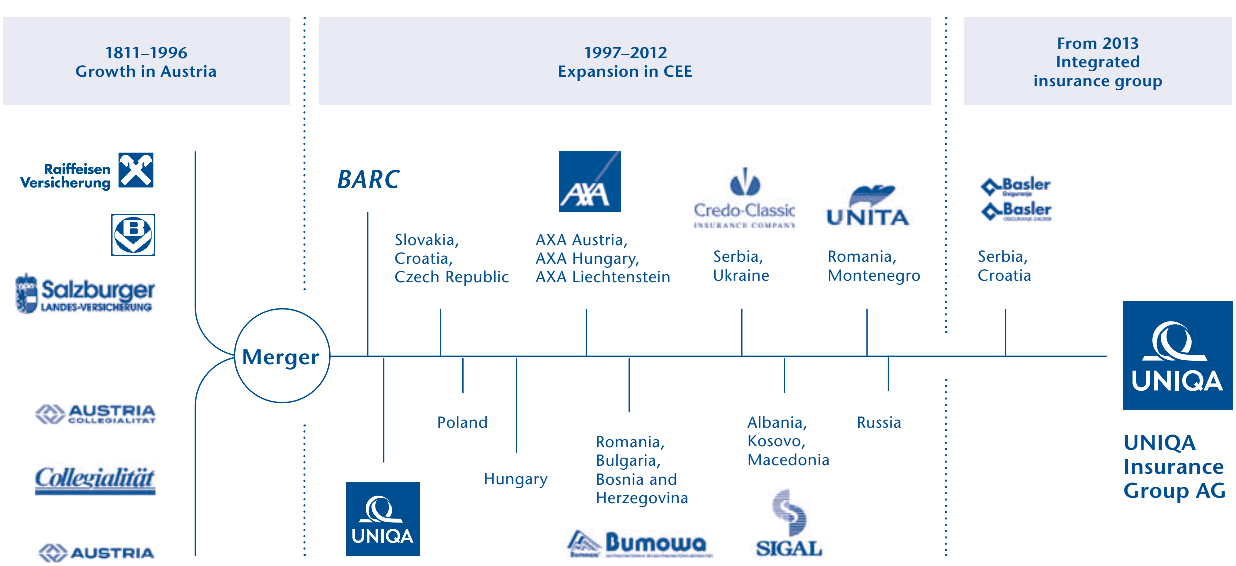
Think
safer, better,
longer living.

WHO ARE WE?

To the best of our ability as a service provider, we want to use our products and services to help our customers enjoy greater security and freedom in their lives.

We want our benefits to be as useful as possible and support more and more people in leading a safer, better and longer life in an independent manner. We always approach this mission with a sense of delight and commitment – despite any issues we might come across.

**In business for over 200 years**



# Solid base in Austria, attractive potential in CEE

Austria and CEE are our two core markets. Both are crucial in their own way to the success and future potential of the UNIQA Group.

## Austria: strong brand, strong position

We have been operating our insurance business in our domestic market of Austria for more than 200 years. With a market share of 22 per cent, we are the second-largest of all Austrian insurance companies today and rank first in the health insurance segment. In Austria we support 3.6 million customers, either directly or together with our banking and sales partner Raiffeisen.

Our healthy market position is based on innovative products, an outstanding sales and distribution structure and the strong brands of UNIQA and Raiffeisen. We are also optimistic about the future: solid macroeconomic data, political stability and a highly prudent regulator continue to make Austria an attractive market. There is also the fact that the average Austrian spends €1,895 each year on insurance. This is still relatively low for Western Europe, particularly given the high level of living standards in Austria.

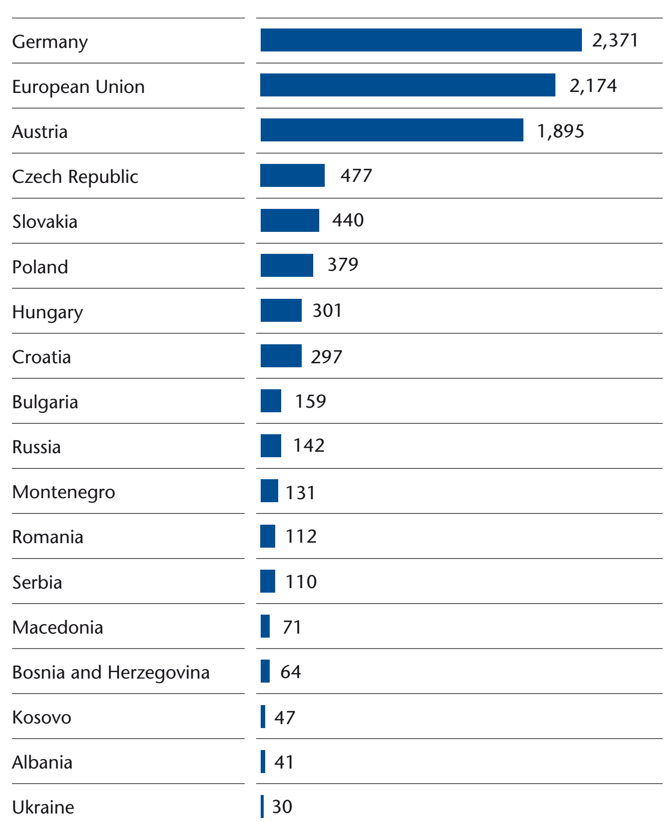
## CEE: growth potential for many years

The increased spending on insurance in our CEE markets is even more significant. This region is home to more than two-thirds of our customers, i.e. more than six million people. With a population of around 160 million people – rising to about 300 million people including Russia – the region has experienced a noticeable economic recovery since 2016. The insurance density is also rising gradually in line with the improvement in the overall economic situation. In addition to motor vehicle liability insurance which, as a mandatory insurance, has traditionally been the highest-selling product in CEE, there is now also a growing demand for household and homeowners insurance, as well as products for personal protection such as accident and health insurance.

CEE currently only accounts for around one-third of the Group's premiums, with an average premium per person annually of €200. Yet the region is catching up considerably: in the more developed insurance markets such as the Czech Republic, Hungary, Poland and Slovakia the average premium per person is €400 and rising. Growth is almost inevitable. In order to exploit this potential, we rely on strong inside sales in CEE as well and on our established partnership with Raiffeisen. The extensive sales partnership with Raiffeisen Bank International (RBI) gives us direct access to approximately 14 million Raiffeisen customers in 13 countries in CEE.

### High potential in CEE

Insurance spending per person and year in Euro




The pin shows the market position in the relevant country.

1) Market shares in Russia relate solely to life insurance.

# Motivated & competent

## UNIQA employees

We demand a lot from our employees. They should always listen to customers and sales partners, and offer the best possible support at all times. We endeavour to create a working environment that is as attractive as possible in this regard – because employees who feel comfortable also provide first-class service.

### Value-oriented and capable

We are a company with character. We have many strengths, but of course we also make mistakes. And we define this character through UNIQA's values. They represent us and our spirit and provide the guidelines for our actions:

1.

**We inspire**

- Focus on the customer
- Recruitment and assembling teams
- Being able to listen
- Motivating others

We have defined four specific core competencies for each of these values, ranging from customer focus to openness, and we see these as the basic requirements for successfully fulfilling our diverse responsibilities. That is why we pay particular attention to these competencies with new hires, in addition to considering their technical knowledge. With a clearly structured onboarding process, we ensure that new employees feel that they are in good hands at UNIQA right from the beginning, and are able to contribute towards the Company's success as soon as possible.

### Well educated

We support employees with their personal and professional development through a comprehensive range of educational and continuing education. Managers and employees work together as part of the annual employee appraisals to define specific development measures for further personal and professional growth based on their main tasks and defined objectives. UNIQA's training and development courses consist of numerous e-learning modules, live seminars and on-the-job training.

Aside from specific subject knowledge, the central topics of these modules are conflict management, communication, corporate wording and proper telephone conduct.

There are also two leadership programmes specifically tailored for management staff: "SHAPE" is aimed at managers who report directly to the Group Management Board as well as to Board members of UNIQA International AG, and "NEXT" is aimed at all other executives responsible for managing staff. The programmes, launched in 2016, are both designed to last two years, and participation is voluntary.

### Diverse

As an employer in 16 countries, we value the diversity of our teams, as this is an important element of our success. In addition to ensuring representation of different nationalities and age groups, maintaining a gender balance is also very important to us. More than half of the employees in the UNIQA Group are women. The proportion of women in senior management positions is 23 per cent throughout the Group as a whole, and 28 per cent in UNIQA International.

We also actively work to recruit new female talent: Daughter's Day gives girls an insight into the professional environment at UNIQA – presented live by UNIQA's female managers.

**Employer in 16 Countries**

### Sharing in our success

Commitment and performance are valued highly at UNIQA and are thus also rewarded accordingly. A bonus system for managers based on the Company's financial success (Short-Term Incentive, STI), and a performance-related bonus scheme for field sales management (EB-AD), are therefore essential components in our variable remuneration systems.

A bonus system (profit sharing) has also been developed for employees who do not have variable salary components, as we believe that all employees at UNIQA should benefit from the Company's success. In addition, UNIQA also provides long-term support for employees in the form of retirement pensions, occupational disability benefits and survivors' pensions.

2.
**We shape the future**

- Business sense
- Creativity
- Ability to solve problems
- Understanding ourselves

### Supported and free from burden

Time at UNIQA means time for living. Supporting employees in finding the right balance between leisure, family and work is extremely important to us. The "UNIQA Freiraum" service portal provides a wide range of information and services on the topics of health, family and benefits, as well as leisure, culture and mobility.

Children's days are held regularly at UNIQA Tower in order to relieve the burden on employees with family responsibilities. UNIQA also offers help and advice to employees who are taking a leave from work. Meetings for employees on parental or unpaid leave provide information on the latest developments within the Company as well as on practical aspects for returning to work. They also provide an opportunity to exchange experiences and stay in touch.

In addition, we rely on flexible working time models and enable part-time and remote work in a targeted effort to promote the compatibility between career and family life.

### Healthy and committed

Happy and healthy employees are motivated performers. That is why we focus on direct health promotion with initiatives such as free vaccinations and discounts on massages, while also emphasising the importance of prevention through various initiatives. The services offered range from health screenings to expert presentations on avoiding burn-out, as well as specific fitness tips from UNIQA VitalCoaches. Likewise, employees can also receive support with their private or professional problems through the KEEP BALANCE psychological telephone advisory service. In addition, they can also make use of extensive sport and relaxation opportunities free of charge. The UNIQA Sport Club provides a wide range of options encompassing 22 different areas – from tennis and volleyball to sailing and yoga.

3.
**We are straight-forward**

- Providing information
- Integrity and trust
- Courage to lead
- Openness

Social responsibility is a part of our corporate culture, which is why we also encourage social commitment on the part of our employees. Every year, employees can take a social day upon which they get involved in social matters and work with disadvantaged groups. The Company releases them from work for the day. The allocated time can be increased to two days for special occasions.

4.
**We deliver**

- Focus on results
- Measuring and demanding performance
- Persistence
- Setting priorities

Feedback from employees is important to us, which is why we conduct regular employee surveys – the last survey took place in September 2017. In a dialogue between managers and their teams, the results were discussed internally, and concrete action plans for further improvements were drawn up, which will be implemented in the course of 2018.

# Group Executive Board

**Andreas Brandstetter, 48**
Andreas Brandstetter has been the CEO of the UNIQA Group since July 2011. Prior to that, from 2002 he was a member of the Group Management Board, responsible for new markets, M&A and bank assurance. He studied political science in Vienna and in the US and holds an executive MBA from California State University. Before joining UNIQA, he was the director of Raiffeisen's EU office in Brussels.

**Erik Leyers, 48**
Erik Leyers has been a Group Management Board member since 2016, and oversees the operating processes at both UNIQA Austria and UNIQA International. He has been with UNIQA since 2014. Prior to that, he worked at the Allianz Group in Munich in various operations departments. Erik Leyers did a degree in economics in Munich and began his career in 2001 at McKinsey.

**Alexander Bockelmann, 44**
Since June 2016, UNIQA has had its own Chief Digital Officer. Alexander Bockelmann, who has a PhD in environmental science and extensive experience in the German and US insurance industries, joined UNIQA in October 2013 and has been responsible for the Group's digitalisation strategy ever since. He began his career at the Boston Consulting Group.

**Wolfgang Kindl, 51**
has been CEO of UNIQA International AG since 2011. Previously he was managing director of UNIQA International. He was the CEO of UNIQA Assurances in Geneva from 2000 to 2004. Wolfgang Kindl has worked at the Group since 1996. A doctor of social and economic sciences, he began his career in sales. His degree focused primarily on insurance and personnel management.

Andreas Brandstetter, Erik Leyers, Alexander Bockelmann, Wolfgang Kindl, Kurt Svoboda, Klaus Pekarek

**Kurt Svoboda, 51**
has been a member of the UNIQA Group Management Board since 2011 and is responsible for the areas of Finance and Risk Management. In this role, he has also been responsible for UNIQA Austria and UNIQA International since 2016. Since the end of 2017, Svoboda has also been the CEO of UNIQA Austria. He studied business administration in Vienna and completed the International Management programme in St. Gallen. Kurt Svoboda began his career at KPMG in Vienna and built up experience at Wiener Städtische and AXA.

**Klaus Pekarek, 61**
has been responsible for the UNIQA Austria bank sales since 2016. Before that, he was the Chairman of the Management Board at Raiffeisen Insurance Austria. Before joining UNIQA, he held various positions at Raiffeisen Landesbank Kärnten, most recently as General Director. Klaus Pekarek has a degree in law and social and economic sciences from Graz.

# What do we do?

With a broad range of products in property and casualty, life and health insurance, the UNIQA Group covers all major sectors of the insurance industry. As a full-coverage insurance provider, UNIQA is therefore a valuable partner for private as well as corporate customers in all matters of insurance.

# Protection against loss of assets

## Property and casualty insurance

A "classic": when it comes to insurance, most people think first and foremost of traditional indemnity or property insurance. For a good reason: it's likely that the oldest insurance contracts – they go back to antiquity – pertained to seafaring, which was a property risk. An essential feature was, and is, the transfer of an individual risk to a larger collective that is responsible for the loss of assets due to possible damages.

The "classic" insurance …

Not only is property insurance the oldest, it is also the largest segment of the insurance industry in the world based on premiums. This is also true for UNIQA: around 50 per cent of the premiums written in the Group are generated in this sector.

### Hedging fundamental risks

This high amount reflects the elementary importance of the things being insured. It's about living – and thus one of the basic human needs; it's about property, mobility and protection against accidents or natural catastrophes. Put simply: it's about protection against major financial losses in the event of a claim. This applies to private individuals as well as businesses who – apart from traditional property insurance – also need protection against operational interruptions and disruptions or, more recently, against damage caused by cybercrime.

### A variety of topics and products

The UNIQA Group offers a wide range of property and casualty insurance in line with the diversity of hedging needs. In addition to motor vehicle insurance, these include homeownership, private accident, legal expense, liability, online shopping, transport and travel insurance, as well as numerous custom-made packages for corporate customers. In addition to the aforementioned insurance against operational interruptions or cyber crime, there are further economic modules such as technical, termination or all-risk insurance, as well as industry-specific solutions such as the agricultural insurance bundle.

The bare insurance offer is also supplemented in this sector with various additional, attractive services. These include the UNIQA ServiceBot, which helps customers navigate through UNIQA's numerous service and product offerings, or various hotlines like the Anwalt PLUSservice for legal advice over the telephone, the Zuhause PLUS24service that organises services including plumbers, locksmiths and electricians in the event of damage, or the 24-hour emergency service specifically for businesses.

### Innovation with a capital I

As in the other sectors, the UNIQA Group constantly adjusts its product and service portfolios in property insurance to meet new requirements and needs in order to stay attractive to its customers. Living and mobility are especially important topics currently undergoing significant changes.

Developments surrounding **home ownership** and thus the potential business models for home ownership are advancing at a breath-taking pace under the keyword "Smart Home".

For UNIQA, this trend represents interesting potential for new digital offerings, while providing more and more opportunities for customer-friendly online claim services to handle their claims.

On the other hand, developments in the **motor vehicle industry**, such as car sharing or autonomous cars, could massively change mobility behaviour and thus the insurance business. People, especially in urban areas, are increasingly relying on the principle of using instead of owning. This also has an inherent impact on the insurance solutions needed. And in the case of self-driving cars, the question arises as to whether the software or product manufacturer bears the responsibility in the event of an accident. Here again, need-based, innovative insurance is in demand.

… generates around

50 per cent

of the group premiums

At the same time, the safety requirements in vehicles are becoming ever higher. According to an EU regulation, all passenger cars and light commercial vehicles newly registered since the end of March 2018 must be equipped with an automatic emergency call system. UNIQA was well ahead of this change and can now look back on ten years of experience and 35,000 satisfied customers with its innovative product SafeLine. This add-on module uses a vehicle-mounted GPS device to quickly mobilise emergency personnel in the event of an accident. In addition, it offers, alongside various other features, a premium savings option if a customer chooses not to use their mobile phone while driving.

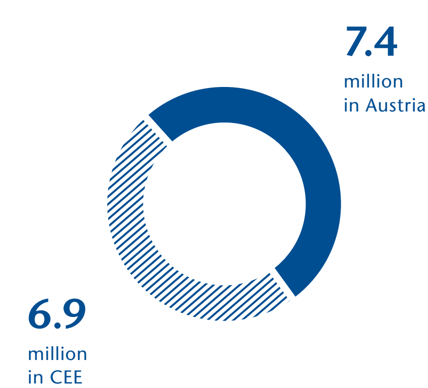
### Around 50 per cent of Group premiums

As already mentioned above, around 50 per cent of the premiums written by the UNIQA Group come from property and casualty insurance. The private customer business accounts for the largest share at 70 per cent. But business with companies and corporations of all kinds – from a one-person business to globally operating corporations or public institutions to regional associations – is also of great importance to UNIQA, amounting to 30 per cent of the total premium volume.

Most property and casualty insurance policies are taken out for a short term, usually of up to three years. A broad spread covering the risks of a great many customers and the relatively short maturity allow for moderate capital requirements, making this sector attractive as a result.

In Austria, UNIQA accounts for approximately 44 per cent of the total premiums in property and casualty insurance; in CEE this number is 62 per cent.

**14.3 million contracts in property and casualty insurance**




Whilst the UNIQA Group's offerings are being utilized by customers in Austria to the fullest extent, motor vehicle insurance is currently dominating in CEE with a premium share of 56 per cent. The insurance penetration is also significantly higher in Austria. A good example is household insurance: in Austria, around 98 per cent of the population uses such a product; in CEE, only one in two currently does, but the trend is on the rise.

# Providing for the future

## Life insurance

Permanent financial security: Providing for times of future need in a timely manner is a basic human right. We all long for personal financial security, particularly for the people who are especially important to us, but for ourselves as well. In times of plenty, humans have always created stockpiles and set aside financial reserves for "uncertain" times.

Nowadays, this is particularly important for the stage in life after retirement. And even a quick look at the public pension system shows that some personal initiative is needed. The Republic of Austria, for example, is already pumping €10 billion into the pension system year after year to keep it alive.

The remedy for this is traditional life insurance. Even with just small monthly contributions, it allows every person to set aside an additional something for their old age. UNIQA also offers a diversified portfolio in this sector, which is the second largest in the Group in terms of premiums.

### A focus on savings products

The focus of UNIQA's offerings is on classical capital-forming and unit-linked life insurance, on the one hand in the traditionally more popular savings-scheme option, and on the other hand against a single-premium policy. In a nutshell, the customer acquires the right to a one-time payment or a life-long pension. The claim usually occurs at the end of one's working life or after reaching a certain age.

There are also "biometric products" which secure against risks such as occupational disability, long-term care needs or death. They ensure that the customers themselves or their relatives can rely on protection against financial problems in the event of an emergency. There are also package offers for corporate customers for company pension and termination payments.

The greatest possible degree of flexibility is important for private customers. Because circumstances in life change over time – and often your financial situation changes with it. This is why customers can, in many cases, freely design their UNIQA life insurance policy and modify it again and again throughout the term of their contract. In addition to the amount of the premium, this includes, for example, the chosen form of assessment, the beneficiaries named in the policy, adding additional coverage and much more.

### UNIQA as a leader of innovation

In Central and Eastern Europe, the conventional life insurance model is currently facing major challenges. Historically low interest rate levels are adversely affecting all long-term forms of saving and investment, including life insurance. This requires the design of new products that provide a reasonable balance between return, investment and costs for both customers and for UNIQA.

Permanent financial security

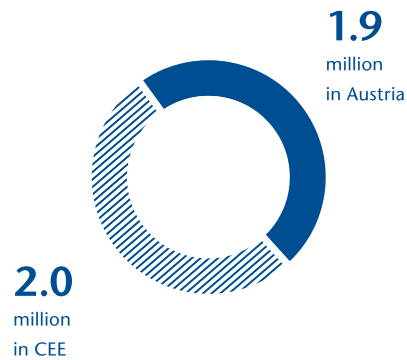
As early as in December 2014, UNIQA Austria was the first insurance provider in Austria to introduce a brand-new model for classic life insurance to the market. It does away with a discount rate, but offers a 100-per cent capital guarantee on net premiums. The product is not only flexible and transparent, it also distributes the costs fairly: the closing costs, i.e. the commission for the sale, are not taken out in advance, but rather are earned over time. This guarantees customers a high redemption value right from the start.

UNIQA has also been offering a completely newly designed version of unit-linked life insurance since December 2017 – once again a novelty on the market. The resulting offered investment opportunities are very clear and easy to understand, and particularly interesting, for young people who have more than 15 years to contribute to their savings. It is also very attractive in terms of cost thanks to significantly lower initial charges.

### Second-largest sector according to premium volume

Around 30 per cent of the premiums written by the UNIQA Group come from life insurance. That makes it, as previously mentioned, the Group's second-largest business area. Private individuals account for about 95 per cent of the total premium volume; the remainder comes from corporate customers for occupational pension and termination insurance. In total, UNIQA manages 3.9 million contracts in this sector.

### 3.9 million contracts in life insurance




Around 66 per cent of the premiums written by the UNIQA Group in life insurance are in Austria, with CEE currently contributing around 34 per cent. In Austria alone, life insurance accounts for around 29 per cent of total premiums compared to 34 per cent in CEE. The CEE region in particular offers interesting growth potential, as the steadily rising standard of living increases the need for long-term hedging.

Around **30 per cent** of the premiums written by the UNIQA Group come from life insurance.

# In the service of health

## Health insurance

Health insurance has been an important core competency of UNIQA for many years. On our home market, we are the undisputed market leader in this sector, with a market share of around 46 per cent. That's why the UNIQA brand in Austria is closely linked with the concept of health insurance.

In CEE, however, the health insurance business is still in its infancy. This is because willingness to spend money on health requires a certain standard of living. But increased levels of prosperity make the long-term growth potential here even greater.

The objective that UNIQA is pursuing with a broad range of health insurance offerings is the same everywhere: we want to give people access to better healthcare in less time and at an attractive cost. Additionally, we would like to advise and support our customers with complementary services and motivate them to adopt a healthy lifestyle.

### Needs-oriented offerings

With these offerings, UNIQA precisely meets a fundamental need of the people. Health is indispensable when it comes to well-being, quality of life and an actively lived life. It is therefore unsurprising that health is regularly ranked as most important when Austrians are asked about what really matters to them most in life.

Equally important is rapid relief in cases of illness: anyone who is sick would want to receive first-class medical help quickly. Apart from the question of how to avoid excessive waiting times in hospital outpatient departments or doctor's offices, the trust placed in the attending physician or chosen hospital is given high importance. As a result, more than 30 per cent of Austrians have private health insurance.

### High-quality medical care

UNIQA health insurance offers answers to these questions. Within the scope of various types of contracts, customers can secure high-quality medical care when they need it, involving in-patient treatment in a hospital's premium category or out-patient by established private doctors. This includes a free choice of hospitals and doctors, as well as advantageous appointment scheduling for diagnosis and treatment.

All forms of illness and/or therapy can be covered by this insurance, ranging from premium treatment in the hospital to dentures. Particular policies have been also available online since 2016.

## Market leader with growth potential

The wide range of offerings makes an impact. In December 2017, UNIQA asked more than 2,000 Austrians about health issues. Those who had private health insurance rated their state of health at 80 per cent, significantly better than those without private health care. Of these, only 65 per cent were satisfied with their health.

### Consultation and prevention

The UNIQA Group also measures up to its role as a responsible insurance provider with its wide range of consulting and other services. The hotlines and digital consultation platforms that the Company uses to support its customers in navigating the increasingly complex healthcare system are a key element of these services. For example, the MedPLUS24service team of doctors can provide quick answers by phone or e-mail when it comes to obtaining a second medical opinion, preventative or travel medicine, information on hospitals or doctors, nutrition tips or support services.

In addition, UNIQA is actively dedicated to preventing disease and promoting a healthy lifestyle. Health examinations, fitness tests, individual consultation by professional VitalCoaches, exercise initiatives for children and youth or supporting mass sport events are just a few examples of this. Companies can use the UNIQA HealthCheck boxes for fitness or health check-ups. With these offerings, UNIQA also meets a major wish people have: more than half of Austrians have a personal goal of improving their health through weight loss, exercise and healthy nutrition.

## First-class service continues in the future

These services will become even more important in the future. UNIQA wants to develop into a positive, responsible companion in people's lives. We would like to invite our customers to contact the Company whenever they need advice and support for all things health related – whether it's dealing with the pubic healthcare system, providing expedient and unbureaucratic access to medical services or just when they have medical questions.

It is becoming increasingly difficult for people to keep track of things. There has been a real revolution when it comes to developments in medicine. The field ranges from genetic engineering through artificial intelligence, telemedicine and robotics, to nanomedicine. As a result, the networking of knowledge will become much more important than it is today. The same will apply to prevention, meaning the targeted avoidance of disease by means of early detection. This is precisely where UNIQA is working hard to provide customers with added value, for example, in the form of a web portal dedicated to holistic health.

## FACTS & FIGURES

- Record births: for the first time since its founding in 1919, more than 1,500 babies were born at the "Goldenes Kreuz" private hospital in Vienna in 2017. In total, almost 70,000 children have been born here so far.
- Heart specialists: more than 1,000 cardiac catheterisations were performed at the Confraternität Private Hospital in Vienna in 2017.

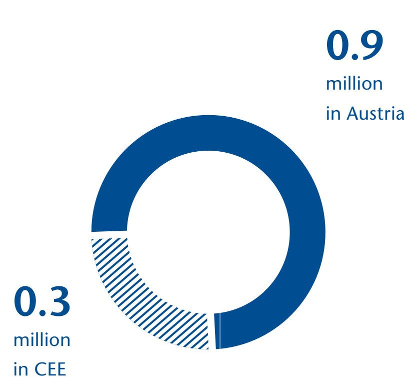
More than 90 per cent of the premiums written in health insurance are accounted for by Austria, with CEE currently contributing around 6 per cent of the total premiums in this sector. While UNIQA covers both in- and out-patient services in Austria, out-patient care is clearly paramount in CEE – especially since at this time, there are hardly any private hospitals there. In the medium to long-term, however, we expect changes in this potential region similar to those we've seen in Austria and Western Europe.

By the way, UNIQA generates about one-third of the premiums in health insurance through group insurance, such as those offered to the employees of a company.

## More moderate premium shares, higher profitability

With about a 20 per cent share of group premiums, health insurance is, in absolute terms, our smallest sector. But it contributes significantly to UNIQA's profitability, and therefore is a solid capital resource. Health insurance is characterised by stable contributions, long-term contracts, and a positive growth outlook. In addition, premiums rise together with the development of health costs and life expectancy. And the rate of cancellations is low, as provisions formed during the term of the contract are not transferrable in the event of a withdrawal.

### 1.2 million contracts in health insurance



Health insurance has been an important core competency of UNIQA for many years. On our home market of Austria, we are the market leader in this sector, with a market share of around

# 46 per cent.

# What makes us attractive to investors?

# UNIQA 2.0 – ambitious objectives, clear strategy

In 2011, UNIQA launched an ambitious strategic programme entitled "UNIQA 2.0" featuring multiple phases. After a first implementation phase during 2011 and 2012 where we concentrated on "getting ready", we were able to achieve initial successes in the second phase (2013 to 2015). On page 30, you can find a summary of the key objectives for these two phases and our progress regarding their implementation.

Due to fundamental changes in customer expectations and behaviour, as well as disruptive developments to our market environment, in 2016 UNIQA began to rethink the business model as well as the underlying products and processes from the customer's point of view. The result was an adjustment to the objectives for the third phase of the strategy programme, entitled "Shaping the future". During this third phase, the symbolic representation of a house – the "UNIQA House", which can be found on page 31 – was developed as a memorable image for the programme's objectives and strategic actions.

UNIQA launched the largest innovation programme in the Company's history in 2016 in order to trigger the innovation boost necessary for a successful future, in particular the digitalisation of the business. By 2025, the Group will have invested around €500 million into the future of the Company. Most of it flows into the redesign of our business model, the creation of expertise in terms of personnel and into the necessary IT systems required to transform UNIQA's core business from an insurance provider into an integrated service provider.

# UNIQA 2.0 – Phase 3

## 1. Growth

We expect average growth of around 2 per cent per annum in premiums written for the period until 2020. While expectations for premium growth in life insurance in Austria are muted, we expect average growth of just under 3 per cent p.a. in health insurance and of approximately 4 per cent p.a. in property and casualty insurance for the period stated.

## 2. Cost ratio

The aim is to improve efficiency and the cost structure on a continuous basis. The investment programme launched in 2016 of around €500 million over ten years will lead to an increase in the cost ratio in the medium-term. We expect an overall cost ratio of under 24 per cent as of 2020 as a result of these investments.[1)]

## 3. Combined ratio

The combined ratio in property and casualty insurance is the most important key figure for us in terms of profitability in the core business. The objective of bringing the combined ratio below 95 per cent on a sustainable basis by 2020 is therefore our top priority.

## 4. Economic capital ratio (ECR)

We are striving to achieve an economic capital ratio of 170 per cent with a maximum fluctuation margin (target range) of between 155 and 190 per cent.

## 5. Profitability

The operating return on equity is defined as the criterion for profitability.[2] Achieving a rate of return on capital employed in line with the risk is a central prerequisite for any sustainable business model. To this end, we aim to achieve an operating return on equity of around 13.5 per cent on average in the period between 2017 and 2020.

## 6. Attractive dividends

Our shareholders should receive an attractive dividend in return for providing their capital. Despite extraordinary investments and persistently low interest rates, we intend to steadily increase the annual distribution of dividends per share over the coming years as part of a progressive dividend policy.

[1] This objective was adjusted when the contract to sell the Italian companies was signed and the single premium business accordingly declined within the Group.
[2] Definitions of the essential key figures can be found in the glossary.

# UNIQA 2.0
## The growth strategy 2011–2020

**1 Customer growth**

– Double the number of customers from 7.5 to 15 million by 2020
– Number 1 in Austria and number 3 in CEE by 2020

+33%

Number of customers
2011: 7.5 million
2015: 10 million

**2 Concentration on the core business**

Concentration on the core business
Primary insurance in both core markets of Austria and CEE

| | Disinvestments | Investments |
|---|---|---|
| Regional | Mannheimer Versicherung in DE | Basler in HR and SRB, EBRD shares in CEE |
| Business | Hotels, media groups | Hospitals |

**3 Implementation of key programmes**

– UNIQA Austria: increase profitability
– Raiffeisen Insurance: increase productivity
– UNIQA International: grow profitably
– Risk/return: value-oriented corporate management

–7.1 PP

Combined ratio
2011: 104.9%
2012: 101.3%
2013: 99.8%
2014: 99.6%
2015: 97.9%

**4 Solid capital base**

– Strengthen equity
– Easier and exchange-friendly Group structure
– Re-IPO 2013

+80 PP

Economic capital ratio
2011: < 100%
2012: 108%
2013: 161%
2014: 150%
2015: 182%

**5 Attractive financial figures**

– Improving earnings before taxes by up to €400m

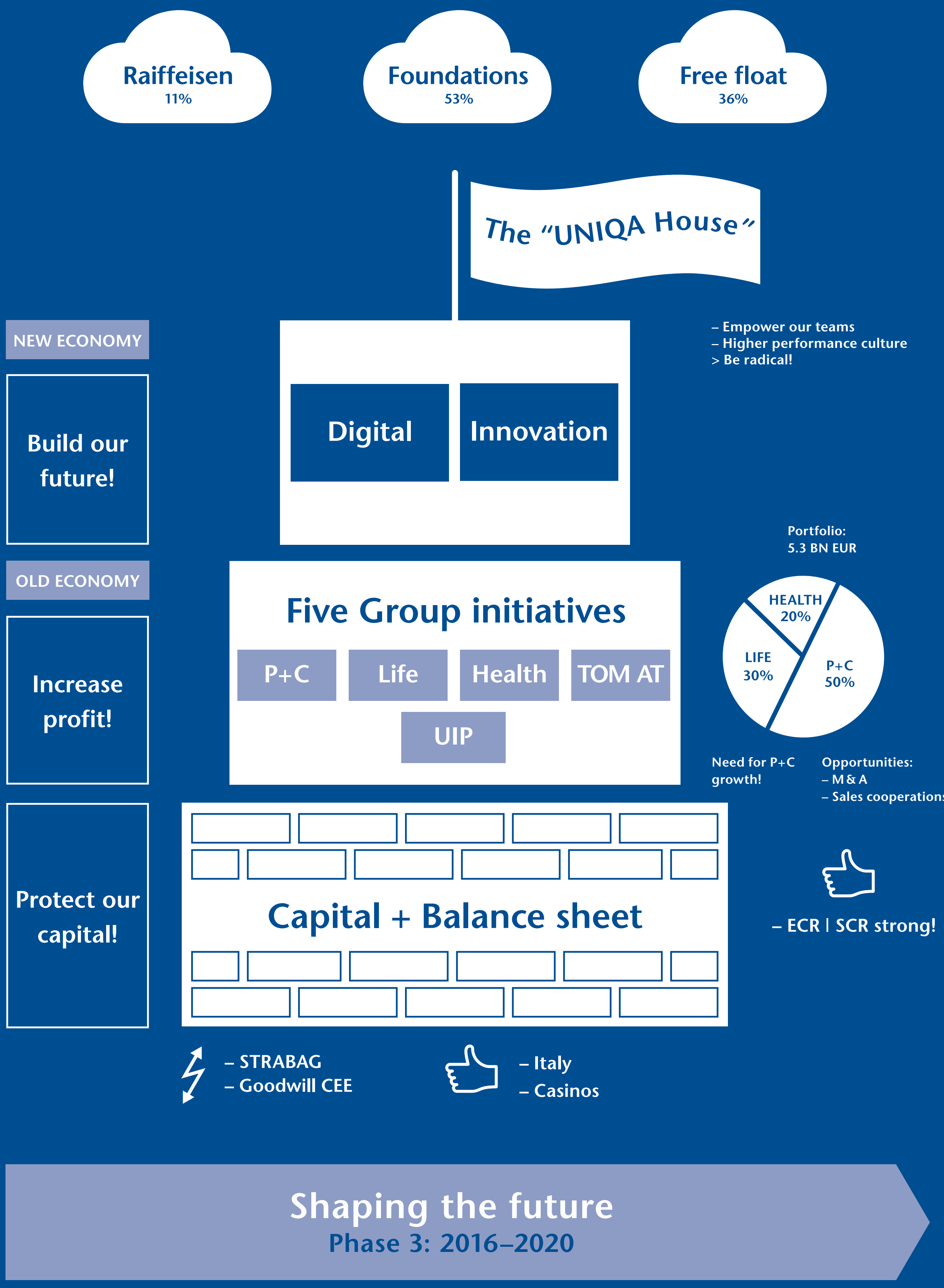
+190%

| Earnings before taxes | Dividend per share |
|---|---|
| 2011: €145m | 2011: €0 |
| 2012: €204m | 2012: €0.25 |
| 2013: €308m | 2013: €0.35 |
| 2014: €378m | 2014: €0.42 |
| 2015: €423m[1] | 2015: €0.47 |

[1] Including Italian contributions

**Getting ready**
Phase 1: 2011–2012

**Initial successes**
Phase 2: 2013–2015


Raiffeisen
11%
Foundations
53%
Free float
36%
The "UNIQA House"
– Empower our teams
– Higher performance culture
> Be radical!
NEW ECONOMY
Build our future!
Digital
Innovation
Portfolio:
5.3 BN EUR
HEALTH 20%
LIFE 30%
P+C 50%
OLD ECONOMY
Increase profit!
Five Group initiatives
P+C
Life
Health
TOM AT
UIP
Need for P+C growth!
Opportunities:
– M & A
– Sales cooperations
Protect our capital!
Capital + Balance sheet
– ECR | SCR strong!
– STRABAG
– Goodwill CEE
– Italy
– Casinos
Shaping the future
Phase 3: 2016–2020

# Capital – the foundation

## Customer confidence in our ability to meet our liabilities at any time forms the basis of our business. A balance sheet that is strong and balanced is therefore a strategic must for UNIQA.

We have set ourselves the objective of attaining an economic capital ratio (ECR) within a fluctuation margin (target range) of between 155 and 190 per cent. This allows us to ensure that UNIQA always remains solvent, including under structural conditions that have deteriorated significantly, and is also able to make the most of any opportunities in the insurance business at all times.

With this objective in mind, we have consistently improved our capital position since 2011. As a result, UNIQA is now among the leading companies in European insurance in two aspects: not only is the achieved capital ratio very solid, the calculation used to determine it is also very conservative compared to our European competitors. For example, UNIQA doesn't apply any of the temporary regulations, and additionally deposits all government bonds with risk capital.

Our strong capital position supports our existing business, but above all puts us in a position to look intensively for growth opportunities, since it is becoming increasingly difficult to invest excess capital at an appropriate rate of return. With our strong capital base we can easily finance not only the organic growth that we expect above all in CEE, but we are also in a position to generate additional external growth through acquisitions. Here, however, we set strict standards and assume that potential acquisitions will strategically complement our existing business, show significant size and generate economic value.

**210 %**
**ECR**

**UPDATE 2017**
**Capital – the foundation**

Supported by a solid operating performance, UNIQA was able to increase the solvency capital requirement (SCR) to a very strong 250 per cent. We have recently been relying on a partial internal model (PIM) for the purposes of determining the capital requirements in property and casualty insurance. This was approved by the Financial Market Authority after intensive internal preparation and assessment at the end of the year.

The economic capital ratio (ECR) at the end of 2017 was 210 per cent, well below the regulatory amount. The reason for this is primarily the consideration of risk associated with the investment in government bonds in the ECR. In the case of the SCR, however, certain government bonds are classified as risk-free.

**Property and casualty insurance –** combined ratio below 95 per cent

**Health insurance –** defending market leadership

**Life insurance –** optimising the product portfolio

**UNIQA Insurance Platform**

**Target Operating Model (TOM)**

# Five Group initiatives – this is how UNIQA is increasing efficiency and profitability in the core business

Five strategic initiatives in the core underwriting business build on the foundation of this strong capital base.

A programme was developed aimed at safeguarding and/or increasing sustainable operating profitability in each of the three business lines of property and casualty insurance, health insurance and life insurance, and this programme is now being implemented under the supervision of the relevant expert Board Member. Two further strategic initiatives are running alongside this with a Group-wide effect on the core business.

## 1. Property and casualty insurance: combined ratio under 95 per cent

A significant increase in earnings performance is one clear objective in the property and casualty insurance segment, which is the segment from which UNIQA expects the largest amount of premium growth, especially in CEE. The combined ratio is the index used to measure this, i.e. the ratio of expenditures for insurance operations and benefits to premiums written. Supported by investments in operational excellence, a number of projects have been initiated that are aimed at reducing the combined ratio to below 95 per cent on a sustainable basis by 2020. Among other things, the focus will be on optimising premium calculation, portfolio management and claims management as well as on enhancing the efforts to fight fraud.

**UPDATE 2017**
**Property and casualty insurance**

As planned, UNIQA further improved the combined ratio, especially in CEE, in 2017, and with 97.5 per cent came one step closer to reaching the target value. Key measures to achieve this include managing the portfolio more intensely and targeted efforts to avoid unprofitable business.

In countries characterised by significant regulatory intervention, such as Poland, UNIQA has succeeded in enforcing price increases and therefore improving the profitability of its core insurance business. Fraud prevention was also further enhanced in 2017. In Austria, a system specialising in processing large amounts of data went into operation at the beginning of 2018, and it will shortly be rolled out in other countries.

## 2. Health insurance: defending market leadership

UNIQA is the clear market leader in Austrian health insurance. This division is a crucial centre of excellence and therefore a main pillar that supports the Company's earnings. This is why defending our leadership position in this profitable area is one of our most important objectives.

Rapid technological advances are currently the biggest driving force in healthcare. In the world of individualised medicine and adaptive insurance, the classic roles of the healthcare industry are being reshaped. UNIQA wants to actively play a leading role in this transformation. Further expansion in services to customers is a key priority here. Selective investments are planned for this throughout the value chain in the areas of health advice and provision, health services and digital health solutions.

**UPDATE 2017**
**Health insurance**

As a trend-setting innovation, for example, the urgent care insurance project "Akut-Versorgt" (conducted in collaboration with the Döbling Private Hospital, which also belongs to the UNIQA Group) was implemented last year. Initially only available in the Vienna area, Akut-Versorgt grants rapid access to medical care on weekends or at night to UNIQA customers if they need urgent care, for example if they have cuts, circulatory problems or sports injuries. This service, which is offerred as part of a low-cost insurance component, will also be extended to the capitals of other states in Austria in 2018.

The new UNIQA Mobile HealthCheck was also started in 2017 as a visible sign of our continued commitment to corporate health management. This 70-square-metre mobile medical facility service is in high demand, offering the UNIQA FitnessProfil, backend diagnostics and diverse medical tests. Likewise, in the past year, the online health platform medUNIQA was set up, and it is expected to be operational in 2018. On medUNIQA, UNIQA customers can find out about new and existing VitalServices and get informed about the topic of health. Upon request, they can be guided by an innovative chatbot through the world of UNIQA offerings.

# 3. Life insurance: optimising the product portfolio

The low interest rates that have persisted for many years have a particularly strong effect on life insurance. Earning capital costs over the long term is difficult under the current conditions in the capital markets, depending on the relevant investment strategy. The capital-generating life insurance that traditionally dominates the market in Austria is particularly affected by this. The strategic initiative in this line of insurance is therefore targeted predominantly at ensuring a new direction for the product portfolio and increasing the profitability of existing contracts. One crucial element here involves designing life insurance products that generate the required margins both for customers as well as for UNIQA despite the low interest rates and that have capital requirements in line with profitability.

UPDATE 2017
Life insurance

In 2017, UNIQA once again took the lead in the life insurance sector in the Austrian insurance industry. After we were already the first to launch a classic life insurance policy without a guaranteed interest rate in 2014, we have been offering another innovative feature in the form of a completely reworked offer in the unit-linked life insurance sector since 2017. We have thus taken an important step in the long-term optimisation of our product portfolio. Transparent, affordable and flexible for customers, the new product also meets all regulatory requirements. The uniform presentation of the costs of insurance products offers the customer better comparability with other providers, and therefore provides a competitive advantage.

# 4. UNIQA Insurance Platform (UIP)

The objective of this programme is nothing short of the renewal of the core system in all sectors and the associated organisational transformation of the Group. In the medium-term, UIP will replace the existing IT core systems that no longer map innovative processes, products and functionalities effectively. This project is designed to last for more than ten years and will put UNIQA's business on a completely new foundation: UIP will dramatically reduce product development time (time to market), create flexibility in the product design and, in the medium-term, significantly reduce the operating costs of all data processing. Additionally, we will create the necessary conditions to better satisfy the expectations and wishes of our customers in future, which are changing ever faster and radically in an increasingly digital world.

UPDATE 2017
UNIQA Insurance Platform (UIP)

To implement the UIP programme, UNIQA built its own organisational unit last year, which in turn is structured into 19 projects. In addition to the internal committees required for steering and decision-making, (i.e. Business & IT Architecture Board, Change Request Management Board, Change Request Funding Board, Operative Steering Committee), a separate IT committee of the Supervisory Board was established.

The first important milestone in the concrete implementation of UIP will be the start of sales in mid-2018 of a new unit-linked life insurance product through the Austrian bank distribution (phase 1). In 2017, a large part of the required functionalities had already been developed, as well as the necessary adjustments in the existing UNIQA systems. The preparatory work for phase 2, the sale of the same products through UNIQA Austria, occurred in 2017 so that implementation could begin in early 2018. Both schedule and budget were consistently adhered to.

## 5. TOM – Target Operating Model UNIQA Austria

Since the beginning of the UNIQA 2.0 strategy programme in 2011, the Group has been working on making all of its customer processes more efficient, faster and less expensive. This modernisation and optimisation project, referred to as the "Target Operating Model", involves internal processes that aren't visible from the outside. On the one hand, it focuses on bringing together settlement units in locations where high-quality services can be provided at low cost, and on the other hand standardising the many individual products and processes. The savings potential that will be unleashed as a result of implementing the new Target Operating Model will increase gradually, and we will reach a double-digit million euro amount before 2020. In part, these savings will also be based on capacity changes that will take place as much as possible over the course of natural fluctuations and in agreement with our employees.

**UPDATE 2017**
TOM – Target Operating Model UNIQA Austria

An essential focus in implementing the Target Operating Model in 2017 was the gradual shift from processing business transactions in the central service units and the regional offices to the Group Service Centre in Nitra, Slovakia. In addition to redefining the governance for cross-border cooperation between Austria and Slovakia, comprehensive quality assurance measures were also implemented.

In the field of automation, 2017 saw the launch of several diverse initiatives using new technologies such as artificial intelligence, robotics or automatic character recognition (OCR). In health insurance, the first OCR modules are already replacing manual operations when processing standard business transactions.

Thanks to successful marketing campaigns, over one-third of all 425,000 myUNIQA customers now receive UNIQA communications via the electronic mailbox. This is more convenient for customers who always have quick access to their documents thanks to the electronic filing system, while at the same time reducing paper consumption. In turn, UNIQA's energy usage declined as a result of the introduction of modern energy management in Austria. The installation of smart meters and the implementation of the first energy-saving measures will pay for themselves in two years.

# Innovation and digitalisation – we are building the future

Building on these initiatives in the core business, UNIQA is providing additional momentum aimed at continually adapting the business model to current requirements. The overriding objective here is to be able to inspire today's customers in the future as well.

**Innovation – developing into a service provider:** This strategic initiative is concerned with further evolution of the insurer value chain from providing just coverage to being a fully-comprehensive service provider. This transformation, which is closely linked to the digitalisation of the industry, includes a bundle of different measures. They range from analysis of innovative business models from outside the insurance sector to selective investments in start-ups in the financial and technology sector through to collaborations with incubators.

**UPDATE 2017**
Innovation

In 2017, UNIQA dealt intensively with the topic of newer and younger companies in the financial services sector, commonly referred to as "fintechs" and "insuretechs". The objective of these initiatives is to use the innovative strength of these emerging ecosystems and companies to develop new ideas and technology, thereby ultimately being able to offer new services and products to our customers. As a corporate partner of various incubators and start-up initiatives, UNIQA works with young companies on a variety of projects to create the first innovative solutions, such as the self-learning chatbots for customer service or new finance and service solutions in the financial sector. In addition, UNIQA has made initial investments in young fintechs in order to cooperate and to try out new business models with them. Examples include “Twisto”, a Czech provider for online payment options, “FINABRO”, a digital consultant for private savings and long-term investments, and “fragnebenan.at”, a neighbourhood platform. These activities will continue as part of the UNIQA innovation programme in the years to come.

**Digitalisation – rethinking the business and service model:** Our service concept and also keeping the promise to the customer in the digital age are central to this strategic initiative. Realignment of customer contact points and downstream service processes are at the centre of this, since communication channels and customer requirements related to quality, response times and service expectations will also undergo a significant transformation over the next few years in the insurance industry. UNIQA has to rethink its own business and service model from the customer’s point of view given this level of disruption to the market environment. Amidst UNIQA’s leading position in health insurance, we are placing a particular focus on the area of health.

**UPDATE 2017**
**Digitalisation**

In Austria, the focus of UNIQA’s 2017 digitalisation initiative was, in addition to the modernisation of core insurance systems, to set up a new Digital Team that (keeping the customer’s perspective in mind) develops and implements new customer solutions. Based on the growing service expectations of an increasingly mobile society, new digital forms of communication (e.g. chatbots) were developed. At the same time, the new myUNIQA app and myUNIQA portal have resulted in numerous mobile options for customer service and reporting claims. Both the app and the portal will be rolled out during the first half of 2018 in Austria as a pilot market.

On the international level, the focus in 2017 was on the digitalisation of sales. In addition to the creation of tools used to issue policies online (e.g. in the Czech Republic), this also included the modernisation of the country-specific websites and the online product offerings. Furthermore, the first projects for expediting customer processing in Austria as well as in international markets were implemented through the use of RPA (robotic process automation) which significantly reduced the processing times.

# Shape the future

# UNIQA 2.0

# UNIQA outperforms the European insurance industry

UNIQA's solid business performance over the past year allows a proposed additional dividend increase to 51 cents per share. UNIQA is also an interesting investment option in other ways, with a strong brand, good market positioning – particularly in health insurance in Austria – and very solid capital resources.

## EQUITY STORY

- No. 1 insurance brand
- No. 1 health insurance brand
- Growth potential in CEE
- Solid capital position
- Progressive dividend

### Stock markets on the rise

2017 was characterised by steady upward movement in share prices on the stock exchanges. Optimistic business forecasts and an interest rate environment that remains relaxed boosted market sentiment and ensured historic highs in many markets.

The Euro Stoxx 50 Index, for instance, managed to gain 6.5 per cent over the course of the year. Strong expansion in global trade and solid demand for European products were particular drivers for growth. Share prices in the emerging markets had an outstanding year overall in 2017, with the MSCI Emerging Market Index rising by 34.3 per cent. In Eastern Europe, the strong performance of the markets in Poland, Hungary and the Czech Republic was accompanied by sideways movement on the Russian stock market at a high level. The Eastern European CECE Index showed strong performance overall in 2017 with an increase of 28.7 per cent.

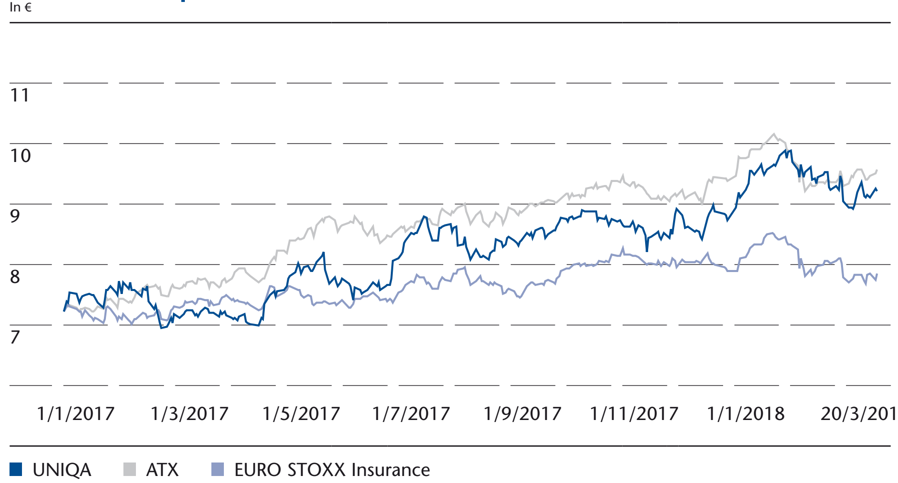
Prices on the Vienna Stock Exchange managed to stand out clearly from the Euro Stoxx 50 benchmark Index once again in 2017. With growth of 30.6 per cent for the ATX, the Austrian leading share index ranked as one of the world's best share price barometers. The annual high was reached on 2 November 2017 at 3,445.23 points. The outstanding price performance on the Vienna Stock Exchange was fundamentally driven by strong economic stimuli from international demand and growing interest in investment in Austria. Both factors led to a significant increase in earnings for businesses. The higher levels of share prices should therefore be secured through corresponding company profits.

### Attractive total shareholder return in 2017

Following the successful re-IPO in October 2013 and the resulting sharp increase in liquidity, UNIQA shares have also been listed on Austria's leading ATX index since 2014. The share price also increased significantly during 2017 in line with general market developments. The share price was €9.01 at the start of the year, before reaching an annual low of €7.09 soon after, on

### UNIQA share performance

In €



24 February 2017. After this point it more or less climbed steadily, finally reaching the annual high of €9.05 on 21 December 2017. The UNIQA share price ended the year just slightly below it, at €8.82. The upward trend continued at the start of 2018, and on 20 March 2018 the share price reached €9.28.

All in all, the UNIQA share price rose by 22.5 per cent over the course of 2017, while the benchmark index for the European insurance industry, the EURO STOXX Insurance, increased by 13.4 per cent in the same period. Taking the dividend into account, UNIQA shares achieved a total shareholder return of 28.9 per cent in 2017.

## UNIQA shares – key figures

In €

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| UNIQA share price as at 31 December | 8.82 | 7.20 | 7.53 | 7.78 | 9.28 |
| High | 9.05 | 7.45 | 9.41 | 10.02 | 11.14 |
| Low | 7.09 | 5.04 | 7.04 | 7.34 | 8.12 |
| Average stock exchange turn-over/day (in € million) | 5.6 | 5.2 | 4.5 | 3.2 | 1.5 |
| Market capitalisation as at 31 December (in € million) | 2,707.4 | 2,218.5 | 2,320.6 | 2,397.6 | 2,183.5 |
| Average number of shares in circulation | 306,965,261 | 308,129,721 | 308,180,350 | 308,180,350 | 235,294,119 |
| Earnings per share | 0.53 | 0.48 | 1.09 | 0.94 | 1.21 |
| Dividend per share | 0.51[1] | 0.49 | 0.47 | 0.42 | 0.35 |

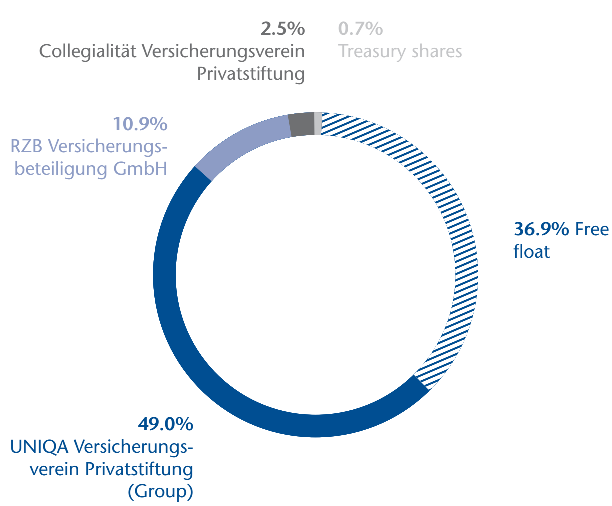
[1] Proposal to the Annual General Meeting

### Shareholder structure remains stable

UNIQA's shareholder structure remained unchanged at 2017 year-end: the core shareholder UNIQA Versicherungsverein Privatstiftung (Group) holds a total of 49.0 per cent of the UNIQA shares. Of these, 41.3 per cent belong to Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH while UNIQA Versicherungsverein Privatstiftung holds 7.7 per cent. Raiffeisen Bank International AG is another core shareholder that holds 10.9 per cent of shares through RZB Versicherungsbeteiligung GmbH. Finally, the core shareholder Collegialität Versicherungsverein Privatstiftung holds 2.5 per cent of the UNIQA shares. The Company's portfolio of treasury shares remains at 0.7 per cent. The free float amounted to 36.9 per cent by the end of 2017, and therefore represented more than one-third of total shares and a value of around €1 billion.

The shares of the three core shareholders are counted together as a result of their pooled voting rights. Reciprocal purchase option rights have also been agreed.

## Shareholder structure




## Financial calendar 2018

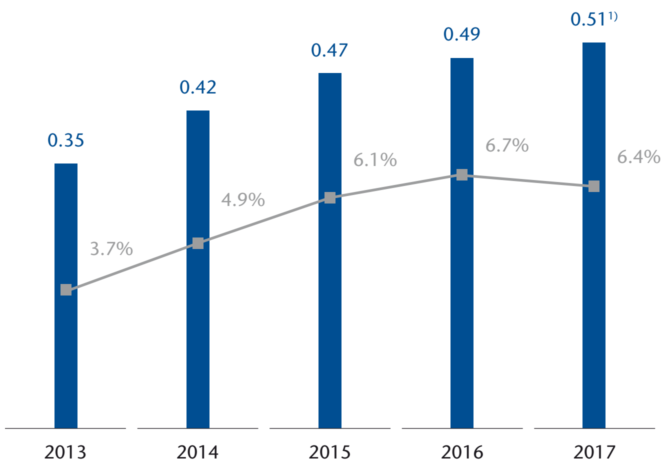
| | |
|---|---|
| 18 May | Record date for the Annual General Meeting |
| 24 May | First Quarter Report 2018, Solvency and Financial Condition Report 2017 |
| 28 May | Annual General Meeting |
| 7 June | Ex-dividend date |
| 8 June | Dividend record date |
| 11 June | Dividend payment date |
| 22 Aug | Half-Year Financial Report 2018 |
| 21 Nov | First to Third Quarter Report 2018 |

"As the number 1 health insurance company in Austria, UNIQA offers an attractive business mix, has a clear and progressive IT strategy and also features an attractive dividend yield of more than 6 per cent, in addition to a solvency ratio that is rising strongly towards 250 per cent."

**FRANK KOPFINGER,** DEUTSCHE BANK, 31 AUGUST 2017

### Changes in the UNIQA dividend

In €




[1)] Proposal to the Annual General Meeting

■ Dividends in € ■ Dividend yield (average closing rate)

> "UNIQA has confirmed its progressive dividend policy which will result in continuous dividend increases in absolute terms until 2020. The dividend yield is currently around 6 per cent. Our estimates for future payments assume a payout ratio of 70–75 per cent."
>
> **BERND MAURER,** RAIFFEISEN CENTROBANK, 7. AUGUST 2017

### Progressive dividend policy

As we are aware of our responsibility for UNIQA's long-term sustainable development and the capital invested by our shareholders, it is important to us that UNIQA shareholders enjoy a reasonable share in the Company's profits. To this effect, dividend distributions have been raised consistently over recent years. On the basis of the separate financial statements of UNIQA Insurance Group AG, the Group Management Board will therefore propose to the Annual General Meeting payment of a recently increased dividend of 51 cents per dividend-bearing share for the 2017 financial year. This means a dividend payment of around €157 million, or 97 per cent of consolidated profit. Compared to the previous year, therefore, the dividends have increased by 2 cents, or more than 4 per cent. The economic capital ratio (ECR) is still operating at a very high level.

Despite planned IT and additional investments of around €500 million by 2025 and the challenging economic environment, UNIQA plans to continuously increase annual dividend payments per share over the coming years as part of a progressive dividend policy.

## RESEARCH

The following investment banks currently publish regular research reports on UNIQA shares:

- Berenberg Bank
- Commerzbank
- Deutsche Bank
- Erste Group Bank
- J.P. Morgan
- Keefe, Bruyette & Woods
- Kepler Cheuvreux
- Raiffeisen Centrobank
- WOOD & Company

### In constant dialogue with analysts and investors

We attach the utmost importance to providing our shareholders as well as the entire financial community with regular, comprehensive and up-to-date information about the ongoing performance of the Company. To this end, the UNIQA management team was again available in 2017 to answer the questions of investors and analysts at numerous roadshows and banking conferences, and also held a large number of one-on-one meetings during the year. All reports and corporate information can also be accessed online at: www.uniqagroup.com. In addition, our investor relations team is always happy to answer individual questions:

UNIQA Insurance Group AG
Investor Relations
Untere Donaustrasse 21, 1029 Vienna, Austria
Tel.: (+43) 01 21175-3773
E-mail: investor.relations@uniqa.at

### UNIQA shares – information

| | |
|---|---|
| Ticker symbol | UQA |
| Reuters | UNIQ.VI |
| Bloomberg | UQA AV |
| ISIN | AT0000821103 |
| Market segment | Vienna Stock Exchange – prime market |
| Trade segment | Official market |
| Indices | ATX, ATX FIN, MSCI Europe Small Cap |
| Number of shares | 309,000,000 |

Following the successful re-IPO in October 2013 and the resulting sharp increase in liquidity, UNIQA shares have also been listed on

# Austria's leading ATX index since 2014.

The share price also increased significantly during 2017, in line with general market developments.

# 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 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)<br>* 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)<br>* 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)<br>* 1967, appointed 1 July 2011 until 30 June 2020 | Group Finance – Accounting, Group Finance – Controlling, Group Actuarial and Risk Management, 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 responsibilities 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 |
|---|---|
| ▪ Chairman of the Supervisory Board of SIGAL UNIQA Group AUSTRIA sh.a., Tirana<br>▪ Chairman of the Supervisory Board of SIGAL LIFE UNIQA Group AUSTRIA sh.a., Tirana<br>▪ President of the Board of Directors of UNIQA Re AG, Zurich | as at 31 December 2017:<br>25,219 shares |
| ▪ Member of the Management Board of UNIQA Österreich Versicherungen AG, Vienna<br>▪ Member of the Management Board of UNIQA International AG, Vienna<br>▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna<br>▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest<br>▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest<br>▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz<br>▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest<br>▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague<br>▪ Chairman of the Supervisory Board of UNIQA Group Service Center Slovakia, spol. s r.o., Nitra<br>▪ Chairman of the Supervisory Board of sTech d.o.o., Belgrade (since 2 March 2017) | as at 31 December 2017:<br>4,590 shares |
| ▪ Chairman of the Management Board of UNIQA Österreich Versicherungen AG, Vienna (since 18 December 2017)<br>▪ Member of the Management Board of UNIQA Österreich Versicherungen AG, Vienna (until 18 December 2017)<br>▪ Member of the Management Board of UNIQA International AG, Vienna<br>▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna<br>▪ Member of the Supervisory Board of PremiQaMed Holding GmbH, Vienna (until 10 February 2018)<br>▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest<br>▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest<br>▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz<br>▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń na Życie S.A., Lodz<br>▪ Member of the Supervisory Board of UNIQA poisťovňa a.s., Bratislava<br>▪ Member of the Supervisory Board of UNIQA Insurance Company, Private Joint Stock Company, Kiev<br>▪ Member of the Supervisory Board of UNIQA Life Insurance Company, Private Joint Stock Company, Kiev<br>▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest<br>▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague<br>▪ Chairman of the Board of Directors of UNIQA Versicherung AG, Vaduz<br>▪ Vice President of the Board of Directors of UNIQA Re AG, Zurich | as at 31 December 2017:<br>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<br>* 1953, appointed 3 July 1995 until the 20th AGM (2019) | ▪ Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna (until 22 June 2017) | | |
| **Christian Kuhn,** 1st Vice Chairman<br>* 1954, appointed 15 May 2006 until the 20th AGM (2019) | | | |
| **Erwin Hameseder,** 2nd Vice Chairman<br>* 1956, appointed 21 May 2007 until the 20th AGM (2019) | ▪ Chairman of the Supervisory Board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna<br>▪ Vice Chairman of the Supervisory Board of STRABAG SE, Villach<br>▪ 1st Vice Chairman of the Supervisory Board of Flughafen Wien Aktiengesellschaft, Vienna Airport (until 31 May 2017)<br>▪ 1st Vice Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna (until 22 June 2017)<br>▪ Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna (since 29 June 2017)<br>▪ 2nd Vice Chairman of the Supervisory Board of Südzucker AG, Mannheim | | |
| **Eduard Lechner,** 3rd Vice Chairman<br>* 1956, appointed 25 May 2009 until the 20th AGM (2019) | | | |
| **Markus Andréewitch,** Member<br>* 1955, appointed 26 May 2014 until the 20th AGM (2019) | | | |
| **Klemens Breuer (since 29 May 2017),** Member<br>* 1967, appointed 29 May 2017 until the 20th AGM (2019) | | | |
| **Ernst Burger (until 29 May 2017),** Member<br>* 1948, appointed 25 May 2009 to 29 May 2017 | ▪ Vice Chairman of the Supervisory Board of Josef Manner & Comp. Aktiengesellschaft, Vienna (until 30 May 2017)<br>▪ Chairman of the Supervisory Board of Josef Manner & Comp. Aktiengesellschaft, Vienna (since 30 May 2017) | | |
| **Burkhard Gantenbein (since 29 May 2017),** Member<br>* 1963, appointed 29 May 2017 until the 20th AGM (2019) | | ▪ Member of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna (since 17 May 2017)<br>▪ 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<br>* 1960, appointed 30 May 2016 until the 20th AGM (2019) | | ▪ Member of the Board of Directors of UNIQA Re AG, Zurich | |
| **Rudolf Könighofer,** Member<br>* 1962, appointed 30 May 2016 until the 20th AGM (2019) | ▪ Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna (since 22 June 2017) | | |
| **Johannes Schuster (until 29 May 2017),** Member<br>* 1970, appointed 29 May 2012 to 29 May 2017 | ▪ Member of the Supervisory Board of Raiffeisen International AG, Vienna (until 18 March 2017) | | |
| **Kory Sorenson,** Member<br>* 1968, appointed 26 May 2014 until the 20th AGM (2019) | ▪ Member of the Board of Directors of SCOR SE, Paris<br>▪ Member of the Board of Directors of Phoenix Group Holdings, Cayman Islands<br>▪ 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**<br>* 1976, from 10 April 2013 to 26 May 2015 and since 30 May 2016 | |
| **Heinrich Kames**<br>* 1962, since 10 April 2013 | as at 31 December 2017: 56 shares |
| **Harald Kindermann**<br>* 1969, since 26 May 2015 | as at 31 December 2017: 750 shares |
| **Franz-Michael Koller**<br>* 1956, since 17 September 1999 | as at 31 December 2017: 912 shares |
| **Friedrich Lehner**<br>* 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 during 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 interest 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 roles 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 personal 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 which is intended to provide even greater flexibility was launched in 2017.

## Diversity concept

UNIQA Group does not currently pursue any diversity concept. However, we are currently working to develop one.

## 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<br>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 lasting until 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 a total of €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 position 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 to 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 its 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 it, 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 informational 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 to 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 during 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 with the ongoing monitoring of the progress of the project implementing UNIQA's Insurance Platform, i.e. the new IT core system, over the course of four meetings.

- 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 bill 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 increases as a result of 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 is now also signalling 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, the 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), the 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 in its early stages. 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.

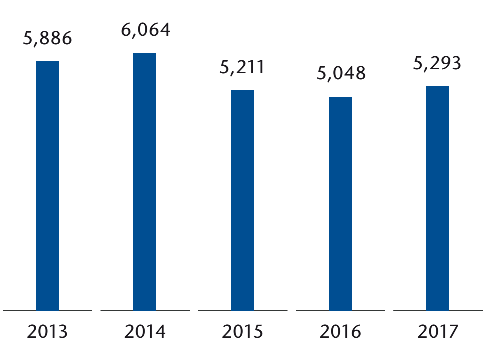
| UNIQA Group<br>In € million | 2017 | 2016 | 2015 |
|---|---|---|---|
| Premiums written, including savings portions from unit-linked and index-linked life insurance | 5,293.3 | 5,048.2 | 5,211.0 |
| Cost ratio (after reinsurance) | 25.0% | 26.6% | 23.7% |
| Combined ratio (after reinsurance) | 97.5% | 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.

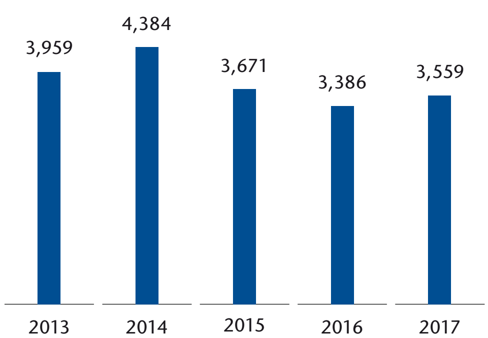
The Group premiums earned, including savings portions from unit-linked and index-linked life insurance (after reinsurance) in the amount of €476.2 million (2016: €384.7 million), rose by 5.7 per cent to €5,104.1 million (2016: €4,827.7 million). The volume of premiums earned (net, in accordance with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

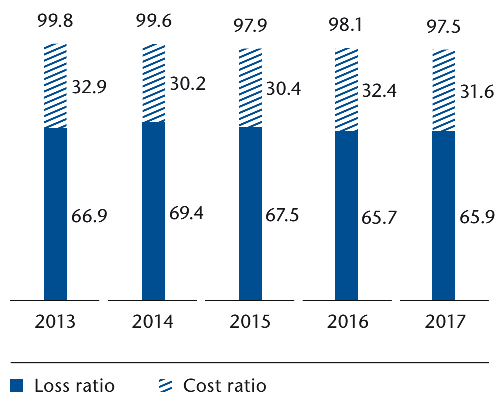
In € million




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).

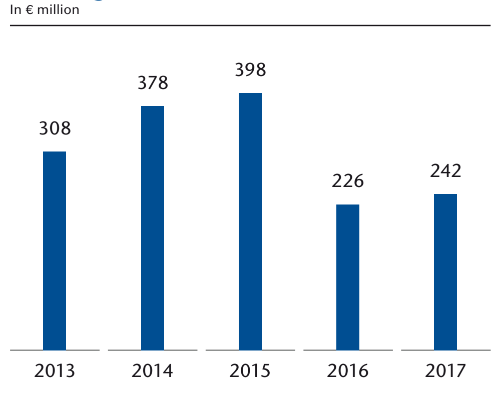
### Results

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).

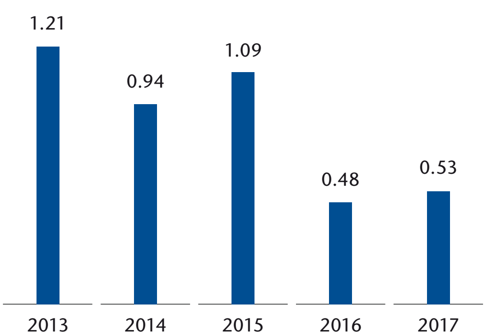
## Earnings before taxes

In € million



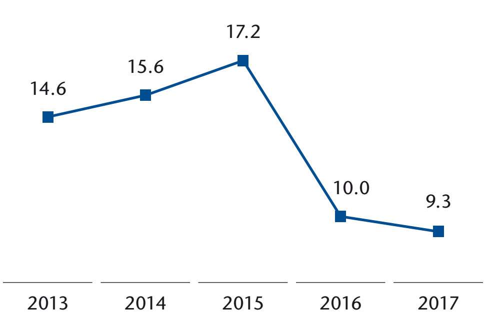
The consolidated profit/(loss), i.e. the proportion of the profit/(loss) for the period attributable to the shareholders of UNIQA Insurance Group AG, amounted to €161.4 million (2016: €148.1 million). The earnings per share rose as a result to €0.53 (2016: €0.48).

### Earnings per share
In €



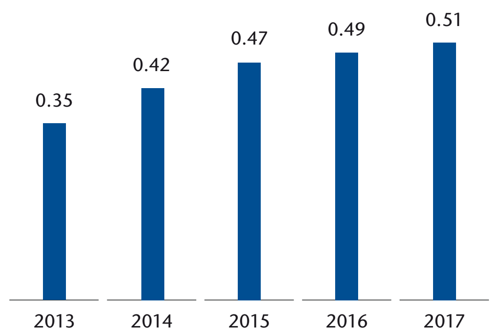

Operating return on equity (earnings before taxes and amortisation of goodwill and impairment losses in relation to average equity, including non-controlling interests and excluding the accumulated profits of the valuation of financial instruments available for sale) came to 9.3 per cent in 2017 (2016: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




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
In €




### 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 drop 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<br>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.

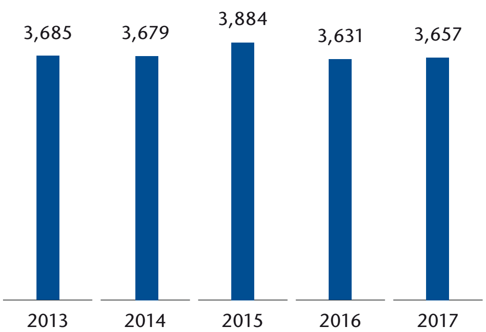
Premiums earned including savings portions from unit-linked and index-linked life insurance amounted to €2,991.3 million (2016: €2,941.4 million) at UNIQA Austria. The volume of premiums earned (net, in accordance with IFRSs) rose by 1.8 per cent to €2,764.9 million in 2017 (2016: €2,715.8 million).

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<br>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

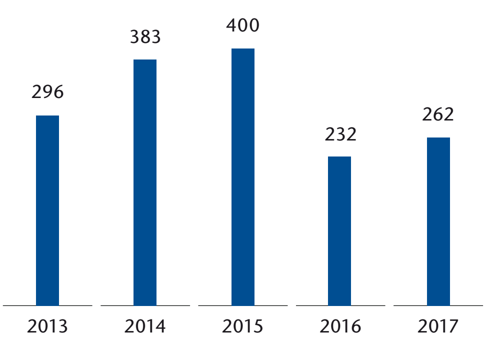
| In € million | 2017 | 2016 | 2015 |
|---|---|---|---|
| Premiums written | 979.7 | 956.3 | 921.6 |
| Insurance benefits (net) | –849.5 | –821.8 | –762.9 |
| Operating expenses (net) | –128.7 | –143.1 | –121.8 |
| Cost ratio (after reinsurance) | 13.1% | 15.0% | 13.2% |
| Net investment income | 118.9 | 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 |

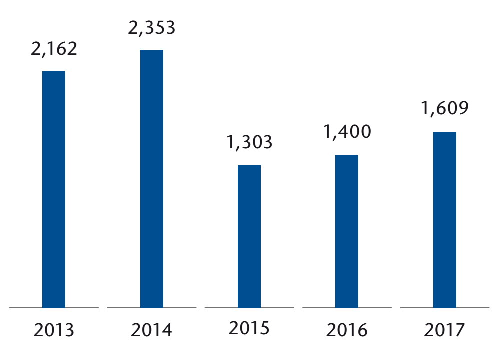
### Changes in premiums

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 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

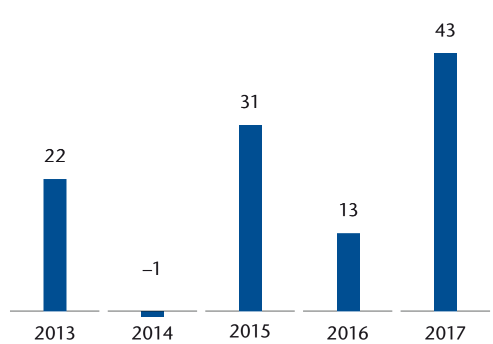
Net investment income rose by 12.4 per cent to €71.5 million in 2017 (2016: €63.5 million).

### 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 improved 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



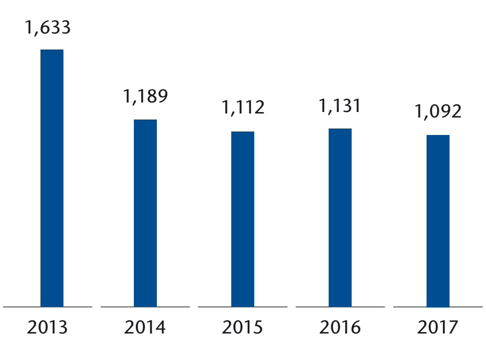
## Reinsurance

### 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<br>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 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 drop 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 drop 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 is comprised of transparent systems that encompass all company activities and include a systematic and permanent approach, based on 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)<br>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

| Assets | 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

| Equity and liabilities | 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 1–12/2017 | UNIQA Austria 1–12/2016 | UNIQA International 1–12/2017 | UNIQA International 1–12/2016 | Reinsurance 1–12/2017 | Reinsurance 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 1–12/2017 | UNIQA Austria 1–12/2016 | UNIQA International 1–12/2017 | UNIQA International 1–12/2016 | Reinsurance 1–12/2017 | Reinsurance 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

| In € thousand | Property and casualty insurance | | Health insurance | |
|---|---|---|---|---|
| | 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

| In € thousand | STRABAG SE[1)] | |
|---|---|---|
| | 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

| In € thousand | STRABAG SE[1] 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 derecognised, 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

In € thousand

| | Variable-income securities | Fixed-income securities | Loans and other investments | Derivative financial instruments | Investments under investment contracts | Total |
|---|---|---|---|---|---|---|
| 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

In € thousand

| | Variable-income securities | Fixed-income securities | Loans and other investments | Derivative financial instruments | Investments under investment contracts | Total |
|---|---|---|---|---|---|---|
| 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 |
| Unquoted asset backed securities | 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 |
| Other shares | Theoretical value | WACC, (long-term) revenue growth rate, (long-term) profit margins, control premium | Expert opinion |
| **Derivative financial instruments** | | | |
| Equity basket certificate | Theoretical price | CDS spread, yield curves | Black-Scholes Monte Carlo N-DIM |
| CMS floating rate note | 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 spread certificate | Theoretical price | CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares) | Contract specific model |
| Fund basket certificate | Theoretical price | Deduction of fund prices | Contract specific model |
| FX (Binary) option | Theoretical price | CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares) | Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM |
| 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 |
| Structured bonds | Theoretical price | CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares) | Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM, LMM |
| 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 |
| Swaption, total return swaption | Theoretical price | CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares) | Black - basis point volatility, contract specific model |
| 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

| In € thousand | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 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 |

| In € thousand | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 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

| In € thousand | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 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 |

| In € thousand | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 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.

## 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.

| 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).

## Loans and other investments

| In € thousand | Carrying amounts 31/12/2017 | Carrying amounts 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 |
|---|---|---|
| **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

In € thousand

| | Fair values | |
|---|---|---|
| | 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

In € thousand

| | 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

| In € thousand | Current income/expenses 1–12/2017 | Current income/expenses 1–12/2016 | Gains/losses from disposals and changes in value 1–12/2017 | Gains/losses from disposals and changes in value 1–12/2016 | Total 1–12/2017 | Total 1–12/2016 | of which impairment 1–12/2017 | of which impairment 1–12/2016 |
|---|---|---|---|---|---|---|---|---|
| **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 lifelong 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
In per cent

| | Health insurance | Life insurance |
|---|---|---|
| **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 | | | | | | | | | | | | |
| 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 |
| | | | | | | | | | | | | 260,811 |
| 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

| In € thousand | Gross | | Reinsurers' share | | Net | |
|---|---|---|---|---|---|---|
| | 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 |
|---|---|---|
| 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 financial 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 contractual 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

In € thousand

| | 1–12/2017 | 1–12/2016 |
|---|---|---|
| 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

In € thousand

| | 1–12/2017 | 1–12/2016 |
|---|---|---|
| **Earnings before taxes** | **242,194** | **225,533** |
| **Expected tax expenses**[1] | **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

In € thousand

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| 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

In € thousand

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| 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:

| | 31/12/2017 | | 31/12/2016 | |
|---|---|---|---|---|
| In per cent | 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

In per cent

| | 2017 | 2016 |
|---|---|---|
| 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:

| | Pensions | | Termination benefits | |
|---|---|---|---|---|
| **Sensitivity analysis** | **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 the2017 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: payment = A × B × 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 pojišt'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 Privatklinik GmbH | Fully consolidated | Gallneukirchen | 60.0 | 60.0 |
| PremiQaMed Beteiligungs GmbH | Fully consolidated | Vienna | 100.0 | 100.0 |
| Goldenes Kreuz Privatklinik 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-Projekterrichtungs 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 Marktgasse 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 involves 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.

### 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 |

## 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.

## 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 evironment.

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.

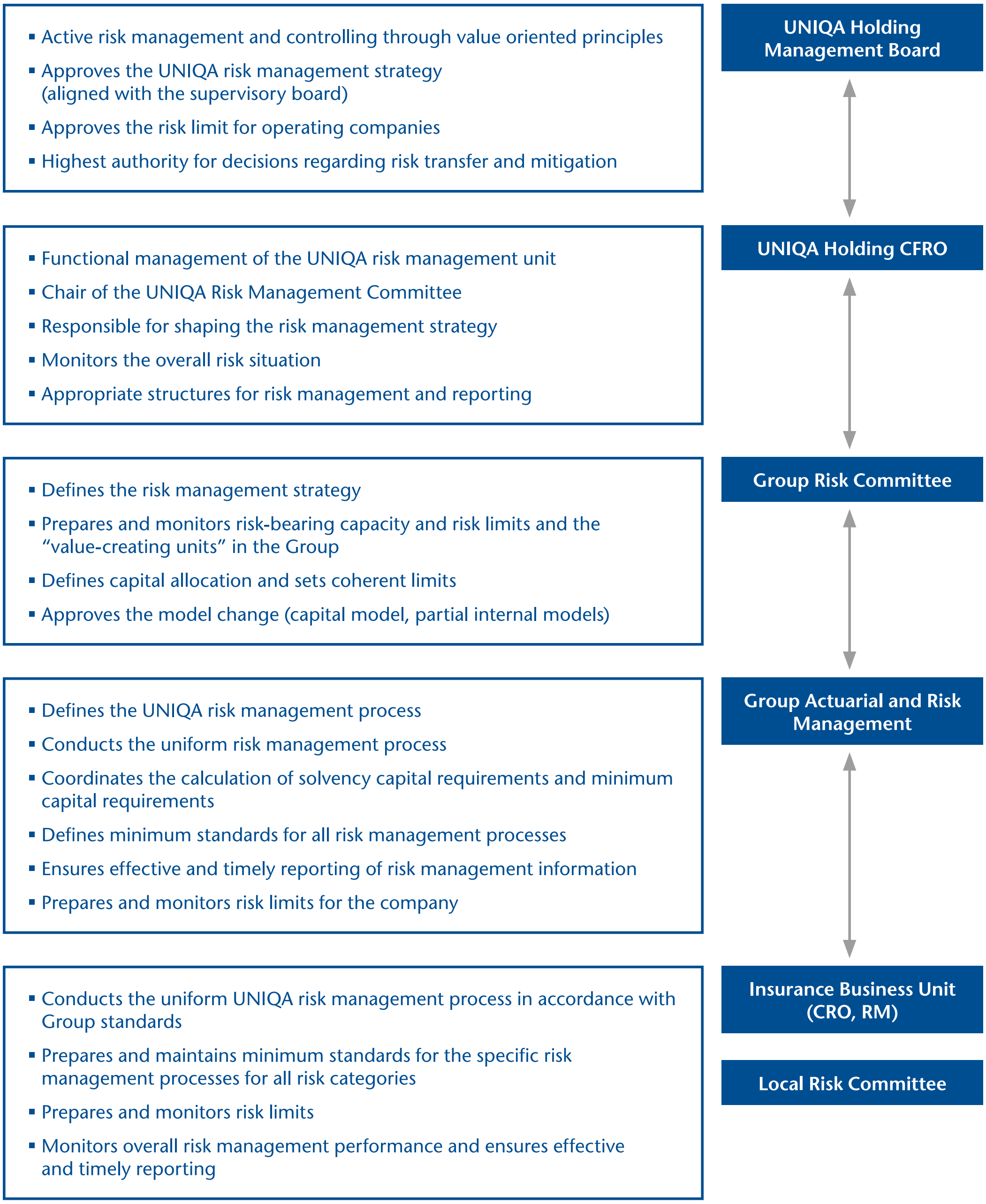
In addition to the Group Risk Management Guidelines, similar guidelines have also been prepared and approved for the group companies. The Risk Management Guidelines at company level were approved by the Management Board of the UNIQA group companies and are consistent with UNIQA's Risk Management Guidelines.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

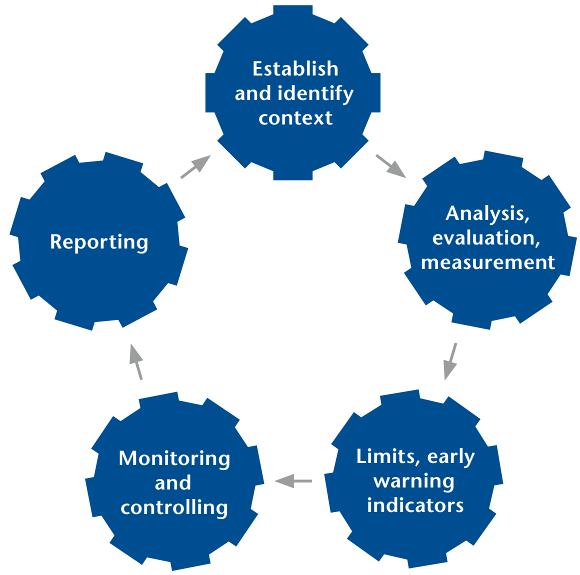
**Risk management process**
UNIQA's risk management process delivers periodic information about the risk profile and enables the top management to make the decisions for the long-term achievement of objectives.

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 important 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

| In € thousand | 31/12/2017 +100 basis points | 31/12/2017 –100 basis points[1] | 31/12/2016 +100 basis points | 31/12/2016 –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

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

## Equity risk

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

## Currency risk

| In € thousand | 31/12/2017 10% | 31/12/2017 –10% | 31/12/2016 10% | 31/12/2016 –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

| In € thousand | 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%) |
|---|---|---|---|---|---|---|---|
| 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

| In € thousand | 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%) |
|---|---|---|---|---|---|---|---|
| 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.

# Glossary

### Acquisition costs

The amount paid to acquire an asset in cash or cash equivalents or the fair value of another form of compensation at the time of acquisition.

### Affiliated companies

The parent company and its subsidiaries are affiliated companies. Subsidiaries are entities controlled by UNIQA.

### Amortised cost

Amortised costs are costs of acquisition less permanent impairment (e.g. ongoing depreciation and amortisation).

### Asset allocation

The structure of the investments, i.e. the proportional composition of the overall investments made up of the different types of investment (e.g. equities, fixed-income securities, equity investments, land and buildings, money market instruments).

### Asset liability management

Management concept whereby decisions related to company assets and the equity and liabilities are coordinated with each other. Strategies related to the assets and the equity and liabilities are formulated, implemented, monitored and revised with this in a continuous process in order to attain the financial objectives given the risk tolerances and restrictions specified.

### 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.

### Available-for-sale financial assets

The available-for-sale financial assets include financial assets that are neither due to be held to maturity, nor have they been acquired for short-term trading purposes. Available-for-sale financial assets are measured at fair value. Fluctuations in value are recognised in other comprehensive income in the consolidated statement of comprehensive income.

### Benchmark method

An accounting and measurement method preferred within the scope of IFRS accounting.

### Best estimate

Calculation based on the best estimate. This is the probability-weighted average of future cash flows taking into account the expected present value and using the relevant risk-free yield curve.

### Claims rate

Insurance benefits in property and casualty insurance as a ratio of premiums earned.

### Combined ratio

Total sum of operating expenses and insurance benefits in relation to the (net) premiums earned in property and casualty insurance.

### Corporate governance

Corporate governance refers to the legal and factual framework for managing and monitoring companies. Corporate governance regulations are used in order to ensure transparency and thereby boost confidence in responsible company management and controls based around added value.

### Cost ratio

Ratio of total insurance operations expenses (net of reinsurance commissions received and share of profit from reinsurance ceded) to consolidated premiums earned (including savings portions of unit-linked and index-linked life insurance).

### Deferred acquisition costs

These include the costs of the insurance company incurred in connection with the acquisition of new or the extension of existing contracts. Costs such as acquisition commissions as well as costs for processing applications and risk assessments are some of the items to be recorded here.

### Direct insurance/insurance business acquired with the company itself

This relates to those contracts that a direct insurer enters into with private individuals or companies. The opposite of this is insurance acquired as a reinsurer (indirect business) for business acquired from another primary insurer or a reinsurer.

### Duration

Duration refers to the weighted average term of an interest rate-sensitive investment or of a portfolio and is a measure of risk for the sensitivity of investments in the event of changes to interest rates.

### ECM

Economic Capital Model. UNIQA assessment based on the EIOPA standard formula for calculating the risk capital requirement with the deviations of risk exposure for EEA (European Economic Area) government bonds, treatment of asset-backed securities and using the partial internal model for property and casualty insurance.

### ECR

Economic Capital Requirement. Risk capital requirement that results from the economic capital model.

### ECR ratio

Economic Capital Requirement ratio. Relation of eligible capital (own funds) to risk capital according to the UNIQA Economic Capital Model. It represents a solvency ratio according to internal calculation methodology.

### Equity method

Investment in associates is accounted for using this method. The value assessed corresponds with the Group's proportional equity in these companies. In the case of shares in companies that prepare their own consolidated financial statements, their Group equity is assessed accordingly in each case. Within the scope of ongoing valuations, this value must be updated to incorporate proportional changes in equity; it is used to impute the pro rata profit on ordinary activities to the Group results.

### Fair value

The fair value is the price that would be collected in an ordinary business transaction between market participants for the sale of an asset or that would be paid for transferring a liability.

### FAS

US Financial Accounting Standards that set out the details on US GAAP (Generally Accepted Accounting Principles).

### Gross (premiums written)

The gross (premiums written) includes details on the items in the balance sheet and the income statement, excluding the proportion from reinsurance.

### Hedging

Hedging against unwanted changes in exchange rates or prices using an appropriate offsetting item, particularly derivative financial instruments.

### IASs

International Accounting Standards.

### IFRSs

International Financial Reporting Standards. Since 2002 the term IFRSs has applied to the overall concept of standards adopted by the International Accounting Standards Board. Standards already adopted beforehand continue to be referred to as International Accounting Standards (IASs).

### Insurance benefits

Total of insurance benefit payments and changes in the claims provision during the financial year in connection with direct insurance and reinsurance contracts (gross). This involves net insurance benefits when reduced by the amount ceded to reinsurance companies. This does not include claims settlement expenses and changes in the provisions for claims settlement expenses.

### Insurance provision

Provision in the amount of the existing obligation to pay insurance benefits and reimbursements, predominantly in life and health insurance. The provision is determined using actuarial methods as a balance of the present value of future obligations less the present value of future premiums.

### MCR

Minimum Capital Requirement. The minimum level of security below which the eligible basic own funds should not fall. The MCR is calculated using a formula in relation to the solvency capital requirement.

### Non-controlling interests

Shares in the profit/(loss) that are not attributable to the Group but rather to companies outside the Group that hold shares in affiliated companies.

### Operating expenses

This item includes acquisition expenses, portfolio management expenses and the expenses for implementing reinsurance. The operating expenses remain for the company's own account following deduction of the commissions and profit participation received from the reinsurance business ceded.

### ORSA

Own Risk and Solvency Assessment. The company's own forward-looking risk and solvency assessment process. It forms an integral part of corporate strategy and the planning process – but at the same time also part of the overall risk management strategy.

### Overall solvency needs

Overall solvency needs (OSN) refer to the company's individual risk assessment and capital requirements resulting therefrom. Corresponds with the ECR at UNIQA.

### (Partial) internal model

Internally generated model developed by the insurance or reinsurance entity concerned and at the instruction of the FMA to calculate the solvency capital requirement or relevant risk modules (on a partial basis).

### Premiums

Total premiums written. All premiums from contracts written in the financial year from business acquired by the company directly and as inward reinsurance.

### Premiums earned

The actuarial premiums earned that determine the income for the year. In order to determine these, the changes to the unearned premiums, the cancellation provisions and the premium volume not yet written are taken into account, along with the gross premium volume written attributable to the financial year.

### Premiums written

All premiums due during the financial year arising from insurance contracts under direct insurance business, regardless of whether these premiums relate (either wholly or partially) to a later financial year. This involves (net) premiums written when reduced by the amount ceded to reinsurance companies.

### Profit participation

Policyholders have a reasonable right under statutory and contractual regulations to the company's surplus profits generated in life and health insurance. The level of this profit participation is determined again each year.

### Provisions for premium refunds and profit sharing

The part of the surplus set aside for future distribution to the policyholders is placed in the provisions for premium refunds or profit participation. Deferred amounts are also included in the provision.

### Provisions for unsettled claims

Also known as a claims reserve; takes into account obligations from claims that have already occurred as at the reporting date but which have not yet been settled in full.

### Reinsurance

An insurance company insures part of its risk via another insurance company.

### Reinsurance premiums ceded

Proportion of premiums to which the reinsurer is entitled as a result of assuming certain risks within the scope of reinsurance coverage.

### Retention

The part of risk which is assumed but that the insurer/reinsurer does not cede as reinsurance.

### Retrocession

Retrocession means reinsurance of inward reinsurance and is used as a risk policy instrument by professional reinsurance companies as well as in active reinsurance by other insurance companies.

### Return on equity (ROE)

The return on equity is the ratio of the profit/(loss) to the average equity, after deducting non-controlling interests in each case.

### Revaluation reserves

Unrealised gains and losses resulting from the difference between the fair value and the amortised cost are recorded directly in the equity in the item “Revaluation reserve” without affecting profit, and following deduction of deferred tax and deferred profit participation (in life insurance).

### Risk appetite

Conscious assumption and handling of risk within risk-bearing capacity.

### Risk limit

Limits the level of risk and ensures that, based on a specified probability, a certain level of loss or a certain negative variance from budgeted values (estimated performance) is not exceeded.

### Risk margin

Under Section 161 of the Austrian Insurance Supervision Act 2016, the risk margin is an add-on to the best estimate to ensure that the value of technical provisions equates to the amount that insurers and reinsurers would need so that they are able to assume and satisfy their insurance and reinsurance obligations.

### SCR

Solvency Capital Requirement. The eligible own funds that insurers or reinsurers must hold to enable them to absorb significant losses and give reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. It is calculated to ensure that all quantifiable risks (such as market risk, credit risk, life underwriting risk) are reliably taken into account. It covers both current operating activities and the new business expected in the subsequent twelve months.

### Securities held to maturity

Securities that are held to maturity are debt securities that are intended to be held until they reach maturity. They are accounted for at amortised cost.

### Solvency

An insurance company’s equity base.

### Solvency II

European Union Directive on publication obligations and solvency rules for the equity base of an insurance company.

### Standard model (formula)

Standard formula for calculating the solvency capital requirement.

### Stress test

Stress tests are a special form of scenario analysis. The objective is to provide a quantitative statement on the loss potential for portfolios in the event of extreme market fluctuations.

### Subordinated liabilities

Liabilities that can only be repaid following the rest of the liabilities in the event of liquidation or bankruptcy.

### Supplementary capital

Paid-in capital that is provided to the insurance company for a minimum of five years with a waiver of the right to cancel under the relevant agreement, and for which interest may only be paid provided that this is covered by the annual net profit.

### Tiers

Classification of the basic own fund components into Tier 1, Tier 2 and Tier 3 capital using the own funds list in accordance with the criteria specified in the EU implementing regulation. If a component of basic own funds is not included in the list, an entity must carry out its own assessment and decide on a classification.

### Unearned premiums

The part of the premiums that represents the compensation for the insurance period after the reporting date but which has not yet been earned as at the reporting date. Except in the case of life insurance, unearned premiums must be stated in the balance sheet as a separate item under the technical provisions.

### US GAAP

US Generally Accepted Accounting Principles.

### Value at Risk

Risk quantification method. This involves the calculation of the expected value of a loss that may arise in the event of unfavourable market developments with a probability specified within a defined period.

### Value of business in-force

Calculation of the value of business in-force (VIF). Designates the present value of future profits arising from life insurance contracts, less the present value of the costs arising from the capital to be held in connection with this business.

## Key figures at a glance 2013–2017

| Consolidated key figures – 5-year comparison<br>In € million | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Premiums written, including savings portions from unit-linked and index-linked life insurance** | **5,293** | **5,048** | **5,211** | **6,064** | **5,886** |
| of which property and casualty insurance | 2,640 | 2,518 | 2,439 | 2,621 | 2,591 |
| of which health insurance | 1,042 | 1,004 | 964 | 961 | 938 |
| of which life insurance | 1,612 | 1,526 | 1,807 | 2,483 | 2,357 |
| **Insurance benefits (net)** | **–3,559** | **–3,386** | **–3,671** | **–4,384** | **–3,959** |
| of which property and casualty insurance | –1,645 | –1,551 | –1,554 | –1,724 | –1,634 |
| of which health insurance | –878 | –844 | –782 | –781 | –769 |
| of which life insurance | –1,036 | –991 | –1,336 | –1,880 | –1,557 |
| **Operating expenses (net)** | **–1,276** | **–1,286** | **–1,190** | **–1,299** | **–1,354** |
| of which property and casualty insurance | –788 | –763 | –700 | –749 | –803 |
| of which health insurance | –168 | –175 | –154 | –167 | –162 |
| of which life insurance | –320 | –348 | –337 | –383 | –389 |
| **Combined ratio after reinsurance (in per cent)** | **97.5%** | **98.1%** | **97.9%** | **99.6%** | **99.8%** |
| Claims rate (in per cent) | 65.9% | 65.7% | 67.5% | 69.4% | 66.9% |
| Cost ratio (in per cent) | 31.6% | 32.4% | 30.4% | 30.2% | 32.9% |
| **Net investment income** | **561** | **589** | **732** | **888** | **780** |
| **Earnings before taxes** | **242** | **226** | **398** | **378** | **308** |
| of which property and casualty insurance | 84 | 58 | 71 | 61 | 47 |
| of which health insurance | 110 | 96 | 171 | 130 | 84 |
| of which life insurance | 49 | 72 | 155 | 187 | 177 |
| **Consolidated profit/(loss)** | **161** | **148** | **337** | **290** | **285** |
| **Earnings per share (in €)** | **0.53** | **0.48** | **1.09** | **0.94** | **1.21** |
| **Dividend per share (in €)** | **0.51**[1] | **0.49** | **0.47** | **0.42** | **0.35** |
| **Equity (portion attributable to shareholders of UNIQA Insurance Group AG)** | **3,178** | **3,186** | **3,145** | **3,082** | **2,763** |
| **Total assets** | **28,744** | **33,639** | **33,298** | **33,038** | **31,002** |
| **Operating return on equity (in per cent)** | **9.3%** | **10.0%** | **17.2%** | **15.6%** | **14.6%** |
| **Economic capital ratio – ECR ratio (in per cent)** | **210%** | **215%** | **182%** | **150%** | **161%** |

[1] Proposal to the Annual General Meeting

Due to the sale of the Italian Group companies, both the key figures for the 2016 financial year and those for 2015 (except for total assets) are presented excluding Italy.

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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.

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